

Fairmount Partners Advises Analytical Graphics in its Pending Acquisition by Ansys

Fairmount has worked with AGI as strategic and financial advisor for over two decades and served as financial advisor on the pending transaction.

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.

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.

Fairmount Partners, a leading middle-market investment bank in the technology industry, served as financial advisor to AGI on the transaction, along with Allen & Company LLC. Fairmount has worked with AGI strategically and across multiple transactions over two decades.

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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Fairmount Partners is an independent merger and acquisition advisory firm focused on emerging growth and middle market companies. Fairmount helps its clients complete mergers and acquisitions; raise funds for growth, acquisitions and liquidity; and design and improve their corporate development strategies. Fairmount's clients include successful entrepreneurs, private equity-sponsored enterprises, and global public companies. Since 2003, Fairmount has completed more than 230 transactions, representing over \$10 billion in aggregate value, in 20 countries throughout North and South America, Europe, Asia and Australia. Further information is available at www.fairmountpartners.com.