ASCO Power Technologies Acquisition

27 July, 2017
Schneider Electric enhances its position in low voltage with the acquisition of ASCO Power Technologies
ASCO, a leader in Automatic Transfer Switches

• Founded in 1888 in Baltimore, ASCO Power Technologies (“ASCO”) introduced first Automatic Transfer Switch in 1925 and later expanded into surge, loadbanks, and fire pump and control applications

• ASCO was part of Vertiv (formerly Emerson Network Power). Asco’s products are sold under the brands of Asco, Firetrol, Avtron, Froment

• ASCO currently employs c.2,000 people and operates 7 manufacturing sites

• ASCO revenues in CY2016\(^1\) reached $468m with an adjusted EBITDA margin of c.23%

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1. Calendar year
ASCO portfolio has attractive characteristics

A clear leader in North America on its offerings

<table>
<thead>
<tr>
<th>Division</th>
<th>Application</th>
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</thead>
<tbody>
<tr>
<td>Automatic Transfer Switches</td>
<td>Automatically switches loads between power sources</td>
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<tr>
<td>Power Control Systems</td>
<td>Allow users to control power systems</td>
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<tr>
<td>Load Banks</td>
<td>Continuous and accurate means for load testing</td>
</tr>
<tr>
<td>Surge</td>
<td>Reduces risk of power fluctuation</td>
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<tr>
<td>Services</td>
<td>Engineering, maintenance, upgrades</td>
</tr>
<tr>
<td>Fire Pump Controllers</td>
<td>Electric and diesel engine fire pump controllers</td>
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</tbody>
</table>

Strong business attributes

- World-class technology for reliable power transfer
- Ahead in the transition from electro-mechanical to software-driven
- Strong level of know-how, prescription skills and network
- Strong diversified customer base
- Well-run, autonomous part of Vertiv
What does ASCO bring to Schneider Electric

Position Schneider Electric as global market leader in Power Source Management

ASCO portfolio enhances core energy management offering in North America and China

Strong complementarity with Low Voltage end-to-end offerings for customers in Healthcare, Financial services, Datacenter & Critical Buildings

ATS, a key technology for decentralized power distribution world - core to Schneider Electric's strategic focus
ASCO acquisition positions Schneider Electric as global market leader in ATS – a growing market.
Enhance further our value-proposition in energy management solutions for critical buildings

- **POWER AVAILABILITY**  - **DIGITIZATION**  - **ENERGY EFFICIENCY**

ASCO enhances our Power Availability Solutions

A compelling EcoStruxure Power offer for Healthcare

- Extends EcoStruxure Power management capability into emergency source domain
- Valuable expertise and complementary equipment offer
Enhance further our value-proposition in datacenters

ASCO low-voltage technologies are key to secure power supply in Datacentres

- **Electrical Grid**
  - Power outage on Grid starts

- **Back-up Power UPS** (short alternate)
  - Automatically switches loads

- **Generator sets** (sustained alternate)
  - Automatically switches loads

- **Electrical Grid or Distrib. Energy Source**
  - Power outage on Grid ends

Together with ASCO, we have an unrivalled offer for Datacentres

- **Low Voltage offer**
  - Detection & metering
  - Lighting & access control
  - Network connectivity
  - LV switchgear
  - ATS, PCS, Load Bank (ASCO)

- **Medium Voltage offer**
  - Electrical panels
  - MV/LV transformers
  - MV Switchgear

- **Industrial Automation offer**
  - Speed drivers

**Secure Power offer**
- UPS (uninterrupted power supply)
- Racks and floors
- Cooling system
- Software services

**Down time cost**
- $7,900 per minute for a data center

*Source: datacenterknowledge.com*
ATS, a key source management technology for decentralized power distribution world

**Market Trends**

- **Datacenter growth**
  - Process continuity demands
  - Profitability impacts to downtime

- **Ageing Grid Infrastructure**
  - Electricity Demand increasing

- **Electricity cost increase**
  - Renewable energy
  - Demand response contracts

- **Backup sources**
  - Load shedding

- **Local Power generation**
  - More frequent sources switching

- **Green sources**
  - Curtailment

- **More Power Sources paralleling (PCS)**

- **More transfer between Power sources (ATS)**

**More sources of power deployed = more Automatic Transfer switches needed**
ASCO: Key transaction details

- Transaction price based on a consideration of $1,250m (€1,072m)
- Acquisition is all cash
- Acquisition multiple of 11.7x EV/ EBITDA adjusted CY2016
- Strong revenues and costs synergies to generate yearly c. $40m of EBITA adjusted impact (2/3 revenues and 1/3 costs synergies). Cost of implementing these synergies is expected to be up to $50m
- Meets the group return criteria:
  - EPS\(^1\) accretive (adjusted) in year 1
  - ROCE > WACC beyond year 3
- Deal subject to customary approvals and expected to close by end-2017

1. EPS adjusted for PPA and one-time costs linked to the transaction
Disclaimer

All forward-looking statements are Schneider Electric management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. For a detailed description of these factors and uncertainties, please refer to the section “Risk Factors” in our Annual Registration Document (which is available on www.schneider-electric.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

This presentation includes information pertaining to our markets and our competitive positions therein. Such information is based on market data and our actual revenues in those markets for the relevant periods. We obtained this market information from various third party sources (industry publications, surveys and forecasts) and our own internal estimates. We have not independently verified these third party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.
Contacts

Amit Bhalla – Head of Investor Relations
Tel: +44-20-7592-8216
amit.bhalla@schneider-electric.com

Alexis Denaud – Senior Investor Relations Manager
Tel: +33-1-41-29-51-24
alexis.denaud@schneider-electric.com