



Ansys and Analytical Graphics Inc. Sign Definitive Acquisition Agreement

October 26, 2020

Acquisition will empower users to simulate from the component level to customers' entire mission

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Key Highlights

- Ansys to acquire Analytical Graphics, Inc., a premier provider of mission-driven simulation, modeling, testing and analysis software for aerospace, defense, telecommunication and intelligence applications
- The acquisition will expand the Ansys portfolio to enable users to solve at the chip level all the way to an entire mission
- \$700 million deal expected to close in Q4 2020 pending the receipt of regulatory clearance

[Ansys](#) (NASDAQ: ANSS), the global leader and innovator of engineering simulation software, announced today that it has entered into a definitive agreement to acquire Analytical Graphics, Inc. (AGI), a premier provider of mission-driven simulation, modeling, testing and analysis software for aerospace, defense and intelligence applications. Once closed, the acquisition will expand the scope of Ansys' solution offering, empowering users to solve challenges by simulating from the chip now all the way to a customers' entire mission – like tracking an orbiting satellite and its periodic connection to ground stations. The purchase price for the transaction is \$700 million, of which 67% of the consideration will be paid in cash and 33% will be paid through the issuance of Ansys common stock. In conjunction with the transaction, Ansys anticipates obtaining new debt financing to fund a significant portion of the cash component of the purchase price.

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AGI has pioneered digital mission engineering, a key component of digital transformation. Once closed, the acquisition of AGI will expand Ansys' simulation footprint into customers' missions, an area of simulation beyond the traditional component or product level. Missions are typically higher-level endeavors that support space, telecommunications, national defense and search-and-rescue initiatives. Mission-driven simulation, integrated with systems engineering, enables organizations to provide the best configuration to achieve various desired mission objectives.

Digital mission engineering empowers organizations to evaluate then optimize the performance of engineered systems across the overall mission. It also helps them effectively respond to evolving mission objectives, which often change during the course of a system's lifecycle. As a result, these missions are more likely to succeed, saving the customer time, money and other crucial resources.

As an example, experts project that more than 10,000 satellites will be launched into orbit in the next five years. AGI's software will help its customers design, launch, and safely operate the next generation of satellite constellations which are critical for navigation, earth imagery, weather and communications. AGI's software models and simulates many important elements, such as a satellite's orbital mechanics, enabling users to design, operate or use space systems with improved efficiency and effectiveness.

Based in Exton, Pa., AGI has a 30-year track record of success across industries, with hundreds of customers around the world, particularly in the government and federal aerospace and defense industries. As an existing Ansys partner, AGI's technology already connects into the Ansys simulation portfolio. Once closed, AGI's strong customer relationships will help Ansys reach new aerospace and defense customers while the Ansys sales channel can drive mission-based simulation to its broader existing installed base.

"Ansys' acquisition of AGI will help drive our strategy of making simulation pervasive from the smallest component now through a customer's entire mission," said Ajei Gopal, president and CEO of Ansys. "It will also expand the use of simulation in the key aerospace sector, where the stakes can be at their highest levels. We are excited to welcome the expert AGI team – and to expand the reach of their world-class technology to industries outside of aerospace, including for autonomy and 5G applications."

"In the three decades since our founding, we have continuously invested in our technology to create and advance digital mission engineering," said Paul Graziani, CEO and co-founder of AGI. "We are thrilled to become part of Ansys so we can dramatically extend the reach of our world-class products and help more customers accomplish their critical missions."

The transaction is expected to close in the fourth quarter of 2020, subject to receipt of regulatory clearance and the satisfaction of other customary closing conditions. The transaction is not expected to have a meaningful impact on the 2020 non-GAAP results. Ansys expects that the transaction will add \$75 million to \$85 million of non-GAAP revenue to its 2021 results and will be modestly accretive to non-GAAP diluted earnings per share. Non-GAAP projections exclude the effects of acquisition adjustments to deferred revenue, stock-based compensation, amortization of acquired intangible assets and transaction costs related to the acquisition. The corresponding GAAP revenue and diluted earnings per share measures are not estimable on a forward-looking basis at this time, as such measures require a fair valuation to be performed on the net assets purchased, which will be completed subsequent to the closing.

About Ansys

If you've ever seen a rocket launch, flown on an airplane, driven a car, used a computer, touched a mobile device, crossed a bridge or put on wearable technology, chances are you've used a product where Ansys software played a critical role in its creation. Ansys is the global leader in engineering simulation. Through our strategy of Pervasive Engineering Simulation, we help the world's most innovative companies deliver radically better products to their customers. By offering the best and broadest portfolio of engineering simulation software, we help them solve the most complex design challenges and create products limited only by imagination. Founded in 1970, Ansys is headquartered south of Pittsburgh, Pennsylvania, U.S.A. Visit www.ansys.com for more information.

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Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the proposed acquisition, including statements regarding the benefits of the acquisition, the anticipated timing of the acquisition and the products and markets of each company. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "future," "opportunity," "plan," "may," "should," "will," "would," and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to: (i) the risk that the acquisition may not be completed in a timely manner or at all, (ii) the failure to satisfy the conditions to the consummation of the acquisition, including the receipt of certain regulatory approvals, (iii) the occurrence of any event, change or other circumstance that could give rise to the termination of the acquisition agreement, (iv) risks that the proposed transaction disrupts current plans and operations of AGI and potential difficulties in AGI employee retention as a result of the transaction, (v) risks related to diverting management's attention from AGI's ongoing business operations, (vi) the ability of Ansys to successfully integrate AGI's operations, product lines, and technology, (vii) the ability of Ansys to implement its plans, forecasts, and other expectations with respect to AGI's business after the completion of the proposed acquisition and realize additional opportunities for growth and innovation, (viii) the short- and longer-term effects of the COVID-19 pandemic; and (ix) adverse changes in the economic and political conditions in the regions in which Ansys and AGI operate. In addition, please refer to the documents that Ansys files with the SEC on Forms 10-K, 10-Q and 8-K. These filings identify and address other important risks and uncertainties that could cause events and results to differ materially from those contained in the forward-looking statements set forth in this press release. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Ansys assumes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

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