



Press Release
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Entry into exclusive negotiations between Keysight and ESI Group's main shareholders to acquire a controlling block followed by the launching of a mandatory cash tender offer

Summary

Keysight Technologies, Inc. (Keysight) (NYSE:KEYS) and ESI Group SA (ISIN Code: FR0004110310, Euronext Paris Symbol: ESI) are pleased to announce that Keysight has made a binding offer to certain shareholders of ESI Group to acquire a controlling block of ESI Group's share capital, representing in aggregate 50.6%¹ of the share capital and 55.8%¹ of the theoretical voting rights of ESI Group, at a price per share of 155 euros in cash, and in return for entering into exclusivity.

The offer price of 155 euros per share represents a premium of approximately:

- 72% to the closing price of 90.0 euros per share on 17 May 2023, being the last business day before the announcement by ESI Group of the existence of preliminary discussions with certain third parties in response to press rumors (the "Leak Announcement Date"); and
- 95% to the volume weighted average price of 79.4 euros per share for the three months up to the Leak Announcement Date.

Under Keysight's binding offer, the block acquisition, once completed, would be followed by the filing by Keysight of a proposed mandatory tender offer for the remaining shares of ESI Group outstanding at the time and, if the legal conditions are met at the end of the offer, a squeeze-out procedure and the delisting of ESI Group from Euronext Paris.

Full length press release

Keysight and ESI Group today announced that Keysight has made a binding offer to acquire a 50.6%¹ controlling interest in ESI Group, which would be followed by the mandatory filing by Keysight of a tender offer for the remaining shares issued by ESI Group at a price per share of 155 euros paid in cash, and that they have entered into exclusive negotiations.

The acquisition values ESI Group's entire issued and to be issued share capital under stock options and free share plans at approximately 913 million euros on a fully diluted basis.

ESI Group's sophisticated software solutions simulate a product's behavior during testing and real-life use. The company's portfolio is highly differentiated, with predictive simulation technology for the most challenging system designs. ESI Group's real-time digital twin solutions combine model-driven simulation with data-driven test to create virtual simulations, and its immersive industrial solutions enable workflow automation and virtual manufacturing.

In today's era of digital transformation, product development across many industries is shifting left in the design cycle and becoming virtualized. Computer-aided engineering supports this shift left with virtual prototyping of products, manufacturing processes, and workflows.

¹ On the basis of a total of 6,085,912 shares and 8,054,528 theoretical voting rights as of 31 May 2023, noting that these percentages will be adjusted for potential losses of double voting rights.



By bringing ESI Group into its electronic design and test portfolio, Keysight will further expand its software prototyping capabilities into computer-aided engineering, enabling customers to accelerate time to market and lower operational costs, while reducing their environmental footprint.

About the proposed transaction

In the context of a competitive sale process, Keysight has entered into exclusive negotiations with certain shareholders² of ESI Group representing in aggregate 50.6%¹ of ESI Group's share capital and 55.8%¹ of its theoretical voting rights (the "Sellers"), with a view for Keysight to acquire the entire shareholding of the Sellers (the "Controlling Block").

These exclusive negotiations result in particular from a put option (the "Option") granted under customary conditions by Keysight to the Sellers. Under the terms of the Option, the Sellers benefit from an option that they may decide to exercise following the information and consultation procedure of ESI Group's social and economic committee (the "CSE"), which will be initiated as soon as possible. The signature of definitive agreements can only take place once such CSE information and consultation procedure has been completed. Completion of the acquisition of the Controlling Block is also subject to obtaining certain regulatory approvals.

Subject to the completion of the acquisition of the Controlling Block by Keysight, Keysight will file with the Autorité des Marchés Financiers (the "AMF") a mandatory tender offer for all remaining outstanding ESI Group shares, on the same financial terms as the acquisition of the Controlling Block (i.e., 155 euros per share in cash) (the "Offer"). The Offer price values 100% of ESI Group's entire share capital issued and to be issued under stock options and free share plans at approximately 913 million euros on a fully diluted basis.

The Offer price of 155 euros per share represents a premium of approximately:

- 72% to the closing price of 90.0 euros per share on the Leak Announcement Date; and
- 95% to the volume weighted average price of 79.4 euros per share for the three months up to the Leak Announcement Date.

Completion of the tender offer is subject to the AMF's declaration of conformity (*déclaration de conformité*). In the event that the 90% threshold in share capital and voting rights are crossed at the end of the Offer, Keysight will request the implementation of a squeeze-out procedure for ESI Group.

Keysight will finance the transaction from a combination of cash and cash equivalents on its balance sheet.

