

## STOCK EXCHANGE ANNOUNCEMENT

Announcement no. 11 - 2006/07

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### THRANE & THRANE ACQUIRES NERA'S MOBILE SATELLITE COMMUNICATION ACTIVITIES

#### Summary

- In line with Thrane & Thrane's five-year growth strategy, "COURSE 2011", Thrane & Thrane has agreed to acquire Nera ASA's mobile satellite communication activities consisting of the Norwegian subsidiary Nera SatCom AS and its German subsidiary European Satellite Link GmbH. The acquisition will establish Thrane & Thrane as the market leader within mobile satellite communication equipment.
- The acquisition price on a debt free, cash free basis is approximately DKK 523 million consisting of DKK 385 million in cash and 472,000 new Thrane & Thrane shares corresponding to 8.8% of the share capital of Thrane & Thrane after the share capital increase.
- In the 2005 calendar year, the companies to be acquired generated pro-forma consolidated revenue of approximately DKK 480 million and operating profit of DKK 27 million before restructuring costs. In H1 2006 the pro-forma consolidated revenue was approximately DKK 247 million while normalised operating profit amounted to approximately DKK 27 million.
- The acquisition is expected to generate annual cash synergies of some DKK 40 million starting in the 2007/08 financial year.
- In order to achieve the synergies Thrane & Thrane expects integration costs of approximately DKK 50 million, which will be expensed in the current financial year.
- Closing of the acquisition is only subject to the approvals of relevant competition authorities and Nera's corporate assembly. These approvals are all expected to be obtained by late September 2006.
- For the 2006/07 financial year, Thrane & Thrane expects revenue of DKK 1,200–1,250 million and operating profit of DKK 150–175 million before integration costs.

## Reasons for the acquisition

Thrane & Thrane has agreed to acquire Nera ASA's mobile satellite communication activities. The acquisition is in line with Thrane & Thrane's five-year growth strategy, "COURSE 2011", as it:

1. Establishes the world-leading manufacturer of equipment for the Inmarsat satellite system.
2. Provides an even stronger foundation for expanding the business into other closely related business areas within global mobile communication solutions.

Thrane & Thrane and Nera SatCom have for many years been the two leading manufacturers of mobile satellite equipment for the Inmarsat system. The combination of the companies creates the world-leading manufacturer for the Inmarsat system with the capabilities to overcome increasing product development investments and the competition from manufacturers of equipment for other mobile satellite communication systems.

Thrane & Thrane also expects the acquisition of Nera SatCom to result in significant synergies within product development, operations, sales & marketing and administration. These synergies can potentially be allocated to pursue the company's "COURSE 2011" objective of expanding into other closely related business areas within global mobile communication solutions.

Consequently, the acquisition is expected to strengthen Thrane & Thrane's overall financial foundation through higher revenue and profit as well as increased growth opportunities. With consolidated 2005 pro-forma revenue of around DKK 1,350 million Thrane & Thrane has taken a large step towards the ambition of achieving revenue of DKK 2 billion in 2010/11.

## The transaction

According to the agreement with Nera, Thrane & Thrane acquires the Norwegian subsidiary Nera SatCom AS and its German subsidiary European Satellite Link GmbH (ESL).

The acquisition price on a debt free, cash free basis is DKK 385 million in cash and 472,000 new Thrane & Thrane shares corresponding to 8.8% of the share capital of Thrane & Thrane after the share capital increase. At the Thrane & Thrane closing share price on August 1, 2006 (DKK 293), this corresponds to a total enterprise value of approximately DKK 523 million before acquisition costs.

The new Thrane & Thrane shares to be issued to Nera as part of the consideration are not subject to any restrictions and Nera is free to dispose of the shares at its discretion.

Thrane & Thrane will finance the cash part of the acquisition price through new credit facilities, which have already been obtained. The resulting debt increase is within Thrane & Thrane's

“COURSE 2011” objective of having a net interest-bearing debt equal to or less than the company’s equity.

The transaction has been approved by the board of directors of both Nera and Thrane & Thrane, and is only subject to the approval of relevant competition authorities and the approval of Nera’s corporate assembly. These approvals are all expected to be obtained by late September 2006.

