Combination of AVEVA and the Schneider Electric industrial software business to create a global leader in engineering and industrial software

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THE FOLLOWING ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO AVEVA SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE AVEVA CIRCULAR AND PROSPECTUS TO BE PUBLISHED ON OR ABOUT 6 SEPTEMBER 2017 AND WHICH WILL BE AVAILABLE AT WWW.AVEVA.COM

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

For immediate release 5 September, 2017

AVEVA and Schneider Electric have reached agreement to combine AVEVA and the Schneider Electric Software Business to create a global leader in engineering and industrial software, with an unmatched breadth of product offering

A transformational transaction for AVEVA and the Schneider Electric Software Business which will add significant scale and relevance in key markets, as well as geographic and end market diversification

In consideration, Schneider Electric to take a 60 per cent stake in the fully diluted share capital of the Enlarged AVEVA Group, which will remain listed on the London Stock Exchange

£550 million of cash contributed by Schneider Electric and £100 million of excess cash on AVEVA’s balance sheet to be distributed to existing AVEVA shareholders at or around completion, together representing approximately 1,014 pence per AVEVA share

The Boards of AVEVA Group Plc ("AVEVA" or the "Company") and Schneider Electric SE ("Schneider Electric") are pleased to announce that they have reached agreement on the terms and conditions of a combination of AVEVA and the Schneider Electric industrial software business (the "Schneider Electric Software Business") (forming, the "Enlarged AVEVA Group") to create a global leader in engineering and industrial software (the "Combination").

Given the relative size of the Schneider Electric Software Business and AVEVA, the Combination will be classified as a reverse takeover of AVEVA under the Listing Rules of the UK Listing Authority ("UKLA").

The Schneider Electric Software Business is a leading industrial software provider and a leader in markets and technology areas adjacent to those of AVEVA. Its portfolio provides comprehensive coverage of
business processes across the customer value chain, providing software products and services that enable customers to maximise the value of their manufacturing operations and supply chains across a broad range of capital intensive industries. The Schneider Electric Software Business has a global footprint spanning North America, Europe, the Middle East, Asia Pacific and Latin America with approximately 2,700 employees worldwide (including approximately 158 temporary employees and contractors). It has 8 global research and development centres and 25 project execution centres. In the financial year ended 31 March 2017, it generated revenues of $575.1 million and Adjusted EBITA of $118.8 million (approximately £441.7 million and £91.2 million respectively).

**Key Highlights**

The Combination will, among other things:

- Create a global leader in industrial software, with scale and relevance in key-markets and an extensive technology portfolio with combined revenues and Adjusted EBITA of c. £657.5 million and c. £145.8 million for FY17A;  

- Provide a comprehensive combined product portfolio – including among others Schneider Electric’s broad based industrial software portfolio comprising the SimSci™, Wonderware™, Avantis™, Citect, ClearScada and ePLMS product families, alongside AVEVA PDMS™, AVEVA Everything3D™ and AVEVA NET™ – offering an unmatched set of end-to-end solutions covering all aspects of digital asset management from process simulation to design, construction and manufacturing operations management and optimisation;  

- Diversify and broaden the Enlarged AVEVA Group’s end-markets, enhancing its position in Oil & Gas, Power and Marine while adding leading positions in other verticals including Chemicals, Food and Beverage, Pharmaceuticals, Mining, Water and Waste Water, and Critical Infrastructure thereby substantially enlarging the total addressable market;  

- Improve geographic and end market coverage, with AVEVA benefitting from the Schneider Electric Software Business’ exposure to the North American market;  

- Increase penetration into the owner-operators segment, leveraging Schneider Electric Software Business’ capabilities and access, further reducing AVEVA’s exposure to capital investment cycles expenditure;  

- Provide an attractive commercial opportunity for the Enlarged AVEVA Group to leverage Schneider Electric’s multiple go-to-market channels;  

- Position the Enlarged AVEVA Group as a strong player best able to continue to take advantage of future M&A opportunities;  

- Create additional value for shareholders through the potential for material revenue and cost synergies over the medium term, which are to be quantified post-completion; and  

- Create a compelling equity story, underpinned both by an enhanced strategic positioning and a strengthened financial profile for the Enlarged AVEVA Group.

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1 Based on the historical average USD GBP exchange rate for the year ended 31 March 2017 of $1.3021 : £1
**Key Terms of the Combination**

The key terms of the combination include:

- The combination of AVEVA and the Schneider Electric Software Business;

- On completion, existing AVEVA shareholders and participants in the AVEVA share plans will retain 40 per cent equity ownership (on a fully diluted basis) of the Enlarged AVEVA Group following the issue of ordinary shares in the capital of AVEVA to Schneider Electric (the “Consideration Shares”), with Schneider Electric owning the remaining 60 percent on a fully diluted basis;

- The value of the consideration shares to be issued to Schneider Electric is approximately £1.7 billion based on the AVEVA Group closing share price at the Latest Practicable Date. This represents an EV/17A Adjusted EBITA multiple of approximately 19x for the Schneider Electric Software Business, broadly in line with AVEVA’s multiple;

- Shareholders will have an opportunity to benefit (through their shareholding in the Enlarged AVEVA Group) from the enhanced market scale and reach of the Enlarged AVEVA Group together with the revenue and cost synergies which are expected to arise over the medium term;

- Schneider Electric will pay AVEVA £550 million in cash (approximately 858 pence per Ordinary Share), which, taken together with its contribution of the Schneider Electric Software Business, will mean that Schneider Electric will hold a majority of the Enlarged Share Capital. Such cash will be distributed to AVEVA shareholders (excluding Schneider Electric) at or around completion;

- AVEVA will also distribute £100 million (approximately 156 pence per Ordinary Share) in cash to shareholders (excluding Schneider Electric) at or around completion, such amount representing a significant proportion of the excess cash held on AVEVA’s balance sheet after allowing for transaction costs and a prudent view of AVEVA’s working capital requirements; and

- Accordingly, it is expected that AVEVA shareholders will receive in aggregate up to approximately 1,014 pence per ordinary share at or around completion (the “Return of Value”), while AVEVA shareholders and participants in the AVEVA share plans will retain an ongoing 40 per cent (on a fully diluted basis) holding in the Enlarged AVEVA Group.

Completion, which is expected to be at or around the end of 2017, is subject to the satisfaction of a number of conditions including, amongst other things, applicable regulatory and anti-trust approvals having been obtained, AVEVA shareholder approval of the Combination, and re-admission of the Enlarged AVEVA Group. The Return of Value is conditional on completion, AVEVA shareholders passing the relevant resolutions at the General Meeting and re-admission of the Enlarged AVEVA Group. Further details of the transaction are shown in Appendix I and II.

**Strategic Rationale**

The directors of AVEVA and Schneider Electric (the “Directors”) believe that the Combination is transformational for both AVEVA and the Schneider Electric Software Business in that it creates a combined entity with significant international scale and reach that is positioned to offer a broad and comprehensive portfolio of engineering and industrial software. The Combination will leverage the existing strengths of both businesses and is expected to bolster both the market share and reach of the Enlarged AVEVA Group’s combined product offering. It is also expected to broaden its geographic presence, expand customer diversity and create a highly scalable, leading global software provider.

The Directors believe that there is a clear and compelling business logic and strategic rationale for a combination of AVEVA and the Schneider Electric Software Business, for reasons including:
Both AVEVA and the Schneider Electric Software Business are established providers of engineering and industrial software to customers operating on a global scale with a presence in multiple international markets;

The combined entity will be a global leader in engineering design and industrial software, with scale and relevance in key markets as well as an extensive technology portfolio, with combined revenues and Adjusted EBITA of approximately £657.5 million and £145.8 million respectively for the financial year ended 31 March 2017;

The Schneider Electric Software Business’ portfolio complements AVEVA’s existing product range with little overlap, which will allow the Enlarged AVEVA Group to offer a comprehensive combined product portfolio, offering an unmatched set of solutions covering all aspects of digital asset management from process simulation to design, construction and manufacturing operations management and optimisation;

The Enlarged AVEVA Group’s position in Oil and Gas, Power, Mining and Marine will be enhanced and the Schneider Electric Software Business’ leading positions in segments such as Chemicals, Food and Beverage, Pharmaceuticals, Water and Waste Water and Critical Infrastructure will diversify AVEVA’s end-market coverage and substantially enlarge its total addressable market;

Increased penetration into the owner-operators segment, leveraging the Schneider Electric Software Business’ capabilities and access, further reducing AVEVA’s exposure to capital investment cycles expenditure;

AVEVA will benefit from the greater exposure of the Schneider Electric Software Business to the North American market, thereby improving the Enlarged AVEVA Group’s geographic and end-market coverage;

The Enlarged AVEVA Group is expected to benefit from material revenue and cost synergies over the medium term arising from the Enlarged AVEVA Group’s enhanced product range and wider sales and distribution capabilities and through the rationalisation of the operating cost base of the Enlarged AVEVA Group. Such synergies will be quantified post completion; and

The Combination will create an Enlarged AVEVA Group well-positioned to take advantage of future M&A opportunities building on its scale and comprehensive industry and lifecycle solution coverage.

Certain developments at the Schneider Electric Software Business over the course of 2016 and 2017 have also reinforced the strategic rationale of the Combination, including:

The Schneider Electric Software Business’ legal reorganisation now being substantially complete, such that the Schneider Electric Software Business will comprise a stand-alone business unit sitting within a set of separate legal entities within Schneider Electric (subject to certain support functions to be provided by Schneider Electric for a period to the Schneider Electric Software Business pursuant to the Transitional Services Agreement); and

The addition of the oil and gas pipeline management solutions division of Telvent, a company that Schneider Electric acquired in 2011, to the Schneider Electric Software Business, creating a set of assets with a market leadership position which is complementary to the combined portfolios of the Schneider Electric Software Business and AVEVA, thus enhancing the scale of the Schneider Electric Software Business as well as the overall strategic rationale of the Combination.
Board and Management of the Enlarged AVEVA Group

The Board of the Enlarged AVEVA Group will be constituted as follows:

- The existing Non-Executive directors of AVEVA will remain in place on completion. Philip Aiken will continue as Non-Executive Chairman following completion. Jennifer Allerton, Christopher Humphrey and Ron Mobed will continue as independent Non-Executive directors of the Enlarged AVEVA Group;

- The parties are in the process of selecting a new Chief Executive Officer of the Enlarged AVEVA Group, with a proven track record and experience in managing a global software business. An announcement identifying the new Chief Executive Officer and clarifying the timing of his appointment will be made as soon as practicable;

- James Kidd will continue in his role as Chief Executive Officer until such time as the Board decides to appoint a new Chief Executive Officer, whereupon it is intended that James will be appointed to the role of Deputy Chief Executive Officer and Chief Financial Officer in order to drive forward the strategy, implementation and integration of the Enlarged AVEVA Group;

- Emmanuel Babeau (Deputy Chief Executive Officer and Chief Financial Officer) and Peter Herweck (Executive Vice President - Industry) of Schneider Electric will be appointed as Non-Executive directors of the Enlarged AVEVA Group on completion. Emmanuel Babeau will additionally assume the role of Vice-Chairman. Both of them will add significant management and industrial experience to the existing AVEVA Board;

- In order for the Board of the Enlarged AVEVA Group to comprise a majority of independent Non-Executive directors (including the Chairman), one additional independent Non-Executive director will be appointed to the Board as soon as possible following completion. Such appointment shall be approved after completion by the AVEVA Nominations Committee; and

- The Board of the Enlarged AVEVA Group will therefore comprise nine Directors, five of which (including the Chairman) will be independent Directors.

The Management of the Enlarged AVEVA Group will be comprised of:

- Key members of the existing executive management team of AVEVA, namely Dave Wheeldon (Chief Technology Officer and currently also Deputy Chief Executive Officer) and Steen Lomholt-Thomsen (Chief Revenue Officer) are expected to remain in place following completion;

- Ravi Gopinath, currently Executive Vice President of the Schneider Electric Software Business, will be appointed as Chief Operating Officer of the Enlarged AVEVA Group. He will report to the Chief Executive Officer of the Enlarged AVEVA Group; and

- David Ward will continue in his current role as Chief Financial Officer of AVEVA, until a new Chief Executive Officer is appointed. Following such appointment it is intended that David Ward will be appointed to the role of Company Secretary of the Enlarged AVEVA Group.

