PTC acquired by Schneider Electric

Rich. At $205 a share, Schneider pays 47% above my stand-alone value of PTC, and I would still advise PTC's board to accept.

DEAL SNAPSHOT	
Buyer / target	Schneider Electric (SU, Euronext Paris) / PTC Inc. (PTC, Nasdaq)
Announced · expected closing	5 October 2026 · by Q3 2027
Offer per share · consideration	$205.00 · all cash
Premium to undisturbed price	42.3% (undisturbed close $144.03, 2 October 2026)
Equity value · EV at offer	$22.6bn · $24.0bn
EV / LTM adjusted EBITDA	23.0x
My value per share · verdict	$139 (DCF range $121 to $165) · Rich

I WHY THIS DEAL

Schneider Electric already owns AVEVA, the software that runs factories and energy systems once they are built. What it lacked is the software that designs them. PTC brings exactly that: Creo for CAD, Windchill and Codebeamer for product lifecycle management, sold to more than 30,000 manufacturers, with 95% of revenue recurring. Together they offer one "digital thread" from a product's design to how it is made and operated, which Schneider says roughly triples its addressable market in industrial software. The timing fits. PTC had just sold Kepware and ThingWorx, leaving a focused CAD and PLM business, and its shares had fallen from about $206 to $144 in a year as rising rates weighed on long-duration software. For the sector, the deal confirms that industrial groups now see design software as core infrastructure, not an IT add-on.

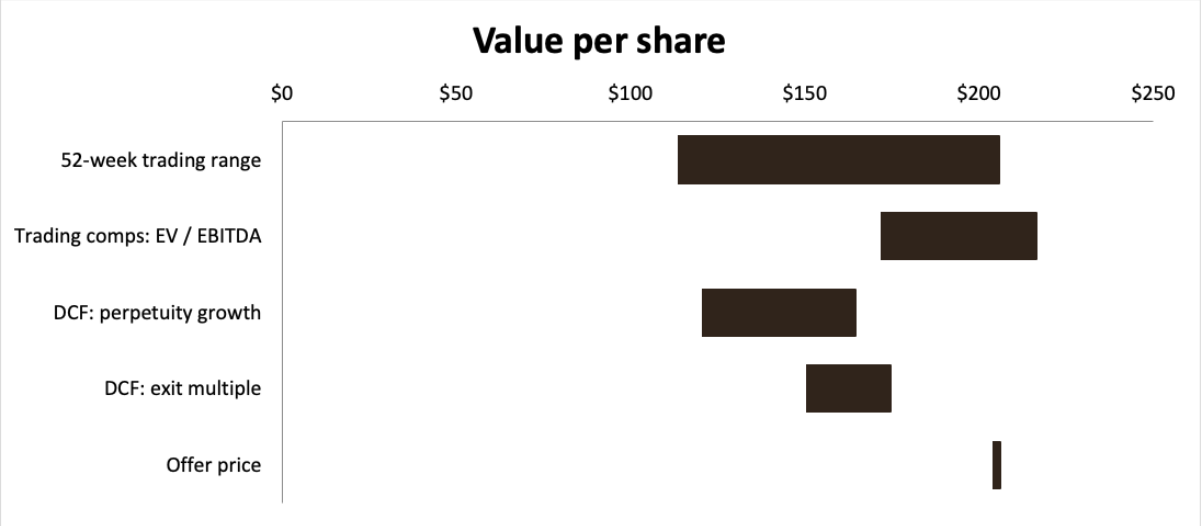
II METHOD

I value PTC with a five-year discounted cash flow, because 95% of its revenue is recurring and its cash flows are predictable enough to project. I build revenue from ARR rather than reported revenue, which jumps around with upfront licence accounting, and I treat stock-based compensation as a real cost. The cross-check is trading comparables on LTM EV/EBITDA, limited to Autodesk and Bentley, the two peers that sell design and engineering software to industrial and infrastructure customers. Precedent transactions are left out of this first case. Every figure comes from PTC's filings and its Q4 FY2026 release; no broker estimates are used.

