

ARM and Artisan Combine to Deliver System-on-Chip IP Solutions

August 23 2004

ARM Holdings plc (Nasdaq:ARMHY)(LSE:ARM) and Artisan Components, Inc. (Nasdaq:ARTI) today announced that they have entered into a definitive agreement under which ARM will acquire Artisan.

Artisan is a leading provider of physical IP components for the design and manufacture of complex SoC integrated circuits (ICs). The company's comprehensive product portfolio includes standard cell libraries, embedded memories, input/output cells, analog functions and high-speed interface IP. Artisan's products are optimized for performance, density, power and yield and are available in support of process technologies at many of the world's leading semiconductor manufacturers. Artisan has licensed its IP components to thousands of IC design teams at more than 2,000 companies worldwide.

ARM has relationships with more than 130 silicon manufacturers and with all of the leading Electronic Design Automation (EDA) companies; the company offers a preeminent portfolio of microprocessor, data engine and peripheral IP as well as software and development tools. Building on complementary capabilities, ARM expects that the combined company will deliver one of the broadest ranges of SoC IP solutions to the IC design community. The combined expertise of both companies in implementing complex systems in silicon will result in highly optimized solutions for low-power and high-performance designs.

"Artisan represents an excellent strategic fit with our vision to become

the Architecture for the Digital World(TM)," said Sir Robin Saxby, Chairman, ARM. "With its focus on the leading manufacturers in the semiconductor industry and a broad range of OEM design teams, Artisan has a proven sales channel which will be highly complementary with the ARM sales channel. The combined entity will be able to reach more customers with a broader product portfolio to better serve our combined user community."

"As system design complexity increases in deeper sub-micron technologies, so does the need for stronger links between all aspects of SoC development from library elements to advanced microprocessor IP and software," said Warren East, Chief Executive Officer, ARM. "Combining forces with Artisan will enrich and expand our total IP offering. Furthermore, the combination is expected to provide greater access to ARM and Artisan technologies, delivering increased value to both companies' customers and creating a new catalyst for innovation in the industry. Delivering enhanced IP where the total system is further optimized for low power and high performance will assist our customers to create new and exciting digital products. We will benefit greatly from the insights and experience of the talented Artisan professionals joining our team."

"The combination of ARM and Artisan signals a new phase in the industry by meeting the increasingly important system design challenge of providing customers with a coherent IP offering, from architecture to silicon implementation," said Lucio L. Lanza, Chairman, Artisan.

"Putting complementary teams of designers together in one company working on software, system IP and physical IP will enable us to provide a higher level of value to our combined customers."

"The strategic vision of this transaction is compelling," said Mark R. Templeton, President and Chief Executive Officer of Artisan. "By joining forces with ARM, we are furthering our goal to be the IP partner

of choice in the semiconductor industry. Combined with ARM, we will be better positioned to invest in new products and promote the adoption of Artisan's products to a broader range of customers."

Highlights

-- Under the terms of the agreement, Artisan stockholders will receive \$9.60 in cash and ARM stock equal to 4.41 ARM ADSs for each outstanding Artisan share. Based on closing prices for ARM ADSs as of August 20, 2004, the implied value is \$33.89 per Artisan share, representing an aggregate consideration of approximately \$913 million.

-- This transaction represents an excellent strategic combination:

-- Enables the combined company to deliver one of the industry's broadest portfolios of system-on-chip (SoC) intellectual property (IP) to their extensive, combined customer base.

-- Better positions the combined company to take advantage of growth opportunities across multiple industries as system design complexity increases in the sub-micron age.

-- Highly complementary sales channels combining ARM's channel to more than 130 silicon manufacturers, with Artisan's channel to more than 2,000 companies.

-- Strengthens the links between key aspects of SoC development, enabling the combined company to deliver solutions that are further optimized for power and performance.

-- Warren East, Chief Executive Officer of ARM, will continue as Chief Executive Officer of the combined companies, with Lucio L. Lanza, Chairman of Artisan, and Mark R. Templeton, President and Chief Executive Officer of Artisan, joining the Board of Directors of ARM as a non-executive director and an executive director, respectively, on completion of the transaction.

-- Directors and executive officers of ARM and Artisan have agreed to vote in favor of the acquisition in respect of shareholdings amounting to an aggregate of approximately 2.7 percent of ARM's outstanding shares and 4.6 percent of Artisan's outstanding shares.

-- The completion of the transaction is expected to occur in the fourth quarter of 2004 and is subject to ARM and Artisan stockholder and regulatory approvals and other customary closing conditions.

Transaction Terms

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Artisan stockholders will own approximately 26% of the combined company. The cash portion of the consideration will be funded using ARM's existing cash resources. The terms of the transaction have been unanimously approved by the Boards of Directors of both companies.

Financial Overview

As of June 30, 2004, under U.S. GAAP, Artisan had revenues and profits after taxes in the previous 12 months of \$82.9 million and \$17.3 million, respectively, and had net asset value of \$205.1 million, of which \$140.4 million was cash, cash equivalents and marketable securities. For the most recent fiscal year ended September 30, 2003, Artisan had revenues and profits after taxes of \$68.5 million and \$7.3 million, respectively, under U.S. GAAP.

The transaction is expected to be non-dilutive to ARM's earnings per share within 12 months from closing, excluding the impact of one-time and non-cash acquisition related charges.

Break-up Fee Arrangements

ARM has agreed to pay a break-up fee to Artisan of approximately \$18 million payable upon certain termination events under the transaction agreement. Furthermore, Artisan has agreed to pay a break-up fee to ARM of approximately \$31 million or \$18 million, depending on the nature of the termination event, payable under the transaction agreement upon certain termination events.

Management and Board of Directors

Lucio L. Lanza, Chairman of Artisan, and Mark R. Templeton, President and Chief Executive Officer of Artisan, will join the Board of Directors of ARM following completion of the transaction, increasing

the total number of directors to 12. Mark R. Templeton is expected to enter into a service contract with the Company with effect from completion of the transaction.

Source: ARM

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