The Enlarged AVEVA Group's headquarters will continue to be located in Cambridge, UK.
Other Key Terms of the Combination

The Enlarged AVEVA Group’s relationship with Schneider Electric, as its majority shareholder, will be governed by a Relationship Agreement and the Listing Rules. The Relationship Agreement will remain in force until the Enlarged AVEVA Group ceases to be listed or, if earlier, until the Enlarged AVEVA Group and Schneider Electric otherwise agree (subject always to the Listing Rules) or Schneider Electric ceases to be a shareholder. Pursuant to the relationship agreement:

- For a period of two years following completion, the Board will continue to have an independent Non-Executive Chairman;

- Schneider Electric may appoint one Non-Executive director to the Board so long as it holds at least 10 per cent of the voting rights and economic interest in the Enlarged AVEVA Group and two Non-Executive directors so long as it holds at least 25 per cent of such rights and interest;

- Schneider Electric will only enter into agreements and arrangements with the Enlarged AVEVA Group on an arm’s length basis and on normal commercial terms;

- The proposed relationship agreement will allow AVEVA to continue to pay a progressive dividend;

- There will be a standstill period for:
  - two years post completion of the Combination during which Schneider Electric cannot increase its shareholding above 60% of the Enlarged AVEVA Group’s fully diluted share capital or vote in favour of a de-listing of the Enlarged AVEVA Group without the approval of the majority of the Enlarged AVEVA Group’s independent Non-Executive directors;

  - a further 18 months period thereafter during which Schneider Electric cannot increase its shareholding to 75% or above of the Enlarged AVEVA Group’s fully diluted share capital without the approval of the Enlarged AVEVA Group’s independent Non-Executive independent directors, other than by way of a general offer under the City Code on Takeovers and Mergers (the “City Code”), provided that such offer is:
    - at an offer price not less than a 20% premium to the 30-day volume weighted average of the Enlarged AVEVA Group’s share price immediately prior to the commencement of the offer period during which such offer is made and is recommended by a majority of the Enlarged AVEVA Group independent Non-Executives (or includes an acceptance condition which requires the acceptance of the offer by a majority of the other shareholders in the Enlarged AVEVA Group); or
    - recommended by a majority of the Enlarged AVEVA Group’s independent Non-Executive directors;

- Thereafter, Schneider Electric will be under no restrictions on further acquisitions of shares or offers;

- In the event that the Enlarged AVEVA Group is de-listed, the relationship agreement will be terminated and all protections set out therein will cease to apply; and

- Schneider Electric and AVEVA have also entered into a series of operational agreements to govern the commercial relationship between the Enlarged AVEVA Group and Schneider Electric post completion, including the generation of synergies for the benefit of both parties.
Timetable

A combined prospectus and circular (the “Prospectus”) in relation to the Combination and convening a general meeting of AVEVA shareholders on 29 September 2017 (the “General Meeting”) is expected to be published by AVEVA tomorrow, 6 September 2017.

Completion, which is expected to be at or around the end of 2017, is subject to the satisfaction of a number of conditions including, amongst other things, applicable regulatory and anti-trust approvals having been obtained, AVEVA shareholder approval of the Combination, and re-admission of the Enlarged AVEVA Group. The Return of Value is conditional on completion, the AVEVA shareholders passing the relevant resolutions at the General Meeting and re-admission of the Enlarged AVEVA Group. The Return of Value will be made at or around completion.

Recommendation

The Board of AVEVA, which has been so advised by Lazard as to the financial terms of the Combination, considers the terms of the Combination to be fair and reasonable and in the best interests of AVEVA shareholders as a whole. In providing advice to the Board, Lazard has taken into account the Directors’ commercial assessments.

Accordingly, the Board unanimously recommends AVEVA shareholders to vote in favour of the Combination, as they intend to do in respect of their own beneficial shareholdings.

Chairman Comments

Commenting on the Combination, Philip Aiken, Chairman of AVEVA said:

“We are delighted to have reached agreement on the Combination with the Schneider Electric Software Business. The transaction will be transformational to AVEVA, creating a global leader in industrial software, which will be able to better compete on a global scale. AVEVA will significantly expand its scale and product portfolio, increase its capabilities in the owner operator market, diversify its end user markets and increase its geographic exposure to the North American market, in line with our strategic goals.

The transaction is expected to provide significant value to our shareholders via the upfront cash payment and a significant ongoing holding in the Enlarged AVEVA Group, which will benefit from synergies and a compelling equity story underpinned by an enhanced strategic positioning.”

Commenting on the Combination, Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric said:

“We are pleased to reach an agreement on the Combination of AVEVA and the Schneider Electric Industrial Software Business, thereby creating a global leader in engineering and industrial software.

The Combination will address customers' requirements along the full asset life cycle in key industrial and infrastructure market through a unique portfolio of asset management solutions from design & build to operations. It will also create the right environment and structure for the software teams to aggressively develop their business, while benefiting from Schneider Electric's multiple go-to-market channels and segment expertise around the world, as well as the EcoStruxure platform and its ecosystem of partners.

We believe that through increased scale and complementary footprint, the transaction will generate synergies that will benefit customers and shareholders alike.”
**Analyst Presentation and Further Information**

AVEVA will be hosting calls for analysts and investors today at 8:15 BST for the UK and 16.00 BST for the US. Participants are advised to join the call at least 15 minutes prior to the commencement of the call in order to register. The dial in details are as follows:

**UK call at 8:15 BST**

Telephone: 0800 279 5736 (National free phone) or +44(0)20 3427 1908 (Local London)

Conference call code: 5879857

To access the webcast, please visit: [www.aveva.com/investors](http://www.aveva.com/investors)

**US call at 16:00 BST**

Telephone: 1877 280 1254 (National free phone) or +1646 254 3362 (Local US)

Conference call code: 1460416

To access the webcast, please visit: [www.aveva.com/investors](http://www.aveva.com/investors)

A full replay facility will be made available [www.aveva.com/investors](http://www.aveva.com/investors).

A copy of this announcement will be made available at [www.aveva.com/investors](http://www.aveva.com/investors).

Schneider Electric will be hosting a presentation for analysts and investors with a conference call and webcast at 10:00 CET (09:00 BST) today. Participants are advised to join the call at least 10 minutes prior to the commencement of the call in order to register. The dial in details are as follows:

Telephone:

UK: 0800 279 5004 (National free phone) or +44(0)20 3427 1909 (Local London)

US: 1877 280 2342 (National free phone) or +1646 254 3388 (Local US)

France: 0805 631 580 (National free phone) or +33(0)1 76 77 22 26 (Local France)

Conference call code: 8057823

Webex link: [http://edge.media-server.com/m/p/644upozk](http://edge.media-server.com/m/p/644upozk)

Further details are available on [www.schneider-electric.com/finance](http://www.schneider-electric.com/finance):

- Presentation for analysts and investors
- Joint press release with AVEVA published under Listing Rules of UK Listing Authority
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**Financial Adviser to Schneider Electric SE**
Morgan Stanley
Jean-Baptiste Charlet
Laurence Hopkins
Philippe Neff

**Other**

Under Listing Rule 5, certain information regarding the Schneider Electric Software Business is required to be provided to ensure that there is sufficient information available to the public with regard to the Combination in order to avoid a suspension of AVEVA’s shares.

The following information required under the Listing Rules has been provided by Schneider Electric and is included in the Appendix III section of this announcement:

- Profit and loss information for the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017;

- Balance sheet information as at the Financial Year ended 31 March 2015, 31 March 2016 and 31 March 2017;
• Cash flow information for the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017;

• A description of the key differences between the Schneider Electric Software Business’ and AVEVA’s accounting policies applied in the preparation and presentation of their respective financial information for each of the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017; and

• A description of the Schneider Electric Software Business including key non-financial operating or performance measures as well as trend information regarding the Schneider Electric Software Business.

The Board of AVEVA also confirms that AVEVA has made the necessary arrangements with Schneider Electric to enable AVEVA to keep the market informed without delay of any developments concerning the Schneider Electric Software Business that would be required to be released were the Schneider Electric Software Business part of AVEVA.

In addition, the Board of AVEVA consider that this announcement (including its appendices) contains sufficient information about the Schneider Electric Software Business to provide a properly informed basis for assessing the Schneider Electric Software Business’ financial position.

AVEVA also confirms that, until such time as the Prospectus is published or discussions between the parties are terminated (or such other date as required by the UKLA), AVEVA will make any announcement that would be required in order to be compliant with its obligation under the EU Market Abuse Regulation (the "MAR") and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority on developments in relation to Schneider Electric Software Business as if it were already part of AVEVA.

The information contained within this announcement is inside information as stipulated under the MAR. Upon the publication of this announcement this inside information is now considered to be in the public domain. The person responsible for this announcement on behalf of AVEVA is David Ward, Chief Financial Officer.

Settlement, listing and dealing

As the Combination will be classified as a reverse takeover of AVEVA under the Listing Rules of the UKLA, upon completion of the transaction, admission to the premium listing segment of the Official List of all the existing ordinary shares will be cancelled and application will be made for the immediate re-admission of the ordinary shares and the admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange plc’s main market for listed securities respectively. The Combination is expected to be accounted for as an acquisition of AVEVA under IFRS.

It is expected that re-admission of the existing ordinary shares and admission of the Consideration Shares to the premium listing segment of the Official List will become effective and that dealings, for normal settlement, of the Enlarged AVEVA Group’s securities will commence on the day the Combination is completed.

It is expected that the Prospectus will shortly be published in relation to the application for the re-admission of the existing ordinary shares and admission of the Consideration Shares to the premium listing segment of the Official List. In accordance with the Listing Rules and the Prospectus Rules of the UKLA, the Prospectus will include audited financial statements of Schneider Electric Software Business. The financial information contained in the Prospectus will differ from the financial information on Schneider Electric Software Business contained in the "Additional Information on Schneider Electric Software Business" section below by virtue of certain standalone adjustments made herein in order better to reflect the underlying performance of the Schneider Electric Software Business on a standalone basis.
**Rule 9 Whitewash**

Following completion of the Combination, it is expected that Schneider Electric will hold in excess of 50 per cent of the voting rights of the Enlarged AVEVA Group (calculated on a fully diluted basis). Under Rule 9 of the City Code on Takeovers and Mergers (the “City Code”), a person who, whether by a series of transactions over a period of time or not, acquires an interest in shares which, taken together with shares in which he is already interested (together with shares in which persons acting in concert with him are interested), carries 30 per cent or more of the voting rights of a company, which is subject to the City Code, must normally make a mandatory offer under Rule 9 of the City Code for all the remaining shares in the company. The Panel on Takeovers and Mergers has agreed to waive the obligation on Schneider Electric to make a general offer for all of the issued shares of AVEVA, such waiver to be subject to approval by a vote of the independent shareholders of AVEVA in a General Meeting. In this case, approval for the waiver of the obligation which would otherwise arise for Schneider Electric to make an offer for AVEVA under Rule 9 of the City Code will be sought from AVEVA’s shareholders at the AVEVA General Meeting.
Notes

1. No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings for AVEVA or Schneider Electric Software Business, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings.

2. The number of AVEVA shares expected to be in issuance at completion at or around the end of 2017, and eligible to receive the Return of Value, is 64.0 million. The fully diluted number of AVEVA shares, as defined by the merger agreement, is expected to be 64.9 million at completion.

3. The number of consideration shares expected to be issued to Schneider Electric at completion is estimated to be 97.4 million.

4. The EV/17A EBITA multiple of approximately 19x for the Schneider Electric Software Business is calculated as the value of the Consideration Shares issued to Schneider Electric divided by the Adjusted EBITA for the Schneider Electric Software Business for the year ended 31 March 2017 of £91.2 million.

5. The value of the consideration shares is calculated as the number of consideration shares (97.4 million) multiplied by the closing share price of AVEVA at the Latest Practicable Date (1,920 pence per ordinary share), less the £100 million cash distribution from AVEVA’s balance sheet of 156p per ordinary share.

6. The historical average USD GBP exchange rate for the year ended 31 March 2017 of $1.3021: £1.

7. AVEVA financial information extracted from the AVEVA Annual Report and Accounts for the year ended 31 March 2017.

8. Schneider Electric Software Business financial information extracted from the audited financial information provided by Schneider Electric, adjusted for the estimated impact of certain standalone adjustments.

9. Combined revenue calculated by adding AVEVA reported revenue for the year ended 31 March 2017 of £215.8 million plus Schneider Electric Software Business reported revenue for the same period of $575.1 million, as translated into pounds sterling at the average FX rate for the corresponding period.

10. Combined Adjusted EBITA calculated by adding AVEVA Adjusted EBITA for the year ended 31 March 2017 of £54.6 million plus Schneider Electric Software Business Adjusted EBITA for the same period (as presented in the Additional Information section of this announcement) of $118.8 million, as translated into pounds sterling at the average FX rate for the corresponding period mentioned above.

11. For these purposes the latest practicable date is 4 September 2017 (the “Latest Practicable Date”).
IMPORTANT NOTICES:

Lazard & Co., Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as lead financial adviser to AVEVA and no one else in connection with the Combination and will not be responsible to anyone other than AVEVA for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the Combination or any other matters referred to in this announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, or any the Combination or any statement contained herein.

Numis Securities Limited (“Numis”), which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as corporate broker, sponsor and financial adviser to AVEVA and no one else in connection with the Combination and will not be responsible to anyone other than AVEVA for providing the protections afforded to clients of Numis nor for providing advice in relation to the Combination or any other matters referred to in this announcement. Neither Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis, in connection with this announcement, or the Combination or statement contained herein.