III VALUATION

Four assumptions drive the value. Revenue grows 4.8% in FY2027, which is 8% on a base cleaned of the roughly $80m of Kepware and ThingWorx revenue still inside FY2026, then fades by a point a year to 5%. Operating costs fall from 48.5% to 46.5% of revenue, taking the EBITDA margin from 38% back to its FY2025 level of about 40%. The WACC is 9.3%: a 5.28% ten-year Treasury yield, the highest since 2002, plus a 3.70% equity risk premium on a relevered peer beta of 1.14. Terminal growth is 3%.

On these assumptions the DCF gives an enterprise value of $16.7bn, or $139 per share after $1.4bn of net debt and 110.4m diluted shares. The terminal value is 76% of that, normal for growing software, but it makes the discount rate decisive. The exit-multiple cross-check at 16x, PTC's own undisturbed multiple, gives $162. Autodesk and Bentley, at 19.5x to 24.2x LTM EBITDA, imply $172 to $216.



Value per share by method. DCF ranges: WACC ±0.5 pt with growth ±0.5 pt, or exit multiple ±1x.

KEY HYPOTHESIS	VALUE	WHY	IMPACT PER SHARE
Revenue growth, FY27 to FY31	4.8%, then 8% fading to 5%	ARR +8% (+9.7% in constant currency) on a base without the ~$80m of divested revenue (S2, S4)	+$9.8 / −$12.3 (+1.5 / −2 pts)
EBITDA margin	38.4% rising to 40.4%	FY2026 is the honest starting point; costs grow slower than ARR (S1, S4)	±$3.8 per point
WACC	9.3%	Treasury 5.28%, ERP 3.70%, relevered peer beta 1.14 (S5 to S7)	−$11.0 / +$12.9 per ±0.5 pt
Terminal growth	3.0%	Mature software, below nominal GDP and the risk-free rate	+$10.5 / −$9.0 per ±0.5 pt

Sensitivity: half a point on the WACC moves the value by about $12 a share, more than two points of revenue growth and three times more than a full point of margin.

IV VERDICT

Rich, and I would advise PTC's board to accept. At $205, Schneider pays 47% above my $139 DCF and 42% above the undisturbed price, more than any of my stand-alone methods support. Yet the price holds up against the market: 23.0x LTM EBITDA sits inside the 19.5x to 24.2x where Autodesk and Bentley trade. And the $6.7bn premium is about three times what Schneider's €250m of cost synergies are worth today, so PTC's shareholders capture most of the value of the deal; making it pay off is Schneider's risk. Only a higher bid from an equally complementary buyer should change the answer.

V WHAT THIS DEAL TAUGHT ME

Two things. First, in a DCF the discount rate matters "more" than the business. I spent most of my time on revenue growth and margins, yet I realised that half a point of WACC moves my value more than two points of growth. With Treasuries at a 24-year high in October 2026, my 9.3% WACC explains much of the gap between my $139 and the $205 offer, and probably why PTC traded at $144 in the first place. Second, "rich" and "accept" are not a contradiction. A price can be above what a business is worth on its own and still be the right answer for its shareholders, because the buyer pays for what the business is worth to it. The synergy maths made that quite concrete: Schneider gives away three times their value. Next case, I will spend more time on the cost of capital and add precedent transactions to spice things up.

DOWNLOADS, SOURCES AND DISCLOSURES

— Model: CASE_001_PTC_model_v1.0.xlsx · Note: PDF

— Sources: S1 PTC 10-K FY2025 · S2 PTC 10-Q, quarter ended 30 June 2026 · S3 Schneider Electric / PTC merger press release, 5 October 2026 · S4 PTC Q4 FY2026 earnings release and data tables, 4 November 2026 · S5 US Treasury par yield curve, 2 October 2026 · S6 Damodaran implied equity risk premium, October 2026 · S7 Yahoo Finance, betas and share prices · S8 ECB euro reference rate, 2 October 2026

— Time spent: ~15 hours · Changelog: v1.0, model locked 15 November 2026

DISCLOSURES

Independent educational analysis based on public information only. Not investment advice and not an offer to buy or sell any security. No affiliation with any company or advisor mentioned. The author holds no position in Schneider Electric or PTC. Model locked on 15 November 2026, before any review of the advisors' analysis or management projections.