

FARO Technologies, Inc. Logo

FARO Technologies to Acquire a Leading German Software Company for \$20 Million

May 8, 1998

LAKE MARY, Fla., May 8 /PRNewswire/ -- FARO Technologies, Inc. (Nasdaq: FARO) today announced the execution of a definitive purchase agreement whereby FARO Technologies, Inc. (<http://www.faro.com>) will acquire all the stock of privately held CATS Computer Aided Technologies, GmbH (CATS) of Karlsruhe, Germany (<http://www.catsgmbh.de>) for \$20 million in cash and stock.

Following the completion of the transaction, CATS will become a wholly owned subsidiary of FARO and will operate as a separate entity under the name of "CATS," a 3D manufacturing quality control software company of FARO Technologies. The transaction, which is subject to the completion of certain customary conditions, is expected to close within the next week. The acquisition will be treated as a purchase for accounting purposes. In connection with the closing, FARO Technologies is expected to take a one time charge in the second quarter ending June 30, 1998 related to the write-off of in-process research and development costs.

CATS' mission is to deliver world class CAD-based 3D measurement retrofit software, system level measurement, quality control, and dimensional statistical process control software, enabling integrated design and manufacturing to be performed. Over the near term, this acquisition will allow customers the ability to bring CAD data into the manufacturing environment on all types of measurement hardware, in both mainframe-based and PC-based CAD environments, while seamlessly creating graphical reporting, document preparation and in-line statistical three dimensional process control.

FARO will benefit from CATS' extensive early stage installations in the major German automotive companies and many of their primary vendors. CATS will benefit from FARO Technologies' international marketing organization, established aerospace and automotive relationships, measurement software know-how, and advanced portable measurement technology. Moreover, CATS will continue to develop highly focused and skilled teams dedicated to R&D, sales, marketing and support of its 3D measurement, documentation and process control products. CATS' headquarters will remain in Karlsruhe, Germany.

Simon Raab, CEO of FARO Technologies, stated: "Our two companies share a common vision, dedication to customers and passion for creating technology which brings CAD directly to the manufacturing floor. Our mission is to provide customers, large and small, an effective array of hardware and software tools. FARO's and CATS' strengths are complementary in both markets and technologies, therefore this business combination will significantly enhance the product lines of both corporations."

Wendelin Scharbach, Managing Director of CATS commented: "1997 was a year of significant achievements. Our products were selected as the in-line process control software for the Mercedes S Class automobile, for retrofit of the BMW modeling facilities and similar important early stage installations in all other major German automotive companies as well as many of their suppliers. These successes position us to sustain the significant compounded growth rate in sales experienced over the past three years. We believe this transaction will give CATS the worldwide exposure, additional technology and access to markets it needs to meet its aggressive growth goals."

FARO Technologies Inc., a worldwide leader in portable 3D manufacturing measurement systems designs, develops, markets and supports portable, software-driven, three-dimensional measurement systems that are used in a broad range of manufacturing and industrial applications. FARO's growth over the past three years has been driven by the demand for CAD-based measurement solutions in the manufacturing environment and by the increasing demand for CAD in industrial design. The Company's principal products are the FAROArm articulated measuring device and its companion AnthroCam software. Together, these products integrate the measurement and quality inspection function with computer-aided design (CAD), computer-aided manufacturing (CAM) and computer-aided engineering (CAE) technology to improve productivity, enhance product quality and decrease rework and scrap in the manufacturing process. The Company's products bring precision measurement, quality inspection and specification conformance capabilities, integrated with leading CAD software, to the factory floor.

This press release contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties or other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to: availability of qualified sales personnel, cyclicality of the automotive market, fluctuations in quarterly operating result, ability to integrate the two companies and the ability to close the transaction.

SOURCE Faro Technologies, Inc.

Web site: <http://www.faro.com>

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