Morgan Stanley & Co. International plc (“Morgan Stanley”) is acting for Schneider Electric in relation to the Combination and is not advising any other person, and accordingly will not be responsible to anyone other than Schneider Electric for providing the protections afforded to the customers of Morgan Stanley for providing advice in relation to the Combination.

Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into Australia, Canada, the Republic of South Africa, Japan, the United States or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of Australian, Canadian, South African, Japanese, or US securities laws. The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement or other information referred to herein comes should inform themselves about, and observe, any such restrictions.

This announcement does not constitute or form part of any offer, invitation to sell, otherwise dispose of or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities nor shall it or any part of it, nor the fact of its distribution form the basis of, or be relied on in connection with, any contract commitment or investment decision.

This announcement has been prepared for the purpose of complying with the applicable law and regulation of the United Kingdom and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.

The Combination, if implemented, will constitute a ‘whitewash’ combination for the purposes of the City Code. Accordingly, nothing in this announcement should be construed as constituting a formal offer or evidencing an intention to make a formal offer for AVEVA. In particular, nothing in this announcement constitutes a “possible offer” or a “firm intention to make an offer” for the purposes of the City Code.

This announcement does not constitute an offer of securities for sale in the United States or an offer to acquire or exchange securities in the United States. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States or any other country in which such offer may not be made other than (i) in accordance with the tender offer requirements under the US Securities Exchange Act of 1934, as amended,
or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "envisages", "plans", "projects", "anticipates", "targets", "aims", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect AVEVA and the Schneider Electric’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to AVEVA or Schneider Electric Software Business, results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which it operates. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, AVEVA and the Schneider Electric disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Nothing in this announcement should be construed as a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of AVEVA for the current or future financial years would necessarily match or exceed the historical published earnings per share of AVEVA.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

Except as explicitly stated, neither the content of AVEVA nor Schneider Electric website, nor any website accessible by hyperlinks on AVEVA or Schneider Electric website is incorporated in, or forms part of, this announcement.
APPENDIX I

Proposed Combination with the Schneider Electric Software Business

Issue of approximately 97.4 million Consideration Shares

Waiver of Rule 9 of the Takeover Code

Proposed Return of Value to Shareholders of approximately 1,014 pence per Ordinary Share

Admission of the existing Ordinary Shares and the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities

1. Introduction

Today, the Company announced that it has entered into a conditional agreement dated 5 September 2017 with Schneider Electric in respect of the proposed combination of AVEVA and the Schneider Electric Software Business, a leading developer and supplier of industrial software. On Completion, the Company will allot and issue to Schneider Electric the Consideration Shares as is equal to 60 per cent of the Enlarged AVEVA Group on a fully diluted basis.

The overall transaction incorporates a number of elements:

1.1.1 The combination of AVEVA and the Schneider Electric Software Business to create a global leader in engineering and industrial software, with enhanced scale and relevance in key markets as well as an extensive technology portfolio;

1.1.2 On completion, Existing Shareholders and participants in the AVEVA Share plans will retain 40 per cent (on a fully diluted basis) of the Enlarged AVEVA Group, with combined pro forma revenue of approximately £657.5 million and Adjusted EBITA of approximately £145.8 million for the financial year ended 31 March 2017. The value of the consideration shares to be issued to Schneider Electric is approximately £1.7 billion based on AVEVA closing share price as at the Latest Practicable Date. Shareholders will have an opportunity to benefit (through their shareholding in the Enlarged AVEVA Group) from the enhanced market scale and reach of the Enlarged AVEVA Group together with the revenue and cost synergies which are expected to arise over the medium term;

1.1.3 Schneider Electric will pay AVEVA £550 million in cash (approximately 858 pence per Ordinary Share), which, taken together with its contribution of the Schneider Electric Software Business, will mean that Schneider Electric will hold a majority of the Enlarged Share Capital. Such cash will be distributed to AVEVA shareholders (excluding Schneider Electric) at or around completion; and

1.1.4 AVEVA will also distribute £100 million (approximately 156 pence per Ordinary Share) in cash to shareholders (excluding Schneider Electric) at or around completion, such amount representing a significant proportion of the excess cash held on AVEVA’s balance sheet after allowing for transaction costs and a prudent view of AVEVA’s working capital requirements.

Accordingly, it is expected that Shareholders will receive in aggregate up to approximately £10.14 per ordinary share through the Return of Value.

Upon completion and pursuant to paragraph 5.6.19G of the Listing Rules, it is proposed that the listing of the existing ordinary shares will be cancelled and application will be made for immediate re-admission of such ordinary shares, and admission of the consideration shares, to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities.

Completion, which is expected to be at or around the end of 2017, is subject to the satisfaction of a number of conditions including, amongst other things, applicable regulatory and anti-trust approvals having been
obtained, AVEVA shareholder approval of the Combination, and re-admission of the Enlarged AVEVA Group. The Return of Value is conditional on completion, AVEVA shareholders passing the relevant resolutions at the General Meeting and re-admission of the Enlarged AVEVA Group.

2. **Background to and Reasons for the Combination**

AVEVA is a global provider of engineering design and information management software solutions, founded 50 years ago and headquartered in Cambridge, UK, with offices in over 30 countries. AVEVA is recognised as one of the world’s leading engineering, design and information management software companies, providing mission-critical software solutions to many of the world’s largest engineering companies and owner-operators in the process, plant and marine industries. AVEVA’s consolidated revenues for the financial year ended 31 March 2017 were £215.8 million and adjusted profit before tax was £55.0 million for the same period.

The Schneider Electric Software Business comprises the industrial software assets of Schneider Electric. The Schneider Electric Software Business is a leading industrial software provider and a leader in markets and technology areas adjacent to those of AVEVA. The Schneider Electric Software Business comprises certain software assets of Schneider Electric, certain of Invensys plc’s former software assets acquired by Schneider Electric in January 2014 and the oil and gas pipeline management solutions of Telvent, a company that Schneider Electric acquired in 2011. Its portfolio provides comprehensive coverage of business processes across the customer value chain, providing software products and services that enable customers to maximise the value of their manufacturing operations and supply chains across a broad range of capital intensive industries. The Schneider Electric Software Business solutions span the complete asset design and lifecycle value chain, with the ability to unify disparate technology systems, industrial assets and work processes to deliver comprehensive, sustainable and extensible solutions for its customers. From mining companies and chemical manufacturers to oil refineries and power stations, the Schneider Electric Software Business’ products help its customers to design, plan, operate and maintain their production processes in order to maximise efficiency and profitability, while enhancing reliability, safety and sustainability.

The Schneider Electric Software Business product portfolio offers solutions in: Process Engineering and Simulation; Planning and Scheduling; Operations Execution and Optimisation; Asset Performance Management and Operations Control and includes the market-leading SimSci™, Wonderware™ and Avantis™, Citect, ClearScada and ePLMS products. These products offer complementary solutions to AVEVA’s principal product lines of AVEVA PDMS™, AVEVA Everything3D™, AVEVA Engineering™ and AVEVA NET™.

The Schneider Electric Software Business has a global footprint spanning North America, EMEA, Asia Pacific and Latin America and currently has approximately 2,700 employees worldwide (including approximately 158 temporary employees and contractors), eight global research and development centres and 25 project execution centres. The Schneider Electric Software Business had revenue of $575.1 million for the financial year ended 31 March 2017, and Adjusted EBITA of $118.8 million for the same period.

The Directors believe that the Combination is transformational for both AVEVA and the Schneider Electric Software Business in that it creates a combined entity with significant international scale and reach that is positioned to offer a broad and comprehensive portfolio of engineering and industrial software. The Combination will leverage the existing strengths of both businesses and is expected to bolster both the market share and reach of the Enlarged AVEVA Group’s combined product offering. It is also expected to broaden its geographic presence, expand customer diversity and create a highly scalable, leading global software provider, as discussed in further detail below.
The Directors believe that there is a clear and compelling business logic and strategic rationale for a combination of AVEVA and the Schneider Electric Software Business, for reasons including the following:

- Both AVEVA and the Schneider Electric Software Business are established providers of engineering and industrial software to customers operating on a global scale with a presence in multiple international markets;

- The combined entity will be a global leader in engineering design and industrial software, with scale and relevance in key markets as well as an extensive technology portfolio, with combined pro forma revenue and Adjusted EBITA of approximately £657.5 million and £145.8 million respectively for the financial year ended 31 March 2017;

- The Schneider Electric Software Business’ portfolio complements AVEVA’s existing product range with little overlap, which will allow the Enlarged AVEVA Group to offer a comprehensive combined product portfolio, offering an unmatched set of end-to-end solutions covering all aspects of digital asset management from process simulation to design, construction and manufacturing operations management and optimisation;

- The Enlarged AVEVA Group’s position in oil and gas, power, mining and marine will be enhanced and the Schneider Electric Software Business’ leading positions in segments such as chemicals, food and beverage, pharmaceuticals, water and waste water and critical infrastructure will diversify AVEVA’s end-market coverage and substantially enlarge its total addressable market;

- Increased penetration into the owner-operators segment, leveraging the Schneider Electric Software Business’ capabilities and access, further reducing AVEVA’s exposure to capital investment cycles expenditure;

- AVEVA will benefit from the greater exposure of the Schneider Electric Software Business to the North American market through the Combination, thereby improving the Enlarged AVEVA Group’s geographic and end-market coverage;

- The Enlarged AVEVA Group is expected to benefit from material revenue and cost synergies over the medium term arising from the Enlarged AVEVA Group’s enhanced product range and wider sales and distribution capabilities and through the rationalisation of the operating cost base of the Enlarged AVEVA Group. Such synergies will be quantified post completion; and

- The Combination will create an Enlarged AVEVA Group well-positioned to take advantage of future M&A opportunities building on its scale and comprehensive industry and lifecycle solution coverage.

Certain developments at the Schneider Electric Software Business over the course of 2016 and 2017 have reinforced the strategic rationale of the Combination, including:

- The Schneider Electric Software Business legal reorganisation now being substantially complete, such that the Schneider Electric Software Business will comprise a stand-alone business unit sitting within a set of separate legal entities within Schneider Electric (subject to certain support functions to be provided by Schneider Electric for a period to the Schneider Electric Software Business pursuant to the Transitional Services Agreement); and

- The addition of the oil and gas pipeline management solutions division of Telvent, a company that Schneider Electric acquired in 2011, to the Schneider Electric Software Business, creating a set of assets with a market leadership position which is complementary to the combined portfolios of the Schneider Electric Software Business and AVEVA, thus enhancing the scale of the Schneider Electric Software Business as well as the overall strategic rationale of the Combination.
Creating a Global Leader in Engineering Industrial Digitalisation

The Directors believe that there is considerable mutual benefit in combining the product portfolios of AVEVA and the Schneider Electric Software Business. The combined product portfolio would provide solutions covering all aspects of digital asset management, from process simulation to design and construction and manufacturing operations management and optimisation.

The concept of the Digital Asset, which is a digital representation of the physical plant, is key to AVEVA’s strategy. AVEVA’s software is used extensively in the design phase of large capital projects, with an increasing focus on engineering information management, standardisation and re-use throughout the asset lifecycle. The Schneider Electric Software Business’ software also addresses the Digital Asset, with a focus on asset simulation, operation and control, which is complementary to AVEVA’s offering.

The customer profiles of the two businesses are also complementary where the Schneider Electric Software Business will provide AVEVA with access to its significant breadth of industry segments. The Directors believe that the Enlarged AVEVA Group will be able to leverage these complementary factors through mutual cross-selling and product portfolio integration and, in the longer term, develop products which combine the respective strengths of the business in order to develop new revenue streams.

Taking into account this strong position in terms of combined customer base and breadth of technology access and innovation, the Enlarged AVEVA Group will be well placed to launch new Digitalisation Solutions to the market to bring transformational efficiency to industrial work practices leveraging advances in technologies around Cloud, mobile, AI/machine learning and the Internet of Things.

As a result of the Combination, the Enlarged AVEVA Group will have a stronger value proposition. This will enable the business to better navigate economic cycles by covering all aspects of the Digital Asset lifecycles through Process Simulation, detailed 3D Design, Asset Information Management, Operations Management and Asset Performance Management for large, complex engineering projects in the process and plant industries. Therefore, the Directors believe that the Enlarged AVEVA Group would materially benefit from offering a broader, better integrated range of end-to-end solutions to a wider global customer base.

End Market Diversification

Historically, AVEVA has derived a significant proportion of its revenue from customers operating in the upstream oil and gas sector. For the financial year ended 31 March 2017, such customers represented approximately 40 to 45 per cent of revenue.

The Schneider Electric Software Business operates across a broader range of end markets and its customer base includes many of the world’s leading mining, pharmaceutical, petroleum, food and beverage and chemical companies. Oil and gas and chemicals accounted for approximately 47 per cent (based on standalone unaudited financial information) of the Schneider Electric Software Business’ revenue for the year ended 31 March 2017, with a focus on midstream and downstream. It is therefore expected that whilst the Combination will enhance the AVEVA Group’s position in its current key markets, it will also increase end-market diversification, creating a more balanced business model upon which to build future growth strategies.

