



Press Release

Sandvik to acquire leading CAM software company CNC Software Inc., creators of Mastercam

Sandvik has signed an agreement to acquire US-based CNC Software Inc., a leading provider of CAD/CAM software solutions for manufacturing industries and the company behind Mastercam, the most widely used Computer Aided Manufacturing (CAM) brand in the industry. CNC Software will be reported in the Design & Planning Automation division within Sandvik Manufacturing and Machining Solutions.

By acquiring CNC Software, Sandvik gains a world-class CAM brand in the Mastercam software suite with an installed base of around 270,000 licenses/users, the largest in the industry, as well as a strong market reseller network and well-established partnerships with leading machine makers and tooling companies.

“This is in line with our strategic focus to grow in the digital manufacturing space, with special attention on industrial software close to component manufacturing. The acquisition of CNC Software and the Mastercam portfolio, in combination with our existing offerings and extensive manufacturing capabilities, will make Sandvik a leader in the overall CAM market measured in installed base. CAM plays a vital role in the digital manufacturing process, enabling new and innovative solutions in automated design for manufacturing,” says Stefan Widing, President and CEO of Sandvik.

CNC Software has a strong market position in CAM, and particularly for small and medium-sized manufacturing enterprises (SME's), something that will support Sandvik's strategic ambitions to develop solutions to automate the manufacturing value chain for SME's – and deliver competitive point solutions for large original equipment manufacturers (OEM's). Combining the strengths of Mastercam with Sandvik's offering and know-how within machining is expected to be an important enabler in automating the customers' end-to-end manufacturing processes.

“Mastercam will be the cornerstone in Sandvik's CAM portfolio, further improving machining productivity by combining our machining know-how with their CAM expertise to improve quality and reduce waste for our customers. Specifically, we will leverage data capture and use to secure efficient tool selection and tool path optimisation for our customers. I look forward to welcoming the CNC Software team to Sandvik,” says Mathias Johansson, President of the Design & Planning Automation Division in Sandvik Manufacturing Solutions.

CNC Software is an independent, family-owned company founded in 1983, headquartered in Tolland, Connecticut, USA, with 220 employees. The revenue for 2020 totaled USD 60 million with an EBIT margin of 25-30 percent, and of which the share of recurring revenue was approximately 60 percent. CNC Software has had a historical annual growth rate of approximately 10 percent and is expected to outperform the estimated market growth of 7 percent.

The underlying EBITA margin is accretive to Sandvik Manufacturing and Machining Solutions. However, the first year after closing date, revenues will be impacted by deferred revenue accounting adjustments, and the EBITA margin will be slightly dilutive to Sandvik Manufacturing and Machining Solutions. Impact on earnings per share will initially be slightly negative.

Transaction costs are to be accounted for in the third quarter 2021 and estimated to SEK 25 million.

The parties have agreed not to disclose the purchase price. The deal is expected to close during Q4 2021, subject to customary regulatory approvals. In conjunction with the closing, Sandvik will make a write-down of overlapping assets representing SEK 30 million.

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Conference call

There will be a conference call related to the intended acquisition on August 27, 2021 at 1:00-2:00 PM CET for analysts, investors and financial media. The conference call will also be available live in 'listen-only' mode on Sandvik's website. Please see home.sandvik for the dial-in details and presentation material available at about 12:30 PM CET.

Dial-in numbers for the conference call:

SE: +46 8 566 426 93

UK: +44 333 300 90 31

US: +1 646 722 49 56

Stockholm, August 25, 2021

Sandvik AB

For further information, contact Louise Tjeder, Vice President Investor Relations, phone: +46 70 782 6374 or Johannes Hellström, Press and Media Relations Manager, phone: +46 70 721 1008.

Sandvik Group

Sandvik is a high-tech and global engineering group offering products and services that enhance customer productivity, profitability and sustainability. We hold world-leading positions in selected areas – tools and tooling systems for metal cutting; equipment and tools, service and technical solutions for the mining industry and rock excavation within the construction industry; products in advanced stainless steels and special alloys as well as products for industrial heating. In 2020 the Group had approximately 37,000 employees and revenues of about 86 billion SEK in more than 160 countries within continuing operations.