

Sigma completes acquisition of Kudos – immediate growth in 2007

The acquisition establishes Sigma as the leading global supplier within the Information Solutions area with an expanded team of over 500 consultants.

The previously announced purchase of four European subsidiaries from Kudos Information Limited has been fully completed together with 25% of the operations in US. The acquisition is part of Sigma's strategy to grow in strategic areas to reach a leading position. A clear majority of the customers are global leading brands that operate within the telecom, the automotive and the industry segments. The Information Solutions business area - Sigma's most profitable - almost doubles in size as a result of this transaction. The business is expected to continue its current strong organic growth and profitability, in the last three years, at an operating margin exceeding 15%.

The acquired operations in Finland, Hungary, France and Germany have aggregate sales of about SEK 90 M and employ about 170 consultants in Europe. The US operations employ about 60 people additionally. The operation within the technical information field has a focus on outsourcing agreements and long term undertakings. The aggregated operations in Sigma in nine countries employ about 500 people globally of which about 400 in wholly owned subsidiaries and about another 100 in partly owned companies.

The total investment, including the maximum earn-out and costs, is SEK 58 M. From the investment, approximately SEK 48 M will be allocated as goodwill and other intangible assets based on preliminary calculations. The acquired operations are estimated to contribute with about SEK 0.10 kronor to Sigma's earning per share in 2007. All conditions announced in December, such as acceptance from the UK pension scheme and due diligence have been met. The effective date of the transaction is January 1st.

The interest in the US operations together with a cash contribution to working capital totals to SEK 3.5 M. Sigma has an option to acquire the majority of shares in the US company within five years. A co-operation agreement has also been signed with Kudos Information Ltd in the UK, which will continue operations in the UK and own the majority interest in the US.

"The acquisition of Kudos' subsidiaries is a highly strategic acquisition in Sigma's ambition to become an international consulting company serving leading customers globally," says Sigma's CEO Sune Nilsson. "We become a preferred partner to customers that develop advanced products, in which the demand for documentation is very important," he continues.

Kudos is active in the same area as Sigma's Business Area Information Solutions but with other customers than Sigma which will broaden the customer base for the group. Most of the operations in Kudos comprise technical information solutions delivered to leading telecom and IT companies throughout Europe and the USA.

In the UK, Kudos will continue to focus on providing high value information solutions to its UK client base, which includes a number of leading organisations in the government, technology and leisure sectors.

"We are delighted to have completed this sale. It provides a fruitful future for all the Kudos businesses, and we look forward to a successful partnership," says Ken Moore, the majority shareholder in Kudos Information Limited.

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Sigma – one of Sweden's leading IT consultants

Sigma delivers on the international market and focuses on functional undertakings. In strong competition, Sigma is continuously ranked as one of the leading IT consultants in Sweden. Sigma is listed on the Swedish Stock Exchange and has about 1,100 employees in Denmark, Sweden and Ukraine.