Geographic Diversification

The Schneider Electric Software Business’ geographic areas of operation and revenue generation complement AVEVA’s existing areas of operation and revenue generation. AVEVA’s principal geographic market is EMEA, which represented 49 per cent of revenue in the financial year ended 31 March 2017. The Schneider Electric Software Business, on the other hand, has a large base in North America, with 47 per cent (based on standalone unaudited financial information) of revenue in the financial year ended 31 March
2017 generated in this region. The Enlarged AVEVA Group will leverage the Schneider Electric Software Business’ exposure to the US market in order to increase market share in the region, and capitalise on the growth opportunities that the market offers; the Americas would have contributed approximately 39 per cent of revenue in the Enlarged AVEVA Group in FY 2017 (assuming a USD:GBP exchange rate of 1.3021 for the period), compared to 15 per cent of AVEVA’s revenue for the financial year ended 31 March 2017. This is in line with AVEVA’s stated strategic aim of significantly increasing market share in North America.

**Anticipated Integration Benefits**

The Directors believe that the Combination should give rise to the delivery, over the medium term, of material revenue and cost synergies. The combined entity will leverage the footprint each has in specific sectors and phases of the capital project lifecycle in order to offer a more holistic and higher value suite of products to many existing clients. The scale and breadth of expertise in the Enlarged AVEVA Group will also allow it to embark upon larger and more value-added projects, and leverage its operating scale to execute these more efficiently. Furthermore, the relationship between the Enlarged AVEVA Group and Schneider Electric will give the Enlarged AVEVA Group the opportunity to leverage Schneider Electric’s diversified business footprint and extensive customer base. In addition, AVEVA and Schneider Electric will enter into the commercial agreements which will enhance revenue synergy opportunities.

Given the scale of the Enlarged AVEVA Group, the Directors believe that there is scope to achieve meaningful operational efficiencies, to be derived from the optimisation of cost structures across the Enlarged AVEVA Group through deployment of standard operating practices and elimination of overlaps across the combined business operations, increased utilisation of global product and project delivery centres for cost efficiencies and the rationalisation of corporate and administrative functions. These benefits will be partially offset by additional standalone costs which the Enlarged AVEVA Group will need to incur in certain geographies where the Schneider Electric Software Business has historically benefited from shared infrastructure and central functions within the wider Schneider Electric.

However, whilst the opportunity for operational efficiencies is an integration priority for AVEVA’s management, the key focus is to ensure that the Combination is effected without disruption to the product development, sales, support and administrative functions of the Enlarged AVEVA Group while recognising the intentions of Schneider Electric set out below in paragraph 10 of this Appendix. As at the date of this document, an outline integration and alignment plan has been developed by AVEVA. A more detailed alignment plan will be prepared in due course which will set out the scope of the wider and longer term alignment process, quantifiable objectives and the detailed organisational structure of the Enlarged AVEVA Group.

The Enlarged AVEVA Group’s headquarters will continue to be located in Cambridge, UK.

**Customer Diversification**

AVEVA currently has an estimated customer base of over 4,000 customers, and focuses primarily on specialist 3D modelling and design solutions. The Schneider Electric Software Business’ installed base is much larger, in part due to a number of its more generic products. The Combination is expected to significantly raise AVEVA’s installed customer base and will specifically increase penetration into owner-operators, further reducing AVEVA’s exposure to capital investment cycles expenditure.

**Conclusion**

In conclusion, the Directors believe that there is a clear and compelling industrial logic and strategic rationale for a combination of AVEVA and the Schneider Electric Software Business. The Combination will create a
larger AVEVA Group with an extensive, end-to-end product offering with a more diverse customer base and geographic presence, run by an established management team with a proven track record. The Combination, including the Return of Value, is expected to create additional value for shareholders.

3. **Summary Information on AVEVA**

AVEVA is one of the world’s leading engineering, design and information management software providers to the process, plant and marine industries. AVEVA’s world-leading technology was originally developed as the Computer-Aided Design Centre, a UK Government research laboratory formed in 1967, privatised in 1983 and later listed on the London Stock Exchange in 1996 as CADCentre. The Company was renamed ‘AVEVA’ in 2001 and has delivered a consistent track record of growing revenue and profits over the long-term through the provision of mission-critical software solutions to many of the world’s largest engineering companies and owner-operators. Demand in AVEVA’s end markets is driven by long-term trends, such as the growing global demand for energy of all kinds, the growing demand for raw material and their transportation, reduction in environmental impact and lifetime extension of operating facilities. AVEVA has successfully established a global sales and support infrastructure and is exposed to the world’s fastest growing economies.

Key to AVEVA’s strategy is the concept of the Digital Asset which is a digital representation of the physical plant. AVEVA offers a comprehensive range of productivity software and enterprise solutions for EPCs, shipbuilders and plant owner-operators. Common to all this is the ability to create, share and control information integrated within the Digital Asset.

By being information-centric, AVEVA’s Digital Asset approach delivers compelling business benefits to the process plant and power industries. It improves the quality and accessibility of critical information, enabling EPCs, shipbuilders and owner-operators to make more accurate, timely decisions, compressing schedules, cutting cost and reducing risk.

AVEVA’s products are most applicable in industries where scale and complexity are at their greatest: oil and gas, shipbuilding, power, chemical, petrochemical, paper and pulp, mining and metals and major infrastructure projects.

Over 4,000 customers rely on AVEVA’s software solutions to make accurate and timely design, engineering and business decisions across entire project and asset lifecycles.

AVEVA’s licensing model generates high levels of recurring revenue. As the majority of revenue is derived from software sales, AVEVA has enjoyed historically high profit margins that have enabled strong cash generation and reinvestment in AVEVA’s technology to maintain and extend its competitive advantage.

4. **Summary Information on Schneider Electric**

Schneider Electric is a global specialist in energy management and automation with operations in more than 100 countries and offers integrated solutions across multiple market segments. It is organised around four businesses: Buildings, Infrastructure, Industry and IT, each of which have a leading position worldwide in their field. Schneider Electric operates in four principal diversified end markets: buildings, utilities and infrastructure, industries and machines manufacturers, and data centres and networks. Focused on helping its customers to make their ecosystem safe, reliable, efficient and sustainable, Schneider Electric’s 144,000 employees achieved revenue of approximately €25 billion in the financial year ended 31 December 2016, through an active commitment to help individuals and organisations to achieve more with less.

The board of directors of Schneider Electric consists of Mr Jean-Pascal Tricoire (Chairman and Chief Executive), Mr Léo Apotheker (Vice-Chairman and independent lead director), Ms Betsy Atkins, Ms Cécile Cabanis, Mr Xavier Fontanet, Mr Antoine Gosset-Grainville, Mr Fred Kindle, Mr Willy Kissling, Ms Linda
Knoll, Ms Cathy Kopp, Mr Gregory Spierkel, Mrs Ma Xiaoyun and Mr Henri Lachmann (who is a non-voting director).

As a result of and following completion, Schneider Electric expects to consolidate the AVEVA’s assets and liabilities.

The Combination is expected to be marginally earnings per share accretive in the first year of ownership following completion for Schneider Electric. This statement should not be construed as a profit forecast or be interpreted to mean that the future earnings per share, profits, margins or cash flows of the Schneider Electric will necessarily be greater or less than the historic published earnings per share, profits, margins or cash flows of Schneider Electric.

5. Summary Financial Information on the Schneider Electric Software Business (Unaudited Standalone basis)

**Combined Statements of Income**

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<tr>
<td></td>
<td>Year ended 31 March, USD</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Revenue</td>
<td>575.1</td>
<td>620.2</td>
<td>620.8</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(190.4)</td>
<td>(227.2)</td>
<td>(238.8)</td>
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<tr>
<td>Gross profit</td>
<td>384.7</td>
<td>392.9</td>
<td>382.0</td>
</tr>
<tr>
<td>Research and development</td>
<td>(106.1)</td>
<td>(103.8)</td>
<td>(100.1)</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>(159.9)</td>
<td>(159.6)</td>
<td>(170.5)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(266.0)</td>
<td>(263.4)</td>
<td>(270.7)</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>118.8</td>
<td>129.5</td>
<td>111.3</td>
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**Consolidated Statement of Cash Flows**

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<tr>
<td></td>
<td>Year ended 31 March, USD</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>131.2</td>
<td>109.5</td>
<td>99.7</td>
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The Schneider Electric Software Business derives a proportion of its revenue from Schneider Electric companies, and also benefits from sharing certain overheads, including premises, IT and other support functions, with other Schneider Electric companies in various territories. The audited historical financial information on the Schneider Electric Software Business to be included in the Prospectus will not reflect the arm’s length commercial terms which will apply pursuant to the commercial agreements between the Enlarged AVEVA Group and Schneider Electric following completion.

The estimated impact of the commercial agreements is an increase in 2017 combined revenues (relative to the audited financial information) of approximately US$9.3 million (2016 and 2015: increase of US$19.2 million and US$19.8 million, respectively), had intergroup sales been made on the terms of the commercial agreements. The net impact of commercial agreements and other standalone adjustments is: (i) an increase of approximately US$2.4 million to the 2017 combined Adjusted EBITA and (ii) a decrease in 2016 and 2015 of US$6.2 million and US$14.3 million, respectively, being the profit impact of the revenue adjustment offset by the additional costs (net of historic management charges and other recharges which will no longer apply) which the commercial agreements formalise for shared services provided by Schneider Electric group companies. These adjustments are necessarily approximations and have been prepared by Schneider
Electric and reviewed by the Directors and the Proposed Directors based on the available management information and best estimates.

**Bridges between Unaudited Standalone and Audited**

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<td><strong>Year ended 31 March, USD</strong></td>
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<td></td>
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<tr>
<td>Revenue (Unaudited Standalone)</td>
<td>575.1</td>
<td>620.2</td>
<td>620.8</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(9.3)</td>
<td>(19.2)</td>
<td>(19.8)</td>
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<tr>
<td>Revenue (Audited)</td>
<td>565.9</td>
<td>601.0</td>
<td>601.0</td>
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<th>$ Million</th>
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<tr>
<td><strong>Year ended 31 March, USD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITA (Unaudited Standalone)</td>
<td>118.8</td>
<td>129.5</td>
<td>111.3</td>
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<tr>
<td>Adjustments</td>
<td>(2.4)</td>
<td>6.2</td>
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<tr>
<td>Adjusted EBITA (Audited)</td>
<td>116.4</td>
<td>135.7</td>
<td>125.6</td>
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6. **Financing of the Enlarged AVEVA Group**

On 5 September 2017, AVEVA and certain of its subsidiaries entered into a facility agreement, pursuant to which the facility was made available to AVEVA for general corporate and working capital purposes. The availability of the facility is conditional on re-admission.

The facility is a three year revolving credit facility for £100 million.

7. **Financial Effects of the Combination**

**Value to Existing Shareholders**

Existing shareholders will collectively:

- Retain 40 per cent (on a fully diluted basis) of the Enlarged AVEVA Group on completion, with combined pro forma revenue and Adjusted EBITA of approximately £657.5 million and approximately £145.8 million for the financial year ended 31 March 2017, respectively;

- Under the Return of Value, receive a cash payment of £650 million at or around completion (of which £550 million will be funded by Schneider Electric and £100 million from AVEVA’s surplus cash) equivalent to approximately 1,014 pence per ordinary share, approximately equal to 53 per cent of AVEVA’s unaffected closing share price on the Latest Practicable Date; and

- Have an opportunity to benefit (through their shareholding in the Enlarged AVEVA Group) from the enlarged market scale and reach of the Enlarged AVEVA Group together with the revenue and cost synergies which are expected to arise over the medium term.

**Impact on Cash Position**

The Schneider Electric Software Business will be contributed on a debt-free, cash-free basis with a normal level of working capital. AVEVA had a net cash position as at 30 June 2017 of £152 million which will be augmented by operating cash generation between that date and completion. Following completion and the distribution to shareholders of £100 million of excess cash, payment of the FY17 Final Dividend and an
estimated £20.7 million of transaction costs, the Enlarged AVEVA Group expects to have a broadly neutral net cash position through its financial year ending 31 March 2019 (subject to ordinary course trading seasonality and working capital fluctuations, the most significant of which has historically been the payment of AVEVA’s interim and final dividends in December and July each year, and no long-term debt). In addition to its liquidity from its trading cash flows, the Enlarged AVEVA Group will have also access to a three year revolving credit facility of £100 million available to it, in order to meet its normal operating requirements.

**Impact on Adjusted Earnings per Share**

The Directors consider that the overall transaction is likely to have a marginally dilutive effect on AVEVA’s adjusted earnings per share in the first full financial year from completion, by virtue of the fact that AVEVA will issue the consideration shares partly in consideration for the payment by Schneider Electric of £550 million in cash, the benefit of which will not be retained by the Company but paid to shareholders under the Return of Value. Accordingly, the Directors consider that the impact on adjusted earnings per share, which takes no account of the £650 million to be received by existing shareholders under the Return of Value, is of less relevance than the impact on value to existing shareholders as described above.

