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Sigma acquires Frontec Research & Technology with approximately 65 employees

Sigma has acquired Frontec Research & Technology AB, a company within the Frontec Group. The company focuses on dynamic product development, analysis and computation.

"This acquisition strengthens Sigma's Engineering Solutions business area in terms of innovative product development and within the automotive and telecom sectors," says Staffan Andersson, head of the Engineering Solutions business which will become Epsilon AB when Sigma is split into three focused listed companies.

Frontec Research & Technology (formerly Prosolvia RT), is headquartered in Gothenburg and was established in 1992. The high-tech company is focused on dynamic product and process development, as well as technical computation and information. Included among its clients are Hasselblad, Ericsson, Volvo and Saab.

"This is yet another step towards our cultivating a true e-business. The fact that Sigma has now acquired Frontec Research & Technology is also a very positive development for our employees. They will be joining a leading firm within the fields of product development, computation and analysis," says Per Tjernberg, CEO of Frontec AB.

"Sweden is a very competitive country when it comes to qualified product development and we foresee an increase in demand. This acquisition, together with Sigma's High Tech Engineering and Sigma Product Development subsidiaries in Gothenburg, will further strengthen our profile in the automotive and telecom sectors," says Staffan Andersson.

The acquisition will also provide Sigma with expertise in the areas of computation and analysis. The fast pace of that work also presents the need for computation technology and simulations at an early stage in the process, which reduce development times, improve product quality and limit physical testing.

"We now have over 100 employees involved in computation and analysis here in Sweden, making us a leader in the field," says Staffan Andersson.

The acquisition is being for a cash consideration of SEK13.5 M. Sigma's goodwill is calculated to rise by SEK 12.5 M, which will be amortized over ten years. The company projects sales in 2001 of about SEK 60 M, with earnings after tax of about SEK 5 M. The company will be consolidated in the Sigma Group as of March 1, 2001 and will be integrated within Sigma's High Tech Engineering subsidiary and Sigma Product Development in Gothenburg, which will contribute to slightly higher margins.

Sigma is a leading supplier of consulting services in the areas of e-solutions, embedded solutions and engineering solutions. The three business areas are expected to be listed on the exchange as three independent companies by the summer of 2001. The Group, which has some 3,300 employees in 13 countries, focuses on solutions for interaction, innovation and integration. Sigma's guiding principle is to strengthen its customers' competitiveness and brands. (www.sigma.se).

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