On 28 June 2023, the board of directors of ESI Group unanimously welcomed the proposed transaction, without prejudice to the reasoned opinion to be issued following the submission of the report of the independent expert, and subject to the completion of the acquisition of the Controlling Block.

To this end, following the recommendation of an ad hoc committee, the board of directors of ESI Group has appointed Finexsi, represented by Mr. Peronnet, as an independent expert to draw up a report including a fairness opinion on the financial terms of the Offer, including in the event of a squeeze-out procedure, in accordance with the provisions of the AMF's general regulations.

For the purposes of the Offer, the board of directors of ESI Group established an ad hoc committee, comprising Mr. Alex Davern (chairman and independent director), Mrs. Cristel de Rouvray (member of the board of directors and chief executive officer of ESI Group), Mr. Yves de Balmann (independent director) and Mr. Patrice Soudan (independent director). The purpose of the ad hoc committee is to monitor and facilitate the work of the independent expert, and to prepare a draft reasoned opinion on the merits of the Offer and its consequences for ESI Group, its shareholders and its employees.

² The Sellers are Amy-Sheldon Lorient de Rouvray, Cristel Lorient de Rouvray, John Alexandre Lorient de Rouvray, Amy Louise Lorient de Rouvray, Alex Peng Dubois-Sun, Long Path Partners, and Briarwood Capital Partners



Completion of the acquisition of the Controlling Block is expected to take place during the fourth quarter of 2023, and the filing of the subsequent Offer shortly thereafter.

The market will be kept informed of the progress of discussions between the parties, and a further announcement will be made in due course, as appropriate.

ESI Group's financial advisors for the transaction are Evercore Group L.L.C. and Rothschild & Cie, with McDermott Will & Emery acting as legal advisor. J.P. Morgan Securities LLC is acting as exclusive financial advisor to Keysight with Paul Hastings LLP acting as legal advisor. King & Spalding International LLP is acting as legal advisor to Amy-Sheldon Lorient de Rouvray, Cristel Lorient de Rouvray, John Alexandre Lorient de Rouvray, and Amy Louise Lorient de Rouvray for this transaction.

Alex Davern, chairman and independent director of ESI Group: *"The operation we are announcing today is the culmination of a well-considered process and several years of transformation. It accurately recognizes the value of the work carried out by the leadership team and reflects the significant role ESI holds in the industrial software ecosystem. I, along with the entire Board, unanimously welcome this operation, and believe that it is in the best interest of the Company, its employees, its clients, its shareholders and all other key stakeholders."*

Cristel de Rouvray, member of the board of directors and chief executive officer of ESI Group: *"I am delighted for ESI to announce this significant milestone today with Keysight Technologies. Over the past four years, our entire team has been dedicated to transforming ESI Group into a leading actor in the industrial software and simulation sectors. This combination with Keysight Technologies is a testament to the success of the work carried out over the years, and will enable ESI to enter a new phase of its development. The core values, vision and ambition that have driven Keysight Technologies over its long and reputable history and under its current leadership are perfectly aligned with those of ESI Group: pioneers enabling innovation for industry. I trust this operation is the promise of an exciting and sustainable future."*

Satish Dhanasekaran, president and chief executive officer of Keysight: *"Keysight's acquisition of ESI Group accelerates our strategy of providing software-centric solutions with virtual prototyping and advanced simulation capabilities. Keysight and ESI Group share rich cultures of innovation and strong commitments to solving customers' most complex challenges, which will enable value creation for all stakeholders. The Keysight team looks forward to working with the world-class talent at ESI Group to unlock opportunities and drive our combined success."*

About Keysight

At Keysight (NYSE: KEYS), we inspire and empower innovators to bring world-changing technologies to life. As an S&P 500 company, we're delivering market-leading design, emulation, and test solutions to help engineers develop and deploy faster, with less risk, throughout the entire product lifecycle. We're a global innovation partner enabling customers in communications, industrial automation, aerospace and defense, automotive, semiconductor, and general electronics markets to accelerate innovation to connect and secure the world. Learn more at Keysight Newsroom and www.keysight.com.

About ESI Group

Founded in 1973, ESI Group envisions a world where Industry commits to bold outcomes, addressing high stakes concerns - environmental impact, safety & comfort for consumers and workers, and adaptable and sustainable business models. ESI provides reliable and customized solutions anchored on predictive physics modeling and virtual prototyping expertise to allow industries to make the right decisions at the right time while managing their complexity. Acting principally in automotive & land transportation, aerospace, and heavy industry, ESI is present in more than 15 countries, employs 1000 people around the world, and reported 2022 sales of €130 million. ESI is headquartered in France and is listed in compartment B of Euronext Paris.

For further information, go to: www.esi-group.com.
<https://www.esi-group.com/company/who-we-are>



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Suivez ESI