Furthermore, the Directors expect that the combination of the Schneider Electric Software Business and AVEVA and the related Return of Value are such that the accounting treatment to be adopted in the consolidated interim and annual reports subsequent to completion will be that the Schneider Electric Software Business will be treated as the accounting acquirer under IFRS. This means that the financial statements of the Enlarged AVEVA Group will reflect the historical results of the Schneider Electric Software Business and consolidate the results of AVEVA only from the date of completion.

**Impact on Dividends**

AVEVA’s FY17 Final Dividend of 27.0 pence per ordinary share was paid on 4 August 2017 to shareholders on the register on 7 July 2017. Under the terms of the merger agreement, AVEVA has agreed that it shall not, between the date of the merger agreement and completion, pay or recommend or declare payment of a dividend or other distribution (whether in cash, stock or in kind) or enter into an agreement to do so, other than in respect of the Return of Value. In addition, given the size and expected timing of the Return of Value, AVEVA will not (assuming completion occurs) pay an interim dividend for the current financial year, but AVEVA expects to pay a final dividend for that year in accordance with its usual policy and practice. The consideration shares will be eligible to receive this final dividend. Following completion, AVEVA intends to maintain its existing progressive dividend policy, taking account of the earnings profile of the Enlarged AVEVA Group.

8. **Details on the Terms and Conditions of the Combination**

Completion is conditional upon, amongst other things, approval by existing shareholders of the Combination resolutions and admission as well as on those other matters set out in Appendix II (Details of the Combination) of this document. The Company expects completion to be at or around the end of 2017.

On completion, Schneider Electric will hold in aggregate approximately 97.4 million ordinary shares, representing 60.0 per cent of the Enlarged AVEVA Group on a fully diluted basis. This is expected to be equivalent to approximately 60.3 per cent of the Enlarged Group Share Capital on an undiluted basis. Further details on the calculation of “fully diluted” are set out in paragraph 3.2 of Appendix II (Details of the Combination) of this document.

As the Combination is classified as a reverse takeover under the Listing Rules, upon completion the listing on the premium listing segment of the Official List of all of the existing ordinary shares will be cancelled, and application will be made for the immediate re-admission of those ordinary shares and the admission of the
consideration shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that admission will become effective, and that dealings in ordinary shares (including the consideration shares) will commence, at 8.00am. The number of ordinary shares (including the consideration shares) which will be the subject of admission is expected to be approximately 161.4 million. Further details about the Combination are set out in Appendix II (Details of the Combination) of this document.

9. **Current Trading and Future Prospects of the Enlarged AVEVA Group**

**AVEVA**

On 23 May 2017, AVEVA reported its full year results for the year ending 31 March 2017. At that time it was noted that AVEVA’s core markets of oil and gas and marine, which together account for over 60 per cent of AVEVA’s revenue, had been in a cyclical trough over the last three years.

It was also noted that while the timing of a full recovery in demand was still uncertain, it was expected that as end-market headwinds lessened, the growth resulting from strategic initiatives would begin to show at AVEVA level.

On 7 July 2017, AVEVA released a trading update that stated that since the announcement of the FY 2017 results on 23 May 2017, AVEVA has made a solid start to the financial year and there has not been any noticeable change in the trends reported at that time. The phasing of revenue in FY 2018 is expected to be broadly similar to the prior year.

AVEVA maintains a strong balance sheet and saw good cash generation in the first quarter, resulting in net cash of £152 million at 30 June 2017.

With revenues for the first four months of the current financial year trending slightly ahead of the comparative period (at constant currency) and a continuing focus on cost control, there has been no significant change in the Board’s view of AVEVA’s current trading and future prospects since the trading update of 7 July 2017.

**Schneider Electric Software Business**

For the year ended 31 March 2017, the Schneider Electric Software Business reported revenue of approximately $575.1 million on a standalone basis ($565.9 million on an audited basis), corresponding to a decrease of 7.3 per cent as compared to the year ended 31 March 2016. This decrease was driven by significant market factors affecting the oil and gas and mining and minerals markets causing reduced levels of capital projects volume and EPC licensing volumes. Revenue was further impacted by selectivity in project bidding and a migration to term based subscription licensing.

Since 31 March 2017, the Schneider Electric Software Business’ trading has been consistent with the process industries macro-economic environment. The Schneider Electric Software Business has started to see increased momentum in orders especially in areas related to operational efficiency and asset performance, though cycle times for final procurement decisions and project start-up remain protracted for larger opportunities. Unaudited management information at constant currency for the four months to 31 July 2017 shows revenues slightly ahead of the comparable prior year period, with an improvement in gross margin and a stable level of Adjusted EBITA. The Schneider Electric Software Business’ management expects to see a gradual recovery in revenues over the current financial year to 31 March 2018 assuming no major changes in the current environment in the capital intensive industries it serves. In prior years, revenue has tended to be relatively higher in the second half of the financial year, with first half trading performance in the financial year ended 31 March 2017 representing approximately 48 per cent of total financial year revenues, and a significant portion of revenues are generally weighted toward the end of the quarter, primarily in the licence revenue stream.
10. Schneider Electric’s Intentions for the Purposes of the Takeover Code Regarding the Enlarged AVEVA Group and its Ongoing Relationship with the Company

Schneider Electric expects the Enlarged AVEVA Group to become a global leader in industrial software. AVEVA’s portfolio reinforces Schneider Electric’s software capabilities with complementary technologies, end market and geographical coverage. The Combination will add asset design capabilities to Schneider Electric’s offering and enable the extension of its value proposition to cover the full asset lifecycle management for its clients.

As a result, Schneider Electric is confident that the Enlarged AVEVA Group could generate attractive revenue synergies and create additional shareholder value. While Schneider Electric believes that synergies may be available through the optimisation of cost structures across the Enlarged AVEVA Group, including through deployment of standard operating practices and elimination of overlaps across the combined business operations, increased utilisation of global product and project delivery centres for cost efficiencies and the rationalisation of corporate and administrative functions, it is not yet in a position to quantify the impact of such synergies for reporting under the Takeover Code.

Schneider Electric attaches great importance to the skills and experience of the existing management and employees of AVEVA and the Schneider Electric Software Business and believes that they will be a key factor in maximising the opportunities that the Combination will present. Management and employees of both the Schneider Electric Software Business and AVEVA will have the potential to benefit from new opportunities within the Enlarged AVEVA Group following completion. Schneider Electric recognises, however, that in order to achieve the expected benefits of the Combination, some operational, corporate and administrative restructuring may be required following completion.

The number of employees and locations which may be affected by any integration plan will ultimately depend on the outcome of a more detailed synergy review to be undertaken and implemented by the Enlarged AVEVA Group after completion. This may result in certain office locations, which are yet to be determined, of the Enlarged AVEVA Group being combined or closed as appropriate, which could have headcount implications. Finalisation of the integration plans will be subject to engagement and (if applicable) consultation with relevant stakeholders with regard to any impacts on employment or the location of places of business. Schneider Electric does not otherwise anticipate adverse changes being made to the deployment of the fixed assets of the Enlarged AVEVA Group or the conditions of employment of the Enlarged AVEVA Group’s employees. Schneider Electric intends that, following completion, the Enlarged AVEVA Group will continue to meet its obligations under Part 3 of the Pensions Act 2004 and any contractually agreed employer contributions.

Following admission, Schneider Electric intends to maintain the listing of the ordinary shares on the premium listing segment of the Official List and the trading of the ordinary shares on the London Stock Exchange’s main market for listed securities. The Company will enter into the Relationship Agreement with Schneider Electric which will take effect on and from admission and will remain in force until: (i) the Company ceases to be listed (which could result from further share acquisitions by Schneider Electric, as the UKLA has a discretion to delist if, inter alia, there is insufficient liquidity); or (ii) Schneider Electric ceases to be a Shareholder; or (iii) if earlier, by agreement between Schneider Electric and the Company (subject to the Listing Rules).

Under the Relationship Agreement, Schneider Electric shall have the right to nominate up to two persons to be Non-Executive Directors.

See paragraph 12 below of this document for a more detailed description of the Relationship Agreement.
11. Board and Management Team

The Enlarged AVEVA Group will, on completion, remain listed on the London Stock Exchange’s main market for listed securities and headquartered in Cambridge.

The parties are in the process of selecting a new Chief Executive Officer of the Enlarged AVEVA Group, with a proven track record and experience in managing a global software business. An announcement identifying the new Chief Executive Officer and clarifying the timing of his appointment will be made as soon as practicable. James Kidd will continue in his role as Chief Executive Officer until such time as the Board decides to appoint a new Chief Executive Officer, whereupon it is intended that James will be appointed to the role of Deputy Chief Executive Officer and Chief Financial Officer in order to drive forward the strategy, implementation and integration of the Enlarged AVEVA Group. David Ward will also continue in his role as Chief Financial Officer until a new Chief Executive Officer is appointed and following such appointment it is intended that David will step down from the Board and be appointed to the role of Company Secretary.

The existing Non-Executive Directors of AVEVA will remain in place on completion. Philip Aiken will continue as Non-Executive Chairman following completion. Ron Mobed, Christopher Humphrey and Jennifer Allerton will continue as independent Non-Executive Directors of the Enlarged AVEVA Group.

Emmanuel Babeau (Deputy Chief Executive Officer and Chief Financial Officer) and Peter Herweck (Executive Vice President – Industry) of Schneider Electric will be appointed as Non-Executive Directors of the Enlarged AVEVA Group on completion. Emmanuel Babeau will additionally assume the role of Vice Chairman. Both of them will add significant management and industrial experience to the existing AVEVA Board.

In order for the Board of the Enlarged AVEVA Group to comprise a majority of independent Non-Executive Directors (including the Chairman), one additional independent Non-Executive Director is expected to be appointed as soon as possible after admission. Such appointment shall be approved after admission by the Nomination Committee.

On admission and provided that a new Chief Executive Officer of AVEVA has been appointed, the Enlarged AVEVA Group’s Board will comprise the new Chief Executive Officer and the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role on Enlarged AVEVA Group’s Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philip Aiken</td>
<td>Non-Executive Chairman</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>Non-Executive Vice Chairman (Schneider Electric appointee)</td>
</tr>
<tr>
<td>James Kidd</td>
<td>Deputy Chief Executive Officer and Chief Financial Officer</td>
</tr>
<tr>
<td>Jennifer Allerton</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Christopher Humphrey</td>
<td>Independent Non-Executive Director and Senior Independent Director</td>
</tr>
<tr>
<td>Ron Mobed</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Peter Herweck</td>
<td>Non-Executive Director (Schneider Electric appointee)</td>
</tr>
</tbody>
</table>

Key members of the existing executive management team of AVEVA, namely Dave Wheeldon (Chief Technology Officer and currently also Deputy Chief Executive Officer) and Steen Lomholt-Thomsen (Chief Revenue Officer) are expected to remain in place following completion.
Ravi Gopinath, currently executive vice president of the Schneider Electric Software Business, will be appointed as Chief Operating Officer of the Enlarged AVEVA Group. He will report to the Chief Executive Officer of the Enlarged AVEVA Group.

The management team of the Enlarged AVEVA Group will be organised in such a way as to ensure that the anticipated benefits and operational efficiencies resulting from the Combination are captured for the benefit of all shareholders. These corporate functions will also benefit from the additional support of the services to be provided by Schneider Electric pursuant to the Transitional Services Agreement and the commercial agreements during the term of these agreements.

