

ESI Group to acquire CIVITEC

Breakthrough technology dedicated to the development and integration of embedded Advanced Driver Assistance Systems (ADAS)

- Access to the fast-growing Advanced Driver Assistance System market driven by increased requirements in terms of safety standards
- Further expansion of the offering value of ESI Group's solution in active safety
- Promising value-creation potential related to CIVITEC innovative technology and synergies with ESI Group's offer

Alain de Rouvray, ESI Group's Chairman and CEO states: *"This new expertise of assistance to human perception, coupled with the excellent IFSTTAR partnership, provides opportunity to take into account the interactions of a vehicle, or any other industrial product, with its scalable immersive environment. Once integrated into digital 3D modeling, it will enable dramatically accelerated design and prototyping of embedded control and security systems and thereby strengthen the value of our global solutions in virtual prototyping. For ESI Group's industrial partners, Advanced Driver Assistance Systems (ADAS) present a major technological challenge as efficiency must be built upon the quality of interaction between digital modeling and human perception. The growing requirements in terms of active safety make it important and urgent to integrate ADAS systems in virtual prototyping, complementing the existing constraints of passive safety during product development. Clearly strategic for ESI Group, this operation amplifies our technological and commercial synergies in many sectors, including automotive, aerospace and more generally address the new societal challenges of the mobility and safety industries".*



Founded in 2009, CIVITEC is a spin-off of IFSTTAR, the French Institute of Science, Transport Technology and Network Development which until recently was its main shareholder. CIVITEC has capitalized on years of R&D by IFSTTAR and its know-how in perception sensors simulation and algorithmic development. This breakthrough technology is commercially available via its flagship platform, Pro-siVIC™, owned by ESI Group following the acquisition of an 80% stake in CIVITEC. This represents a unique opportunity for ESI Group to commercialize CIVITEC technology, industrializing their innovative development platform and building on ESI's solid track record of integrating new offerings in the solutions delivered through its worldwide commercial network.

Pro-siVIC™ enables industrial players to develop perception assistance systems from the design phase to the final testing. Implementation of such modules is highly complex, as it requires the 3D modelling of ultra-realistic environment conditions, digitally transcribed using sensors simulation and wrapped in an optimized interface that improves operators' perception. The man-to-machine interface must provide an operator, such as a vehicle driver, with the best information available to enable him or her to make better decisions. Perception assistance systems are critical to the deployment of active safety systems, today considered as crucial for the automotive and aeronautic industries.

Access to the fast-growing Advanced Driver Assistance System market driven by increased requirements in terms of safety standards

This operation will provide the Group with a new strategic positioning on the fast-growing Advanced Driver Assistance System (ADAS) market. The objective of Electronic and IT embedded systems is to improve driver perception of the environment and thereby create powerful leverage for effective active safety, defined as the elements to avoid crashes. Active safety is increasingly included in the Euro NCAP certification test for the whole pre-crash phase so the demand from constructors will remain buoyant and be driven by the continuous requirement for integration of related technology and connectivity in cars. The cost of the driving campaign to obtain active safety qualification could reach between €10 million and 30 million per year, in the absence of sensors and tools for virtual prototyping. This is due to the various test coverage iterations imposed by the unlimited number of possible environments. The Pro-siVIC™ solution addresses this issue by simulating a 3D environment as seen by the sensors, and allows the creation of ADAS with substantially reduced development costs. The ADAS market is expected to show a 20%¹ average

¹ Source: "The future of active safety" by Arthur D. Little



annual growth over the 2015-2019 period. In 2014 the active safety tests represented 20% of the global score, vs. 10% in 2010. This trend will accelerate as automated systems have an increased influence on safety until, as expected by 2025, vehicles can be fully autonomous.

Further expansion of the offering value of ESI Group's solution in active safety

The car of the future will require specific solutions able to co-integrate the development of all safety aspects, from product conception to virtual prototyping. By reaching a major milestone in its technological development strategy offer, ESI Group, already a recognized pioneer and world leader in passive safety digital solutions and virtual modelling, will provide automotive groups with a holistic solution embracing all safety issues.

This new offering value, including tools for ADAS modeling and prototyping, should create efficient leverage to target new clients and further expand current partnerships. It is perfectly in line with the nature of ESI Group's solution, originally developed to achieve cost and time savings while spurring innovation.

