

Press Release

Stockholm, Sweden, 2 February 2017

Hexagon enters into agreement to acquire MSC Software, a leading provider of CAE (simulation) software

Hexagon AB, a leading global provider of information technologies that drive productivity and quality across geospatial and industrial enterprise applications, today announced an agreement to acquire MSC Software (“MSC”), a leading provider of computer-aided engineering (CAE) solutions, including simulation software for virtual product and manufacturing process development.

MSC’s simulation analysis capabilities empower customers to optimise design for production, ensuring downstream productivity, product quality and durability. The acquisition strengthens Hexagon’s ability to connect the traditionally separate stages of design and production – integrating real-world data generated on the production floor with simulation data to further improve a customer’s ability to reveal and correct design limitations and production problems prior to manufacturing.

“MSC represents a game changer in our mission to deliver actionable manufacturing intelligence, taking us another step closer to realizing our smart connected factory vision in discrete manufacturing industries such as automotive and aerospace,” said Hexagon President and CEO [Ola Rollén](#). “We can now leverage the data our MI division is generating to improve design choices and processes upstream in the workflow. The acquisition will also open up new markets and touchpoints for MSC via our PPM division.”

Headquartered in Newport Beach, CA, United States, MSC has over 1,200 highly-skilled professionals in 20 countries. Its strong brand and reputation in industries such as automotive, aerospace and electronics spans more than 50 years.

Key Facts

- Purchase price of 834 MUSD on a cash and debt free basis (Enterprise Value)
- In 2016 MSC generated proforma sales of 230 MUSD, with strong profitability and a high percentage of recurring revenue
- The acquisition will further strengthen Hexagon’s smart connected factory strategy to deliver enterprise solutions within manufacturing verticals
- The transaction will be fully financed via bank facilities and Hexagon’s net debt to EBITDA target of 2.5 will not be exceeded
- Completion of the transaction (closing) is subject to regulatory approvals and other customary conditions which is expected in April
- Non-cash PPA adjustments (Purchase Price Allocations) of approximately 10 MEUR related to impairment of overlapping technologies and approximately 20-30 MEUR related to a revenue recognition adjustment of deferred revenue (haircut) will impact the income statement during 2017
- Cash transaction costs will amount to approximately 2 MEUR
- MSC will be accretive to Hexagon’s earnings as of closing

For further information, please contact:

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This information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 2 February 2017.

Hexagon is a leading global provider of information technologies that drive productivity and quality across geospatial and industrial enterprise applications.

Hexagon's solutions integrate sensors, software, domain knowledge, and customer workflows into intelligent information ecosystems that deliver actionable information. They are used in a broad range of vital industries.

Hexagon (Nasdaq Stockholm: HEXA B) has more than 16,000 employees in 46 countries and net sales of approximately 3.0bn EUR. Learn more at hexagon.com and follow us @HexagonAB.