12. Relationship Agreement

The Enlarged AVEVA Group’s relationship with Schneider Electric, as its majority shareholder, will be governed from admission by the Relationship Agreement and the Listing Rules. The Relationship Agreement will remain in force until the Company ceases to be listed or, if earlier, until the Company and Schneider Electric otherwise agree (subject always to the Listing Rules) or Schneider Electric ceases to be a Shareholder. Pursuant to the Relationship Agreement:

- Schneider Electric may appoint one Non-Executive director to the Board so long as it holds at least 10 per cent of the voting rights and economic interest in the Company and two Non-Executive directors so long as it holds at least 25 per cent of such rights and interest;

- The Schneider Electric Directors shall be entitled to receive fees and expenses for the performance of his or her duties as a Director in accordance with the Company’s normal remuneration policies for Non-Executive Directors. Schneider Electric may, at any time and at its option, procure that any Schneider Electric Directors who are employees of the Schneider Electric waive any rights accruing to them to receive any payments in connection with their position as Directors;

- For a period of two years following completion, the Board will continue to have an independent Non-Executive Chairman; after that, for so long as Schneider Electric has the right to appoint at least one Non-Executive Director to the Board (that is, so long as Schneider Electric holds at least 10 per cent of the voting rights and economic interest in the Company), Schneider Electric will have the right to appoint such Non-Executive Director as the Chairman, whereupon the independent Non-Executive Directors’ votes will be less than the votes of the remaining Board members including the Chairman’s casting vote;

- For the period of 5 years from Completion and provided that the Schneider Electric Group holds more than 50 per cent of the voting rights in the Company, AVEVA shall give Schneider Electric reasonable notice of any transaction involving:

  (a) otherwise (i) than in the ordinary course of business or (ii) where the approval of the shareholders is required under Chapter 10 and 11 of the Listing Rules, any sale or other disposal or transfer (irrespective of whether such sale, other disposal or transfer is to any third party or within the Enlarged AVEVA Group) of, or discontinuation of, the business related to: (i) the assets comprised within the line of business utilising Citect, sublicenseing of the scope of rights concerning ClearSCADA and Ampla software rights contributed to AVEVA under the Combination; or (ii) any other material part of the of the Schneider Electric Software Business contributed to AVEVA under the Combination; or

  (b) any issue of shares in AVEVA (including pursuant to any employee share scheme) representing five per cent or more of AVEVA’s total share capital in issue or any issue of
shares that would leave Schneider Electric's holding at/or below 50 per cent of AVEVA's total share capital in issue,

and any such transaction shall not be approved by the Board without the approval of Schneider Electric provided, however, the approval of Schneider Electric shall not be required unless Schneider Electric, acting reasonably, believes that the relevant transaction may compromise the tax treatment of the Pre-Closing Reorganisation which relates to Schneider Electric or its affiliates;

- Schneider Electric will procure that (for so long as: (a) Schneider Electric remains a “controlling shareholder” of AVEVA within the meaning of Listing Rule 6.1.2AR; or (b) Schneider Electric holds 25 per cent or more of the voting rights or economic interest in the Company):

  (i) all transactions, agreements and arrangements between it or any of its Associates (on the one hand) and any member of the Enlarged AVEVA Group (on the other hand) are conducted at arms’ length basis and on normal commercial terms;

  (ii) neither it nor any of its Associates will propose any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

  (iii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules or from complying with the terms of the Relationship Agreement; and

  (iv) it will abstain and cause its associates to abstain from voting on any resolution to approve any "related party transaction" (as such term is defined in the Listing Rules) involving Schneider Electric or any of its associates as the related party.

The Relationship Agreement contains no restriction on disposals of shares in the Company by Schneider Electric. As regards acquisitions of shares by Schneider Electric or making a takeover offer, it restricts, for a period of two years from completion, and save with the approval of a majority of the independent Non-Executive Directors, Schneider Electric or its Associates from increasing its shareholding or doing anything with the same or substantially the same economic effect (save to the extent necessary to maintain or restore its initial holding at admission). After the initial two-year period there is a further period of 18 months during which Schneider Electric will be permitted, without any need for independent Non-Executive Director approval, to make a general offer under the Takeover Code or to acquire shares in the market or otherwise up to 75 per cent of the Company’s issued share capital. Any such general offer would have to be (i) at a price not less than a 20 per cent premium to the 30-day volume weighted average of the Company’s share price immediately prior to the commencement of the offer period of the Company during which Schneider Electric’s offer is made and be either: (a) recommended by a majority of the independent Non-Executive Directors; or (b) include an acceptance condition which requires the acceptance of the offer by a majority of the other shareholders in the Company, or (ii) otherwise be recommended by a majority of the independent Non-Executive Directors.

After the further 18 month period, Schneider Electric will be under no restrictions as to acquisitions of shares or making offers. It should be noted that the minimum offer price described above:

(a) is only for the period of 18 months immediately following the initial period of two years from completion;

(b) does not impose any obligation on Schneider Electric to make any offer;

(c) can be waived by the independent Non-Executive Directors; and
(d) may be depressed by sales of shares (as it is by reference to the then trading price) and Schneider Electric is not under any restriction on sales of shares in the Company.

On the ordinary shares ceasing to be listed, the protections in the Relationship Agreement will cease.

The Company shall maintain its financial year end as 31 March.

Schneider Electric has acknowledged that it is its current intention that the Company will apply the UK Corporate Governance Code, subject to certain exceptions specified in the Prospectus. In connection with this, under the Relationship Agreement the Company and Schneider Electric have agreed that one additional independent Non-Executive director shall be appointed to the Board as soon as possible after admission in order to comply with the requirements of the UK Corporate Governance Code. Such appointment shall be approved after admission by the Nomination Committee.

13. Dividend Policy

The Relationship Agreement requires that, for so long as the Company is listed, Schneider Electric will not take any action which would reasonably be expected to result in the Company's dividend policy not being consistent with its existing dividend policy, which is to pay a progressive dividend (as explained above in paragraph 7 of this Appendix I) and following completion, the Company intends to maintain this policy. The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends nor what the amount of such dividends will be.

14. Proposed Return of Value

The proposed Return of Value will be in the amount of £650 million, equating to approximately 1,014 pence per ordinary share. The consideration shares will not participate in the Return of Value. The Directors' intention is that the Return of Value will be implemented by means of an issue of B shares immediately following completion, which will be mandatorily redeemed, on the date of their issue, out of the proceeds of the issue of shares for cash to Schneider Electric (as far as possible) and as to the remainder out of distributable reserves of the Company. However, it is not possible to determine that the Return of Value will be by way of a B Share issue for certain at this stage, as the issue of B shares in this manner requires a sufficient merger reserve arising on the Combination and the size of the merger reserve will depend on a number of factors, including the prevailing AVEVA share price at completion. In the event it is not possible to implement the Return of Value in this manner, the Return of Value will be implemented by an issue of B shares, a special dividend or a repayment or reduction of capital or any combination of the foregoing (taking into account speed, tax considerations and other relevant matters), some of which may result in the receipt of cash by shareholders (other than Schneider Electric) being treated as income and some as capital for tax or other purposes. In order to facilitate the Return of Value, shareholders are being requested to grant the Directors authorities to implement the B Share Scheme. This will avoid the need for a further shareholders' meeting. However, if the Return of Value is made otherwise than by the issue of B shares or special dividend, a further shareholders' meeting may be required to implement it.

Under the proposal to issue B shares, for every one ordinary share held at the Record Time, one B Share will be issued, and will be mandatorily redeemed by the Company for its nominal amount on the date of completion.

The Return of Value is conditional on the Combination completing and, accordingly, is intended to be paid shortly after, but on the same day as, completion, if implemented by an issue of B shares or special dividend or a combination of them, and as soon as reasonably practicable if implemented in any other manner. The Return of Value is also dependent upon the Company having sufficient distributable reserves. The Directors believe this will be the case based on current reserves available to the Company, but in the event reserves
were depleted between now and completion, the ability to implement the Return of Value to the full extent would be dependent upon alternative arrangements being found which did not prejudice the tax position of Schneider Electric.

15. **Existing Incentive Arrangements**

Following completion, participants in the AVEVA LTIP 2012, the AVEVA LTIP 2014, the AVEVA RSP and the AVEVA Deferred Share Plan will continue to participate on the same terms, as the proposals described in this document will not result in any early vesting. However, the Board proposes the following changes (the “Proposed Arrangements”):

(a) The Board will consider adjusting performance conditions applying to all outstanding awards granted in 2016 or 2017 under the AVEVA Group LTIP 2014, conditional upon Admission, for all participants in the light of the Combination, to the extent permitted under applicable rules and, where relevant, the Directors’ Remuneration Policy; and

(b) The value of rights held under the AVEVA Share Plans will be reduced as a result of the Return of Value. Holders of these rights will not participate in the Return of Value unless the rights have vested or been exercised, and the holders or their nominee(s) have been registered as the holders of the relevant Ordinary Shares on or prior to the Record Date. The AVEVA Share Plans permit the adjustment of the terms of outstanding rights in the event of a variation of share capital, a dividend, income or capital distribution or other event which, in the opinion of the Remuneration Committee affects the market price of shares to a material extent, and it is the intention of the Directors that such an adjustment would be made; alternatively, the Directors may grant new awards on equivalent terms over shares equal in number to the additional shares that would have been held under awards post-adjustment where such an adjustment would have given rise to adverse tax consequences.

For participants in AVEVA Deferred Share Plan, any Return of Value in a form other than as a special dividend will be received by the trustee of the EBT, who may decide to apply such Return of Value for the benefit of beneficiaries of the EBT. In the case of a special dividend, to the extent that the trustee is obliged by the terms of the EBT to waive the dividend, it is the Directors’ intention that a contribution of an equivalent amount will be made to the EBT to enable the trustee to purchase shares to facilitate an equivalent adjustment to outstanding rights for the Return of Value.

The Board, which has been so advised by Lazard, considers the terms of the Proposed Arrangements to be fair and reasonable. In providing advice to the Board, Lazard has taken into account the Directors’ commercial assessments.

16. **New Incentive Arrangements**

In order to ensure the success of the integration of AVEVA and the Schneider Electric Software Business, and the Combination as a whole, the Directors believe that it is essential to retain, incentivise and recruit the best talent from both organisations, as well as from outside the Enlarged AVEVA Group, and to recognise the significant incremental workload and responsibility that will fall on the Executive Directors and senior managers during the integration period. It is the Directors’ intention to put forward proposals in relation to incentive schemes for the Executive Directors at the first general meeting to take place after completion. The principal terms of the proposed New Incentive Arrangements have been agreed with James Kidd and David Ward, conditional upon completion and shareholder approval, which will be sought at such general meeting and on which Schneider Electric has undertaken to vote in favour. Further details on the New Incentive Arrangements will be included in the Prospectus.
The Board, which has been so advised by Lazard, considers the terms of the New Incentive Arrangements to be fair and reasonable. In providing advice to the Board, Lazard has taken into account the Directors’ commercial assessments. In making these determinations, the Executive Directors have been excluded from the Board’s consideration of the New Incentive Arrangements and its view that they are fair and reasonable.

17. **Employee Retention Awards and One-off Cash Bonuses**

In addition to the proposed New Incentive Arrangements for James Kidd and David Ward described in paragraph 16 above, the Directors also believe that critical to the success of the integration of AVEVA and the Schneider Electric Software Business will be the retention and incentivisation of a highly talented and successful senior management team. In recognition of the valued support, expertise and commitment of certain employees in the lead up to the transaction, and to recognise that such skills, leadership and support will continue to be required to help drive forward a successful integration, the Directors have agreed to grant a number of key senior employees a one-off retention cash award, conditional upon completion. Neither James Kidd nor David Ward (or any other director of AVEVA) shall be eligible to be granted such a retention award and Shareholder approval is not required for the grant or payment of these retention awards. Furthermore, to recognise those employees who are not eligible to receive a retention award but who, in the opinion of the Directors, have invested significant amounts of personal time and exceptional effort into the work that has been required during the transaction process, the Directors shall grant a one-off discretionary cash bonus to such selected employees that will become payable on or as soon as practicable after completion or if the transaction falls away. This bonus is separate from any annual bonus that employees may be entitled to under AVEVA annual incentive schemes. Shareholder approval is also not required for the Employee Retention Awards and one-off cash bonuses.

The Board, which has been so advised by Lazard, considers the terms of the Employee Retention Awards and One-off Cash Bonuses to be fair and reasonable. In providing advice to the Board, Lazard has taken into account the Directors’ commercial assessments.

18. **Settlement, listing and dealing of the Consideration shares**

The consideration shares will be issued at completion, credited as fully paid and will rank *pari passu* in all respects with the ordinary shares, including the right to receive all dividends, distributions or any return of capital by reference to a record date on or after completion save that they will not be entitled to receive the Return of Value.

Upon completion, pursuant to paragraph 5.6.19G of the Listing Rules, the existing premium listing of the ordinary shares on the Official List will be cancelled. Accordingly, application will be made to the UKLA for the ordinary shares then in issue to be re-admitted, and for the consideration shares to be admitted, to the premium listing segment of the Official List immediately after such cancellation. The Combination is conditional on admission and it is expected that trading in the ordinary shares will not be interrupted.

19. **General Meeting**

The purpose of the General Meeting is to consider and, if thought fit, pass the resolutions, in each case as set out in full in the notice of General Meeting.

The Combination and Return of Value are conditional upon the Combination resolutions being passed (although there are also additional conditions which must be satisfied before the Combination can be completed which are set out in detail in Appendix II (Details of the Combination) of this document).

In addition to the Combination resolutions to be considered at the General Meeting, resolutions are to be considered to amend the shareholder authorities passed at the Annual General Meeting to take into account the Combination.
Once the Combination resolutions have been passed at the General Meeting, (i) the Company will be committed to proceed with this transaction, subject only to the rights of termination and the other conditions (as summarised in Appendix II (Details of the Combination) of this document) and (ii) if the rights of termination apply and are invoked, the transaction will not proceed. Therefore, once the Combination resolutions have been passed, any third party who sought to bid to take over the Company would in practice only be able to do so with the agreement of Schneider Electric unless a right of termination for AVEVA arose or a condition failed.

20. **Recommendation**

The Board, which has been so advised by Lazard as to the financial terms of the Combination, considers the terms of the Combination to be fair and reasonable and in the best interests of the shareholders as a whole. In providing advice to the Board, Lazard has taken into account the Directors’ commercial assessments.

