

Canadian tech group CGI says buys Logica for 1.7bn

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Canadian technology services firm CGI Group Inc. has agreed to buy London-listed Anglo-Dutch rival Logica for £1.7 billion (\$2.6 billion, 2.1 billion euros), the pair announced on Thursday.

"The boards of directors of Logica plc and CGI Group Inc. are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition of Logica by CGI Holdings Europe Limited, a wholly owned subsidiary of CGI," an official statement said.

Montreal-based CGI Group added that the deal, pitched at 105 pence per share, would create a top global player in the sector.

"The proposed combination of CGI and Logica would create a leading player in the IT services sector worldwide with a meaningful presence in the Americas, Europe and Asia," the joint statement said.

"Additionally, the combined resources of the two companies would provide an ideal platform to serve clients locally and globally, to win larger scale outsourcing opportunities, and to offer the combined client base a diverse portfolio of services and ... solutions, both in North America and Europe."

The bid represented a premium of almost 60 percent to Wednesday's closing share price level -- resulting in Logica's share price rocketing above the offer price in London trading.

Shares leapt 68.80 percent to 110.9 pence on the British capital's second-tier FTSE 250 index, which finished 0.49 percent higher at 10,545.96 points.

"This announcement is consistent with our profitable growth strategy and with our belief that global consolidation of our industry is both necessary and inevitable," said CGI president and chief executive officer Michael Roach.

"Logica is a leading business and technology service company with talented and committed employees and long-term client relationships."

Logica chairman David Tyler added: "The Logica directors consider there to be a strong industrial logic for the proposed combination with CGI.

"It meets clients' requirements for a more comprehensive international presence and offers them the benefits of scale."

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