

Leading 3-D printer firms to merge in \$403M deal (Update)

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Stratasys, a leading maker of 3-D printers, is buying another 3-D printer manufacturer, MakerBot, for \$403 million in stock.

Stratasys Ltd. said Wednesday the acquisition will enable it to offer affordable desktop 3-D printers. MakerBot, whose machines are priced around \$2,000 to \$3,000 and are aimed at the "prosumer" market, sells direct to buyers over its website. In contrast, Stratasys makes machines priced \$10,000 to \$600,000 mostly to industrial clients through resellers.

MakerBot's owners will receive 4.76 million newly issued Stratasys shares and are eligible for another 2.38 million through the end of 2014 if certain performance targets are met. That could raise the purchase price by about \$201 million based on Wednesday's closing stock price.

The merger is expected to be completed in the third quarter of this year.

Stratasys is based in Eden Prairie, Minnesota, and Rehovot, Israel. Its shares rose \$2.40, or 2.8 percent, to \$87 in after-hours trading. New York-based MakerBot is privately held.

MakerBot will keep its name, products and strategy as a unit of Stratasys. Stratasys said the purchase will add to its growth, but will reduce net income slightly in 2013 and add to it in 2014.

MakerBot also runs the website Thingiverse.com, which offers a large collection of downloadable digital designs for physical objects.

Analysts of the 3-D printing market have said the industry has the potential to revolutionize manufacturing, since the printers are able to make everything from chocolate molds and mouth braces to gun parts by laying down layer upon layer of plastic, metal or other materials.

The market is expected to double by 2016 from a base of about \$3 billion this year, said Stratasys CEO David Reis. Both companies are posting strong revenue gains that should outpace the overall industry, he said.

"The potential in this market is huge," Reis said.

"Even though both of our companies have had a lot of aggressive growth, we're still at the beginning," said MakerBot CEO Bre Pettis.

Both companies plan to hire more employees later this year to boost their expansions, Reis said.

In the first quarter through March, Stratasys' revenue more than doubled to \$97.2 million from \$45 million a year ago. MakerBot had first-quarter revenue of \$11.5 million, compared to \$15.7 million for all of last year.

Stratasys bought Israeli competitor Objet in December, and said it has sold about 31,000 printers worldwide. It said MakerBot has sold about 22,000 desktop units since 2009.

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