Accordingly, the Board unanimously recommends shareholders to vote in favour of the Combination and the resolutions (including the Rule 9 Waiver), as they intend to do in respect of their own beneficial shareholdings.

As at the Latest Practicable Date, the Directors’ beneficial holdings amount to 28,560 ordinary shares, representing approximately 0.04 per cent of the issued ordinary share capital of AVEVA.
APPENDIX II
DETAILS OF THE COMBINATION

1. Introduction

Today, AVEVA announced that it had agreed with Schneider Electric the terms of the proposed combination of AVEVA and the Schneider Electric Software Business. The Combination is to be implemented by:

- The contribution of Schneider Electric Software Business to AVEVA on a debt-free cash-free basis; and
- A payment by Schneider Electric to AVEVA of £550 million,

in consideration for the issue of the Consideration shares to the relevant member of Schneider Electric, in order to create the Enlarged AVEVA Group. The long stop date is 1 May 2018.

Following completion, existing shareholders will own 40 per cent (on a fully diluted basis) of the Enlarged AVEVA Group and Schneider Electric will own 60 per cent (on a fully diluted basis) of the Enlarged AVEVA Group. Shareholders (other than Schneider Electric) will also become entitled to a cash payment of approximately 1,014 pence per ordinary share following completion by way of the proposed Return of Value, pursuant to which the £550 million cash from Schneider Electric and an additional £100 million from the AVEVA’s surplus cash will be distributed to shareholders (other than Schneider Electric).

The terms of the ongoing relationship between the Enlarged AVEVA Group and Schneider Electric will be governed by the Relationship Agreement.

A summary of the key terms of the merger agreement and related agreements is set out below.

2. The Pre-Closing Reorganisation

The Schneider Electric Software Business comprises a part of the business of Schneider Electric.

In order to be able to effect the combination of Schneider Electric Software Business with AVEVA by means of the acquisition by AVEVA of the entire issued share capital of Schneider Electric Software Holdings Singapore Pte. Ltd., Schneider Electric Software LLC and Schneider Electric Software Holdings Netherlands B.V. (together the “Schneider International Holding Companies”), Schneider Electric is in the process of completing the reorganisation of certain parts of its corporate structure in order to combine the assets and businesses which comprise the Schneider Electric Software Business and which are to be contributed to AVEVA, into a number of entities. These entities will be combined beneath the Schneider International Holding Companies and separated from the assets, businesses and entities which will form part of the remaining Schneider Electric following completion. The Pre-Closing Reorganisation will be completed, or substantively complete, prior to completion.

The pre-closing reorganisation is to be effected by Schneider Electric in accordance with the terms of the merger agreement. The merger agreement contains provisions to ensure that any assets which AVEVA has not agreed to acquire, but which remain in the entities directly or indirectly acquired by AVEVA at completion, can be transferred back to Schneider Electric. Conversely, the assets which AVEVA has agreed to acquire, but which remain outside the entities directly or indirectly acquired by AVEVA at completion, can be transferred to the Enlarged AVEVA Group after completion.
3. Merger Agreement

3.1 Combination with the Schneider Electric Software Business and issue of new Ordinary Shares

The merger agreement sets out the steps for implementation of the transaction whereby:

- AVEVA will issue the consideration shares to Schneider Electric; and
- Schneider Electric will procure the transfer of the Schneider International Holding Companies to AVEVA.

The purpose of AVEVA issuing shares in consideration of the payment of £550 million is to enable AVEVA to mandatorily redeem the B shares referred to in Appendix I (Proposed Return of Value) of this document. However, if the Company is not able to use the B Share Scheme then the issue of shares will proceed for the purpose of distributing the cash payment by the other stated means. Schneider Electric has agreed that:

(a) after completion, it will vote in favour of any resolutions that are required to be put to shareholders in order to implement the Return of Value and give consent for the purposes of any court sanction to the Return of Value (provided that: (i) such resolution does not involve the issue of shares which would dilute Schneider Electric’ equity interest in AVEVA; and (ii) Schneider Electric, acting reasonably, believes that the proposed mechanic to implement the Return of Value does not compromise the tax treatment of the pre-closing reorganisation which relates to Schneider Electric or its affiliates); and (b) before completion it will, if requested by AVEVA, agree to amend the provisions of the merger agreement relating to the payment of £550 million so long as such amendment is not adverse to Schneider Electric or compromise such tax treatment.

3.2 Consideration

Under the terms of the merger agreement, Schneider Electric will make a cash payment of £550 million and will contribute the Schneider Electric Software Business on a debt-free cash-free basis and with a normalised level of working capital, and, upon completion, the Company will allot and issue to the relevant member(s) of Schneider Electric the consideration shares, such that Schneider Electric will own 60 per cent (on a fully diluted basis) of the Enlarged AVEVA Group immediately post completion. The merger agreement defines fully diluted share capital to include (i) the number of ordinary shares in issue on completion, including those to be issued to Schneider Electric; plus (ii) the number of ordinary shares that would be issued or transferred on the vesting or exercise of all rights to acquire (but excluding awards granted in 2015 under the AVEVA Long Term Incentive Plan 2014) ordinary shares outstanding at completion under the AVEVA Share Plans assuming vesting or exercise of all outstanding rights, increased as necessary to reflect: (a) any adjustment that has been or may be made to such rights in respect of the Return of Value, to the extent not exercised and not on the register of members prior to and on the record date; and (b) any adjustment that has been made to such rights, by way of a distribution equivalent right or otherwise, in respect of a distribution on or after 7 July 2017 (excluding the Return of Value), but: (A) ignoring the entitlement (and, in respect of any entitlement not exercised and not on the register of members prior to and on the record date, any adjustment thereof for the Return of Value and/or distributions) over ordinary shares agreed to be granted to any new Chief Executive Officer of AVEVA and less the number of ordinary shares held by, or by a nominee for, the trustee of the EBT at the date of the merger agreement; plus (iii) the number of ordinary shares that would be issued or transferred on the vesting or exercise of all rights to acquire cash outstanding at completion based on the value of ordinary shares outstanding at completion under the AVEVA Long Term Incentive Plan and the AVEVA Long Term Incentive Plan 2014 assuming vesting or exercise of all outstanding rights, increased as necessary to reflect: (a) any adjustment that has been or may be made to such rights in respect of the Return of Value; and (b) any adjustment that has been made to such rights, by way of a distribution equivalent right or otherwise, in respect of a distribution on or after 7 July 2017 (excluding the Return of
Value), if all such rights were to be settled with ordinary shares rather than cash; plus the number of ordinary shares that could be issued pursuant to any other right to ordinary shares existing at completion ignoring those referred to in (ii)(A) above and ignoring the awards granted in 2015 referred to in (ii) above, in each case excluding all such rights (if any) that lapse or are surrendered as a result of or conditionally upon completion adjusted, for the purposes of consistency to the extent increased under (ii) or (iii) above, to take account of the Return of Value).

The merger agreement contains customary provisions to confirm the net debt and working capital positions of the Schneider Electric Software Business as at completion. Any adjustments required to achieve a debt-free cash-free position and a normalised level of working capital in the Schneider Electric Software Business will be made in cash.

Based on the current share price of the Company, approximately 97.4 million ordinary shares will be issued to Schneider Electric pursuant to the combination. The cash payment (described above) from Schneider Electric will be distributed upon completion (together with the Company’s net excess cash, as described below) to shareholders (excluding Schneider Electric and its subsidiaries).

3.3 Conditions

Completion is conditional upon satisfaction or, where capable of being waived, waiver of the following conditions (together, the "Conditions") prior to the long stop date (or such later date as the parties may agree):

- Satisfaction of requisite anti-trust approvals in Austria, Germany, Norway, Russia, Serbia, and South Korea;
- Approval by shareholders of Resolutions 1, 2, 3 and 4 at the General Meeting;
- Admission becoming effective;
- The pre-closing reorganisation having been implemented in accordance with the merger agreement; and
- CFIUS approval in the United States.

In the event that the conditions are not satisfied or, where capable of being waived, waived by the long stop date (or such later date as the parties may agree) or the relevant resolutions are not approved at the General Meeting, either AVEVA or Schneider Electric may terminate the merger agreement.

If the relevant resolutions are approved at the General Meeting and each of the other conditions is satisfied or, where capable of being waived, waived prior to the long stop date, the Company will be contractually obliged to proceed to completion unless the merger agreement is otherwise terminated in accordance with its terms. Completion, which is subject to regulatory approval, is currently expected to be at or around the end of 2017.

Once the Combination resolutions have been passed at the General Meeting, (i) the Company will be committed to proceed with this transaction, subject only to rights of termination and the other conditions (as summarised in this Appendix II (Details of the Combination)) and (ii) if the rights of termination apply and are invoked, the transaction will not proceed.

3.4 Warranties and Indemnities

The merger agreement contains customary warranties given by AVEVA as to capacity and authority to enter into and perform its obligations under the merger agreement, together with customary business warranties
for a transaction of this kind in respect of AVEVA. However, those business warranties are for information and termination purposes only and no claim for breach of warranty can be raised by Schneider Electric.

The merger agreement contains warranties given by Schneider Electric as to, amongst other things, capacity and authority to enter into and perform its obligations under the merger agreement, together with customary business warranties for a transaction of this kind in respect of the Schneider Electric Software Business and the pre-closing reorganisation.

Claims under the business warranties given by Schneider Electric are subject to certain limitations, including a requirement that any individual claim must be greater than £30 million and the fact, matter or circumstance to which the claim relates must have been reasonably likely, as at the date the warranty was given, to result in a claim that would exceed such threshold.

In addition, the merger agreement contains indemnities given by Schneider Electric in respect of, amongst other things, the pre-closing reorganisation, any liabilities not relating to the Schneider Electric Software Business; pre-completion tax liabilities of the Schneider Electric Software Business not provided for in the net debt or working capital positions as at completion and information in this document relating to the Schneider Electric Software Business.

3.5 Conduct of Business Prior to Completion

The merger agreement includes customary undertakings from Schneider Electric and the Company to run Schneider Electric Software Business and the business of AVEVA, respectively, in the ordinary course between the date of the merger agreement and completion.

3.6 Termination of the Merger Agreement

The merger agreement shall terminate:

- On notice from the Company to Schneider Electric or from Schneider Electric to the Company if the conditions have not been satisfied or, where capable of waiver, waived on, or before, the long stop date (or such other date as may be agreed by the parties); or

- On notice from the Company to Schneider Electric or from Schneider Electric to the Company if the General Meeting resolves not to approve the relevant resolutions; or

- On notice from the Company to Schneider Electric, if: (i) there is a breach prior to completion of a fundamental warranty; or (ii) a material breach prior to completion of a business warranty or the conduct undertakings given by Schneider Electric under the merger agreement which triggers a material adverse change in respect of Schneider Electric Software Business; or

- On notice from Schneider Electric to the Company, if: (i) there is a breach prior to completion of a fundamental warranty; or (ii) a material breach prior to completion of a business warranty or the conduct undertakings given by the Company under the merger agreement which triggers a material adverse change in respect of the business of AVEVA; or (iii) if the Resolutions are not passed on the date for which the General Meeting has been convened in this document or, where the General Meeting is adjourned, by the day falling 20 Business Days after the date for which the General Meeting has been convened in this document (or such other date as Schneider Electric and the Company may agree in writing); or (iv) if the AVEVA Board withdraws, qualifies or adversely modifies its recommendation to vote in favour of the combination resolutions at any time; or (v) if the Board recommends a competing transaction; or (vi) if a takeover offer for the Company becomes unconditional in all respects.
If Schneider Electric terminates the merger agreement: (i) because AVEVA recommends a competing transaction or the AVEVA Board withdraws, qualifies or adversely modifies its recommendation to vote in favour of the relevant resolutions, other than in circumstances where that recommendation or change of recommendation is in connection with any takeover offer or possible takeover offer by a third party and such takeover offer subsequently becomes or is declared unconditional in all respects; (ii) following a breach by AVEVA prior to completion of a fundamental warranty; or (iii) following a material breach by AVEVA prior to completion of a business warranty or the conduct undertakings given by AVEVA under the merger agreement which does or could reasonably be expected to give rise to a material adverse effect in respect of the business, assets or financial condition of AVEVA, AVEVA has agreed to pay a break fee equal to 1 per cent of AVEVA’s market capitalisation on the date of the merger agreement to Schneider Electric. If Schneider Electric terminates the agreement in circumstances where the break fee would be payable and there is an offer period open in respect of a takeover offer or possible takeover offer for AVEVA, the break fee is not payable unless and until that takeover offer or possible takeover offer lapses or is withdrawn. There are no circumstances in which a third party making a takeover offer or possible takeover offer for AVEVA would be required to pay any part of that break fee to Schneider Electric, whether directly or indirectly.

