



m 01, 2006

Motorola pays huge premium to buy TTPCom

By John Walko

LONDON — Motorola is to buy for £103 million (\$193 million) wireless communications group TTP Communications plc. The agreed bid is being handled through a newly formed subsidiary of Motorola called DP Acquisitions 2006 LLC.

The 45 pence-per-share offer represents a premium of nearly 250 percent of the closing price of TTP on the London stock exchange Wednesday (May 31).

The announcement comes on the same day (Thursday June 1) as TTP (Cambridge, England) revealed that it had made pre-tax losses of £27 million (\$50.5 million) for the year ended March 31, on revenues of £37.2 million (\$69.6 million), down from a £4 million (\$7.5 million) profit and sales of £58.1 million (\$109 million) a year earlier.

The company blamed the poor performance on the reduction in the number of mobile handsets shipped using TTP's software and silicon, coinciding with delays to the roll-out for new 3G products.

TTPCom chief executive Tony Milbourn said that, while the financial results for the year were disappointing, "the investment made by TTPCom in new technology and the inherent value in the group have been recognized by Motorola."

The two companies have worked together in numerous projects in the past, with the phone maker being one of the biggest users of TTPCom's AJAR applications platform. Milbourn said "this is an outstanding transaction for our company, and we look forward to taking our solutions to the next level as part of Motorola."

Milbourn will continue to lead TTPCom's engineering, product development and support under the direction of Rob Shaddock, chief technology officer of Motorola's Mobile Devices Group.

Peter Davies, head of marketing at TTPCom, told *EE Times* that the nearly 600 people employed at the company, 167 of whom work overseas, are expected to remain. "Motorola is buying us as a going concern and they obviously see great value in the company as can be seen from the significant premium they are paying, so the expectation is that there will be no changes in employment."

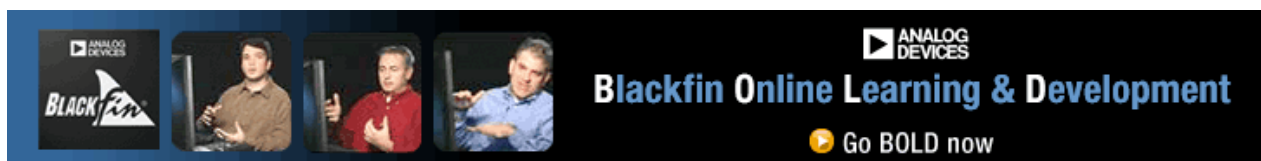
Davies said the main reason for the downturn in TTPCom's fortunes over the past 12 months is down to "the significant drop in licence fee income, down 38 percent to £16.4 million from £26.5 million last year. Our core business was badly let down by natural moves in the market, including significant consolidation, which we expect to continue".

He added the company had been doing really well in the fast growing Chinese handsets market, "but the big guys like Motorola and Nokia have truly come back in force there, and this hurt us."

Headcount at the company increased by 35 in the current financial year, with the majority of the increase being in research and development and technical support. In the year to March 31, R&D investment increased by 18 percent to £31.1 million.

The deal also includes ip.access, which develops wireless broadband access points and was till earlier this year a fully owned subsidiary. TTPCom retained 47.5 percent of the shares when a group of investors led by Scottish Equity Partners, bought into the company.

TTPCom also owns testing group 7layers UK.



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