ANSYS and LS-DYNA Creator Livermore Software Technology Corporation Sign Definitive Acquisition Agreement

September 11, 2019

PITTSBURGH, Sept. 11, 2019 /PRNewswire/ -- ANSYS (NASDAQ: ANSS), the global leader and innovator of engineering simulation software, announced today that it has entered into a definitive agreement to acquire Livermore Software Technology Corporation (LSTC), the premier provider of explicit dynamics and other advanced finite element analysis technology. Once closed, the acquisition will empower ANSYS customers to solve a new class of engineering challenges, including developing safer automobiles, aircraft and trains while reducing or even eliminating the need for costly physical testing. The purchase price for the transaction is $775 million, of which 60% of the consideration will be paid in cash and 40% will be paid through the issuance of ANSYS common stock to the current owners of LSTC. In conjunction with the transaction, ANSYS anticipates obtaining new debt financing to fund all or a significant portion of the cash component of the purchase price.

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The automotive industry has widely adopted the Livermore, California company's gold-standard solution, LS-DYNA, a highly scalable multiphysics solver, to accurately predict a vehicle's behavior and the effects on occupants during a collision. To do this, LS-DYNA simulates the behavior of the vehicle structure and all components including tires, seats, seatbelts, airbags, accelerometers, sensors and batteries in a fully coupled mathematical framework. LSTC counts the vast majority of tier one automotive suppliers among its customers. The combined company's strengths in simulation for structures, fluids, electromagnetics, optics, safety and machine learning will deliver a powerful solution for autonomous and electric vehicles to global automotive manufacturers and their suppliers.

The ability of LS-DYNA to scale to industry-leading levels on high-performance computers has propelled its usage outside of the automotive sector. LSTC's solutions are widely used in aerospace, civil engineering, defense, manufacturing, and the biomedical industries.

"LSTC has been a decades-long ANSYS partner, and we have tremendous respect for the deep ties that they have built with their customers for more than 30 years," said Ajei Gopal, ANSYS president and CEO. "Upon close, we expect our shared customer-centric approach, coupled with access to our combined portfolio of simulation solutions, will deliver enormous value to our mutual customers. Additionally, this acquisition will enable ANSYS to significantly advance our existing integration of LS-DYNA into the ANSYS Workbench environment, providing ANSYS customers seamless access to an even wider range of advanced simulation technology. Driven by the vision of its founder John Hallquist, LSTC has focused on customer success throughout its history. I am personally thrilled for the opportunity to work more closely with this industry legend."

"As an ANSYS partner for nearly 25 years, I am excited to formally join ANSYS and contribute to their place as the leader in engineering simulations," said John O. Hallquist, founder and CEO of LSTC. "ANSYS is the perfect home for LSTC's world-class team of scientists, mathematicians and engineers to continue advancing state-of-the-art, scalable and fully coupled, multiphysics computations. The ANSYS Workbench platform provides their customers with access to a uniquely broad portfolio of simulation technologies packaged into a user-friendly interface that is the envy of the industry. I expect that the combination of Workbench and LS-DYNA will expand our user base by at least an order of magnitude. Here at LSTC, nothing makes all of us happier than when our research enables more customers to imagine, design and implement ambitious projects that were previously impossible."

The transaction is expected to close in the fourth quarter of 2019, subject to the satisfaction of customary closing conditions and regulatory clearance. ANSYS management will provide further details regarding the transaction and its impact on the 2019 financial outlook after the closing. ANSYS expects that the transaction will add $60 million to $65 million of non-GAAP revenue to its 2020 results and will be neutral to modestly accretive to non-GAAP operating margins and 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.

About ANSYS, Inc.

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.

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 LSTC and potential difficulties in LSTC employee retention as a result of the transaction, (v) risks related to diverting management's attention from LSTC's ongoing business operations, (vi) the ability of ANSYS to successfully integrate LSTC's operations, product lines, and technology, and (vii) the ability of ANSYS to implement its plans, forecasts, and other expectations with respect to LSTC's business after the completion of the proposed acquisition and realize additional opportunities for growth and innovation. 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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