Mr Devauchelle Guillaume, Valeo Vice President of innovation comments: *"We look forward to the industrialization stage proposed by ESI on the technology developed by CIVITEC in collaboration with IFSTTAR. This approach will allow us to amplify the integration of this valuable technology in Valeo's solution in terms of innovation, especially in the context of our intuitive driving program integrating the intensification of the active safety"*.

Promising value-creation potential related to CIVITEC innovative technology and synergies with ESI Group's offer

This acquisition, which includes a small top team is already operationally profitable and is expected to be accretive to ESI Group in short term. Regarding ESI Group's track record in terms of integration and successful industrialization of technology, this acquisition should accentuate value creation by enabling implementation of a more comprehensive crash and safety test offering that can be adopted by the Group's current partners. Moreover, this is a first step for ESI Group in adapting its offer to the integration and modeling of embedded electronic systems; a strategic move that can be rolled out to all industrial sectors through its international sales network.



After finalization of the full operation, which is being financed by the Group's credit facilities, ESI Group will own 80% of the company's capital and CIVITEC will be incorporated within the Group's consolidated results from March 27, 2015.

As minority shareholder with strong interest in pursuing the strategic partnership with CIVITEC, IFSTTAR will assure continuous transfer from research work to industrial applications.

Philippe Pralus, Managing Director of Civitec comments: *"We are delighted to be joining ESI Group, the renowned leader in industrial virtual prototyping. Its advanced collaboration with most global innovative leaders is a unique opportunity to accelerate the industry's digital revolution by offering new solutions able to co-integrate electronic systems and physical product specificity on the same platform development from the design to the prototyping stage. I am totally confident in ESI's capacity to capitalize on its worldwide commercial network to roll-out our disruptive technology in the modelling of perception assistance systems"*.

For more ESI news, visit: www.esi-group.com

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Next Events:

2014 annual results:

April 16, 2015

About CIVITEC

CIVITEC has been founded in 2009 with the mission to support Industries with Pro-SiVIC™, a platform for the modelling and simulation of sensors and their environment. Our team is mix of software developers, application engineers, and 3D designers. CIVITEC helps client innovation and decision-making to: design and develop sensing and embedded perception systems and the related control/command aspect; Improve systems functional performance and robustness.

Flagship software product Pro-SiVIC™ is a commercial off-the-shelf (COTS) software platform which represents a capitalized research and software development effort of several dozens of man-years. For further information, visit <http://www.civitec.com/>



About IFSTTAR

IFSTTAR is a major player in the European research on the city and the territories, transportation and civil engineering.

The French Institute of Science and Technology for Transport, Development and Networks, born on January 1st 2011, from the merger of INRETS and LCPC, is a Public Institution of a Scientific and Technical Nature, under the joint supervision of the ministry of ecology, sustainable development and energy and the www.enseignementsup-recherche.gouv For further information, visit <http://www.ifsttar.fr/en/>



About ESI

[ESI](#) is a world-leading provider of Virtual Prototyping software and services with a strong foundation in the physics of materials and Virtual Manufacturing.

Founded over 40 years ago, [ESI](#) has developed a unique proficiency in helping industrial manufacturers replace physical prototypes by virtually replicating the fabrication, assembly and testing of products in different environments. [Virtual Prototyping](#) enables ESI's clients to evaluate the performance of their product and the consequences of its manufacturing history, under normal or accidental conditions. By benefiting from this information early in the process, enterprises know whether a product can be built, and whether it will meet its performance and certification objectives, before any physical prototype is built. To enable customer innovation, ESI's solutions integrate the latest technologies in high performance computing and immersive Virtual Reality, allowing companies to bring products to life before they even exist.

Today, [ESI](#)'s customer base spans nearly every industry sector. The company employs about 1000 high-level specialists worldwide to address the needs of customers in more than 40 countries.

[ESI](#) is listed in compartment C of NYSE Euronext Paris and is granted "Entreprise Innovante" (Innovative Company) certification since 2000 by Bpifrance. [ESI](#) is eligible for inclusion in FCPI (venture capital trusts dedicated to innovation) and PEA PME.

2014 awards: winner of the 2014 ASMEP-ETI/Bpifrance award in the Innovation and industrial strategy category and of the Grand Prix des Entreprises de Croissance, in the Software and IT Services category and winner of the "Ambitions d'Entrepreneurs" trophy in the International category.

For further information, visit www.esi-group.com.

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