



INTERVIEW: MAGELLAN

GEO INTERVIEWS STIG M. PEDERSEN, SR. DIRECTOR OF MARKETING STRATEGY, SURVEY/GIS FOR THE NEWLY NAMED 'MAGELLAN NAVIGATION, INC.' THROUGH A RECENT ACQUISITION BY SHAH CAPITAL PARTNERS (SCP) FROM THE THALES GROUP, THE COMPANY SETS OUT ON A NEW JOURNEY AND VOYAGE.



GEO: Can you explain why Thales Group has decided to sell Thales Navigation at this time?

SMP: With the rapid growth of the consumer GPS market, Thales Navigation with its consumer business was moving further away from the core portfolio of Thales Group. They recognized that Thales Navigation had high potential for growth in all of its business segments with a focused shareholder. With a balanced portfolio of businesses, key strategic partnership and growing sales and profit, Thales Navigation was a very compelling investment opportunity for the market and Shah Capital Partners (SCP) were pleased to have signed the deal to acquire the company.

GEO: With the new name 'Magellan Navigation, Inc.' actually includes part of the existing product brand, specifically the Magellan brand. Does this mean all products will now include the Magellan Navigation name? Does the change include all GPS, GIS and surveying technology previously associated with Thales Navigation?

SMP: The legal name of the company is Magellan Navigation, Inc., but the company will be known as Magellan. This includes the entire business as it exists today, with the exception of some minor restructuring of the Hertz joint venture ownership. The survey and GIS business will have a Magellan family brand which will be introduced in late September at the ION show in the U.S. and then at INTERGEO in Europe.

GEO: How is this change going to be visible to the customer and professional user and what if any impacts do you see happening?

SMP: This is an exciting new phase for the company and we believe for our customers. The brand change will be the most obvious change and we plan to support that brand transition with aggressive market-

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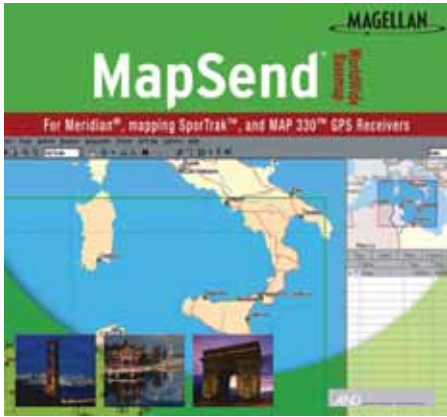
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ing activities. The strategy of the company is to establish and expand leadership in the global positioning and navigation markets. We will continue to execute on our strategy to provide more access to professional GPS solutions to more market segments and more customers. Magellan is a brand well known quality consumer GPS solutions and now it will also be known for high-quality and high-value survey and GIS solutions. We believe this will be a very positive move for the company and expect to enhance our ability to meet market needs and the needs of individual customers.

GEO: What are the opportunities that you expect to see emerging from this change?

Having a more focused shareholder can create opportunities in terms of resources and educated attention. We look forward to taking advantage of the operational expertise of SCP, gaining greater efficiencies and speed in the market.

GEO: Who are the investors in the new corporation and how was the decision to select them considered?

SMP: The company is being acquired by a group of investors led by SCP. SCP brings a



great deal of operational and high tech expertise so they understand the demands and the opportunities of our business. They recognized the huge opportunity of a company with our portfolio and established position in the market, within a market that is poised for even higher growth and potential expansion. SCP currently owns TES, which manufactures many of our professional products, so they had a good understanding of our business.

GEO: Will the company continue to operate from its current office locations or do you anticipate changes?

SMP: We do not anticipate any change to our current locations.

GEO: As one of the worlds leading GPS technology company's, a significant amount of research and development was present under the previous ownership. Do you anticipate that to continue and in which areas?

SMP: We do not anticipate any change in the level of R&D investment under the new ownership. Our R&D spending will continue to be predominantly focused on reducing the barriers to adopting GNSS products. We are thus focusing our efforts on improving the ease-of-use of GNSS products through user interface and ergonomic innovations, areas that we think will have the highest benefit for the end-user. We recognize that to meet the customers' needs and grow as a company we must invest in research and we will continue to do that.

GEO: While previously associated with Thales the company had a close relationship to the defense and military industries, and the upcoming GALILEO system. How will those relationships be affected now?

SMP: Our relationships and work there is not affected at all. Our business was not dependent on Thales contracts and we remain on good terms with Thales and able to fully leverage our history with them. We fully intend to provide Galileo-compatible products when they present a value to the customer. Today Galileo is not deployed and it will be years before it is. But when it offers considerable reliability and accuracy to our customers, we will be among the first to offer it.

GEO: What operational and management changes do you anticipate with this change?

SMP: We do not anticipate management changes. SCP is already working with management to identify key opportunities for expansion and operational efficiencies. We are continually streamlining our business and improving our operations to meet the demands of the market and we will continue to do so with the additional benefit of SCP experience in this area.

GEO: What challenges do you see ahead for the new company with respect to competitor's?

SMP: The size and rapid growth of the Consumer market is attracting new consumer electronics players. The strong brand that Magellan represents coupled with many years of experience in the market positions us well to compete against new and existing players. On the Survey/GIS side one of the biggest challenges for us will be the transition to a new brand that has not previously been associated with the high performance GNSS products that we offer. However, we are confident that the strong reputation and performance of our solutions will help us significantly in meeting this challenge. We are the only company in the Survey/GIS Industry that is fully focused on delivering GNSS based solutions and as such we will continue to offer the industry leading solutions that are accessible for the end user. We're looking forward to competing in the market as an independent company with focused resources and a strong history of success to build on.

GEO: A significant amount of the company revenue was generated from car navigation devices. Do you anticipate that to continue and what might we expect from the new company in terms of mobility and navigation technology?

SMP: We do expect that to continue. Car navigation is an exploding market right now and Magellan has a rich history of leadership in this area. On the consumer side, Magellan will continue to build on that success by enriching the connectivity and content that can be accessed in car navigation and in handhelds. Technologies like Bluetooth, real-time traffic, third-party content such as maps and points-of-interest databases are key to this market, as is the concept of flexible solutions that go anywhere. We also have an OEM business where impacting the mobility markets with our technology and IP and software is a key thrust. For surveyors and GIS professionals, mobility means ready access to relevant data in the field such as real-time differential corrections, e.g. NTRIP or the retrieval of GIS data from a office based server.

GEO: What about all the previous Thales Navigation dealerships, will they be maintained and can customers continue to expect service from them?

SMP: Absolutely. Thales Navigation dealerships will continue to carry our products and we will be working with them to transition to the new brand. The products and the service will be the same, but there'll be a new sign on the door.

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