

Financial information

Schneider Electric enhances its position in Core Low Voltage with the acquisition of ASCO Power Technologies

Rueil-Malmaison (France), 27 July 2017– Schneider Electric, the global specialist in energy management and automation, announced today that it has signed an agreement to acquire Asco Power Technologies (“ASCO”), a leader in the Automatic Transfer Switch (“ATS”) market for a consideration of \$1,250m (c.€1,072m) in an all cash transaction. The acquisition enhances Schneider Electric’s EcoStruxure Power Platform in key markets and segments.

ASCO currently employs c.2,000 people, mainly in North America, and operates 7 manufacturing sites. Its revenues in CY2016¹ reached \$468m with an adjusted EBITDA margin of c.23%. ASCO, founded in Baltimore, has a long history in Power Management first introducing ATS in 1925 and later expanding into surge, loadbanks, and fire pump and control applications. ASCO’s products are sold under the brands of ASCO, Firetrol, Avtron, Froment. Since December 2016, ASCO has been operating as a well-run and autonomous part of Vertiv (formerly Emerson Network Power).

ASCO is a market leader in power source management for critical buildings in North America. ATS automatically transfers critical loads from the primary source of power to the back-up power source in the event of a power outage. It requires compliance with specific technical regulation standards. Schneider Electric is the market leader in the ATS market in China. Both companies also operate in the ATS market in the rest of the world. With this acquisition Schneider Electric becomes the global market leader in ATS.

With the addition of the ASCO portfolio, Schneider Electric’s EcoStruxure Power Platform is further enhanced in North America with additional opportunities in the rest of the world. From an end-market perspective, the acquisition further enhances Schneider Electric’s value proposition in the end-to-end Energy Management chain for customers in Healthcare, Financial services, Datacentres and other Critical Buildings.

The market for ATS presents attractive long-term growth opportunities as more commercial and industrial customers move towards autonomous or multi-source power management. This trend is driven by a more decentralized power generation world, core to Schneider Electric’s strategic focus.

1. CY2016: calendar year 2016

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The transaction price of \$1,250m reflects a multiple of c.11.7x the adjusted EBITDA CY2016. The transaction will be accretive to the Group adjusted EBITA margin and will provide significant revenues and costs synergies expected to generate c.\$40m yearly in adjusted EBITA (approximately two-thirds from revenues synergies and one-third from costs synergies). The cost of implementing these synergies is expected to be up to \$50m. The transaction meets the return criteria set by the Group, with an expected accretion of Adjusted EPS² in the first year and with an expected return on capital employed exceeding WACC beyond the third year post closing. The acquisition is subject to customary regulatory approvals and is expected to be closed by end-2017. Post deal closure, the ASCO business will form part of the Schneider Electric Building business (Low Voltage).

Jean-Pascal Tricoire, Chairman and CEO commented, “*ASCO brings to Schneider Electric a well-recognized brand in North America, a strong level of know-how, prescription skills and network and a diversified customer base. Its leading position in Automatic Transfer Switch in North America complements Schneider Electric’s current offer in power distribution equipment in North America and it reinforces Schneider Electric’s global leadership in energy management. With ASCO, we are enhancing our EcoStruxure Power management capabilities. This will help us to offer the most advanced solutions and technologies for critical buildings in a more decentralized world. A market with natural growth as more commercial and industrial customers move towards autonomous or multi-source energy management.*”

About Schneider Electric

Schneider Electric is the global specialist in energy management and automation. With revenues of ~€25 billion in FY2016, our 144,000 employees serve customers in over 100 countries, helping them to manage their energy and process in ways that are safe, reliable, efficient and sustainable. From the simplest of switches to complex operational systems, our technology, software and services improve the way our customers manage and automate their operations. Our connected technologies reshape industries, transform cities and enrich lives. At Schneider Electric, we call this **Life Is On**.

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2. Adjusted for Purchase price allocation and one-time cost linked to the transaction

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Investor Relations
Schneider Electric
Amit Bhalla
Tel: +44 20 7592 8216
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon
Tel : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 88 14

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46