## **Facts about Nera SatCom and ESL**

Nera SatCom is a leading global supplier of terminals and land earth stations for the Inmarsat mobile satellite communication system. Nera SatCom has been developing and supplying both terminals and land earth stations to the Inmarsat system since its inception in 1979. The company offers a broad range of products for the maritime, land mobile and land earth station markets. Nera SatCom is based in Billingstad in Norway.

Nera SatCom sells its terminals through a global network of some 100 distributors, including among others ESL, which is a wholly owned subsidiary of Nera SatCom. ESL offers in addition to Nera SatCom products a wide range of value adding satellite solutions, airtime offerings, maritime radios and services to the European market. ESL is based in Hamburg in Germany.

In the 2005 calendar year, Nera SatCom and ESL realised pro-forma consolidated revenue of approximately DKK 480 million and operating profit of DKK 27 million before restructuring costs of DKK 13 million. The restructuring costs expensed during the second half of 2005 were related to workforce reductions. Following these restructuring efforts Nera SatCom and ESL realised pro-forma consolidated revenue of approximately DKK 247 million and normalised operating profit of approximately DKK 27 million in H1 2006.

Further information about the acquired companies is available at [www.nera.no](http://www.nera.no), [satcom.neraworld.com](http://satcom.neraworld.com) and [www.nera.de](http://www.nera.de).

## **Synergies**

The acquisition is expected to generate annual cash synergies of some DKK 40 million following completion of the integration expected by late summer 2007. The synergies are expected to be created within product development, supply chain management, sales & marketing and administration.

Currently, Thrane & Thrane and Nera SatCom have significant overlapping activities within product development. Major synergies are therefore expected within development as a result of reduced investments in new Inmarsat related products due to elimination of duplicate development projects. In addition, synergies are expected from lower maintenance costs for the existing product portfolio due to elimination of duplicate products.

Integration of the companies' sales & marketing and administration activities is expected to result in synergies in several areas including information technology, sales & marketing, customer service and general administration.

Lower unit production costs are expected due to the increase in purchase amount. In addition, the increase in quantity of certain products due to closure of one of two overlapping products is also expected to result in cost savings.

Thrane & Thrane expects a minor reduction in combined sales caused by the acquisition. However, the reduction is expected to have only a small negative impact on operating profit.

In the coming months Thrane & Thrane will prepare a detailed business plan that amongst other will enable a more accurate identification of sources and uses of the expected synergies.

## Costs relating to the transaction

The acquisition will involve acquisition and integration costs comprising of:

- Fees to financial advisors, legal advisers, auditors and other advisors of approximately DKK 10 million. This amount is not included as part of the acquisition price of DKK 523 million.
- Integration of the acquired activities into Thrane & Thrane and implementation of a new business plan for the combined company will involve estimated integration costs of approximately DKK 50 million, which are expected to be expensed in the current financial year. Of these costs approximately DKK 25 million concerns cash items, whereas DKK 25 million concerns non-cash items.

## Timetable

The acquisition and integration are expected to proceed as follows:

- Filing and obtaining necessary regulatory approvals during August and September, 2006.
- Closing of the acquisition in September or October, 2006.
- Development of a detailed business plan in a three-month period following closing.
- Implementation of the detailed business plan until late summer 2007.

## Outlook for the current financial year

For the 2006/07 financial year, Thrane & Thrane expects revenue of DKK 1,200–1,250 million and operating profit of DKK 150–175 million before integration costs.

The outlook is associated with uncertainty as the final allocation of the cost of the acquired assets under IFRS 3 has not been completed and the closing date is unknown.

## Press conference

Thrane & Thrane will review the acquisition at a press conference to be held at 11:00 a.m. today at FIH Corporate Finance Partners, Langelinie Allé 43, 2100 Copenhagen Ø.

## For further information please contact

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### ***About Thrane & Thrane***

*Thrane & Thrane is the world's leading manufacturer of terminals and land earth stations for global mobile satellite and radio communication. Since its incorporation in 1981, the company has established a strong position within global mobile satellite services based on the Inmarsat system, and today it provides equipment for land-based, maritime and aeronautical use. The company's communication products are sold throughout the world under the brands Thrane & Thrane and SAILOR through distributors and partners and as OEM products. The company is listed on the Copenhagen Stock Exchange. More information about Thrane & Thrane can be found at: [www.thrane.com](http://www.thrane.com).*