If AVEVA terminates the merger agreement: (i) following a breach by Schneider Electric prior to completion of a fundamental warranty; or (ii) following a material breach by Schneider Electric prior to completion of a business warranty or the conduct undertakings given by Schneider Electric under the merger agreement which does or could reasonably be expected to give rise to a material adverse effect in respect of the business, assets or financial condition of the Schneider Electric Software Business, Schneider Electric has agreed to pay a break fee equal to 1 per cent of AVEVA’s market capitalisation on the date of the merger agreement to AVEVA.

3.7 Post-Completion Matters

The merger agreement also contains customary wrong pocket provisions to cover any assets or liabilities used by the Schneider Electric Software Business prior to completion and not transferred either under the pre-closing reorganisation or transferred to the Company as at completion.

3.8 Costs

AVEVA and the Schneider Electric have each agreed to pay the costs and expenses incurred by them in connection with the preparation, negotiation, entering into and completion of the merger agreement and any other agreements in respect of the combination. Schneider Electric has agreed to pay the costs and expenses of the pre-closing reorganisation.

3.9 Governing Law

The merger agreement is governed by the laws of England and Wales. The parties have agreed that any disputes arising out of the merger agreement shall be resolved through arbitration.
APPENDIX III

Additional Information on Schneider Electric Software Business

1. Introduction

This section of the announcement includes the following information concerning Schneider Electric Software Business:

- A description of Schneider Electric Software Business including key non-financial operating or performance measures as well as trend information regarding Schneider Electric Software Business; and

- Selected unaudited financial information on Schneider Electric Software Business, comprising profit and loss, balance sheet and cash flow information for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, together with details of the basis of preparation, including details of accounting policies, and certain segmental and other disclosures.

2. Overview of Schneider Electric Software Business

The Schneider Electric Software Business is a leading industrial software provider and a leader in markets and technology areas adjacent to those of AVEVA. Its portfolio provides comprehensive coverage of business processes across the customer value chain, providing software products and services that enable customers to maximise the value of their manufacturing operations and supply chains across a broad range of capital intensive industries.

The Schneider Electric Software Business is able to cover the entire customer value chain through its offerings in Process Engineering & Simulation; Planning & Scheduling; Operations Execution and Optimisation; Asset Performance Management and Operations Control under various brands such as SimSci™, Wonderware™, Avantis™, Citect, ClearScada and ePLMS.

The Schneider Electric Software Business has a global footprint spanning North America, Europe, the Middle-East, Asia Pacific and Latin America with approximately 2,700 employees worldwide (including approximately 158 temporary employees and contractors) it has eight global R&D centres and 25 project execution centres. This extensive market reach is further expanded through a network of key partnerships and alliances, including over 160 product technology partners, over 5,200 certified developers, and over 4,000 systems integration partners all of which enhance execution capabilities in key vertical and geographical markets such as Oil & Gas, Food & Beverage, Life Sciences, Infrastructure and Water and Wastewater. In the year ended 31 March 2017, approximately 47% of revenues arose from North America, 28% from EMEA, 18% from Asia Pacific, 4% from Latin America, and 3% from the rest of the world.

The Schneider Electric Software Business’ customer base includes many of the world’s leading mining, pharmaceutical, petroleum, food and beverage and chemical companies.

In the financial year ended 31 March 2017, Schneider Electric Software Business revenues were $575.1 million with an Adjusted EBITA of $118.8 million (on an unaudited standalone basis), representing a 20.6% margin.

3. Schneider Electric Software Business Key Non-Financial Operating and Performance Information

The Schneider Electric Software Business organises its operations in a matrix along its major portfolio areas on one dimension and its primary business functions on the other dimension. The portfolio areas include: Process Engineering and Simulation; Planning and Scheduling; Operations Execution and Optimisation;
Asset Performance Management; and Operations Control. Each portfolio area is responsible for various functions, including, defining the strategy and roadmap for its products, specifying go-to-market requirements and developing the sales channel capabilities (direct and indirect) and system integrator ecosystem capabilities. In addition, each portfolio area seeks the appropriate amount of funding for activities such as research and development, sales, marketing and global practice development in order to meet its strategic objectives.

The Schneider Electric Software Business’ revenue by portfolio area in respect of the 2017 financial year (on an audited basis) was split as follows: Operations Control: 50%; Process Engineering and Simulation: 16%; Operations Execution and Optimisation: 14%; Asset Performance Management: 14%; Planning and Scheduling: 3% and Other revenue: 3%.

The Schneider Electric Software Business’ global functions such as sales operations, global account management and centralised customer support allows the Schneider Electric Software Business to leverage common resources and infrastructure and create operational efficiency.

From a management perspective, the portfolio areas are grouped into the following lines of business:

- LOB1: Design simulation and optimisation;
- LOB2: Trading, planning and scheduling;
- LOB3: Operations and asset management;
- LOB4: HMI and supervisory;
- LOB5: Industry Solutions; and
- LOB6: Enterprise pipeline management solutions.

The LOBs reflect the grouping of the Schneider Electric Software Business’ business as at the latest practicable date. The Schneider Electric Software Business continually evaluates the grouping of its portfolio areas and may revise its LOBs in the future.

Portfolio Areas

Process Engineering and Simulation

The Schneider Electric Software Business’ Process Engineering and Simulation portfolio technologies allow its customers to design and simulate continuous process operations. By providing these capabilities, the Process Engineering and Simulation technologies assist customers in commissioning capital projects faster and at lower cost to drive capital engineering efficiency. The Schneider Electric Software Business’ offering includes process design and simulation and training tools based on sophisticated models that assist customers in modelling and simulating their process operations as part of the capital project engineering phase, and in ongoing analysis of performance during the operational phase. The Schneider Electric Software Business’ Process Engineering and Simulation products also enable customers to retain and enhance engineering and operating skill through operator training simulators.

The Schneider Electric Software Business’ products relating to Process Engineering and Simulation include a number of products sold or licensed under the SimSci brand (including Process Engineering Suite, DYNSIM, EYESIM), which in this portfolio area are used for process modelling, steady state and dynamic simulations, and hi-fidelity training simulations.

The Process Engineering and Simulation portfolio area primarily serves the refining, upstream oil and gas, midstream oil and gas, chemical and petrochemical, power, mining and minerals industries. Specific to the midstream oil and gas market, this portfolio area also includes the Liquids Suite, Gas Suite and SimSuite.
products which assist with optimising pipeline operations based on demand and supply, and train pipeline operators to support operations using sophisticated simulation models and tools.

**Planning and Scheduling**

The Schneider Electric Software Business’ Planning and Scheduling portfolio technologies assist customers in strategic and operational planning and scheduling, primarily focused in refining and mining industries. These products enable customers to understand the impact of varying market demand and pricing scenarios to identify new opportunities and minimise business risk. Among other things, these products allow customers to optimise supply and distribution network planning between markets and plants and to optimise the refinery supply chains. All activities, spanning feedstock data management, trading, plant and network planning, scheduling and process unit monitoring, are supported within a single application. These technologies can also help customers to reduce their feedstock purchase costs by improving the understanding and accuracy of crude assay data.

The Schneider Electric Software Business’ products relating to Planning and Scheduling include SimSci Spiral Suite, which is used for crude knowledge management, refinery planning and scheduling and mine planning and operations.

**Operations Execution and Optimisation**

The Schneider Electric Software Business’ Operations Execution and Optimisation portfolio technologies allow its customers to monitor and manage the performance of batch and hybrid operations and optimise continuous process operations. In regulated industries, these technologies allow clients to ensure quality, traceability and compliance with regulatory requirements. They also contribute to standardising operating procedures across global operations to achieve efficiencies and expand the use of best practices. For operations in continuous processes, these technologies provide model-based advanced control and optimisation to ensure the optimal operation of process units to achieve operational targets.

The Schneider Electric Software Business’ products relating to Operations Execution include Wonderware MES Suite and Workflow and Ampla MES, which in this portfolio area are used primarily for batch and discrete operations execution, performance monitoring and management, and quality management. The Operations Execution and Optimisation portfolio area primarily serves the food and beverage, pharmaceuticals and mining and minerals industries.

The Schneider Electric Software Business’ offering in Process Optimisation comprises tools based on sophisticated models that assist customers in maximising the profitability of their operating assets while maintaining compliance with their operational, health and safety, and regulatory requirements. These include SimSci APC for advanced control, SimSci ROMeo for real time optimisation, and refinery offsites. This portfolio primarily addresses the optimisation of unit operations in continuous processes such as refining, petrochemicals and mineral processing.

**Asset Performance Management**

The Schneider Electric Software Business’ Asset Performance Management portfolio technologies allow its customers to conduct maintenance of their capital assets with a focus on enhancing reliability of such assets. The aim is to enable customers to maximise the availability and reliability of their operating assets, including distributed operating assets. These technologies are also focused on managing the activities of maintenance engineers while ensuring safety and efficiency. The technologies in this portfolio area also assist customers in managing and analysing real-time production information. These technologies can be integrated with a customer's enterprise systems and can assist customers in aggregating and abstracting large amounts of real-time information available over networks of operating assets. They can help to ensure the availability of information across the networks, as well as provide analytics and decision support systems for management.
The Schneider Electric Software Business’ products relating to Asset Performance Management include a number of products sold or licensed under the Avantis brand (including Avantis.PRO, Condition Manager PRiSM) and IntelaTrac, which in this portfolio area are primarily used for enterprise asset management, asset condition management and mobile workforce management. The products relating to real-time information management in this portfolio area include products sold under the Wonderware brand (including Historian, SmartGlance and Intelligence and eDNA).

The Asset Performance Management portfolio area primarily serves the process and hybrid manufacturing sectors and the power, infrastructure and water and wastewater industries.

Operations Control

The Schneider Electric Software Business' Operations Control portfolio technologies provide market leading tools for the supervisory control and real-time visualisation of a customer's automated operations. These tools enable customers to monitor and control their operating assets in order to enhance performance, productivity, agility and responsiveness, thereby improving a customer's profitability, service and quality. The tools empower the customer's Engineering, Operations and IT functions in the rapid creation of standardised, reusable, visualisation, supervisory control and data acquisition applications to interact with industrial equipment and processes.

The Schneider Electric Software Business’ products relating to Operations Control include products sold or licensed under the Wonderware brand (including InTouch, System Platform and Indusoft), Citect and ClearSCADA, which in this portfolio area are primarily used for control layer integration, supervisory control and visualisation.

The Operations Control portfolio area primarily serves discrete batch and hybrid process companies within the manufacturing, food and beverage, power, infrastructure, water and wastewater and upstream/midstream oil and gas industries. Applications range from a single operator station interacting with a few industrial devices and automated processes to a central control room overseeing several hundred industrial devices and automated processes.

Specific to the midstream oil and gas market, this portfolio area also includes the market leading OASyS SCADA, which enables customers to monitor and control the operations from production to processing and distribution sites.

4. Key trends, Current Trading and Prospects

The following trends have shaped and are expected to continue to shape the industry in which the Schneider Electric Software Business operates:

Crude Oil

Crude oil prices have experienced a continued decline, which has had an impact across all the segments of the oil industry that the Schneider Electric Software Business serves. The primary impact has been in the reduction of capital projects, which consequently has affected the Schneider Electric Software Business’ licensing and projects activity in areas such as Process Engineering and Simulation that are bought during execution of capital projects.

Nevertheless, the decline in crude oil prices has also created opportunities for other offers from the Schneider Electric Software Business, particularly those related to the realisation of operational efficiency and improved visibility of operational metrics. However, the realisation of these opportunities often have a protracted sales cycle and a larger competitive environment, which limits the ability of the business to replace lost revenue through the decline of capital projects.
Capital expenditure constraints

There has been a constraint on capital expenditure in other industries, a similar trend to that seen in the oil sector. This has also been manifest in other commodity industries, such as mining, an industry of material interest for the Schneider Electric Software Business.

Broadened customer focus

Customers have revisited the scope of traditional application areas, such as Operations Execution and Optimisation. This has been partly influenced by trends in other industrial sectors, such as food and beverage and consumer packaged goods where the focus has shifted towards the Internet of Things and digitalisation. The shift has typically been from larger monolithic applications to smaller “point solutions” that leverage current low cost sensor, edge control and Cloud-based analytics technology. While the Schneider Electric Software Business has the capabilities to deliver these new kinds of solutions, this shift also leads to a reduction in revenue in the short term as customers defer larger project implementations in favour of small pilot projects to determine the new course of efficiency solutions.

New opportunities

There are significant opportunities for the Schneider Electric Software Business’ technologies in new areas, such as smart infrastructure, buildings and smart cities, especially in conjunction with the broader offerings in energy management and building automation from Schneider Electric. These opportunities are driven by the need for new infrastructure to have a highly scalable monitoring and controlled infrastructure, which is a core capability of the Schneider Electric Software Business’ real-time control and information management portfolio.

For the year ended 31 March 2017, the Schneider Electric Software Business reported revenue of approximately $575.1 million on a standalone basis ($565.9 million on an audited basis), corresponding to a decrease of 7.3 per cent as compared to the year ended 31 March 2016. This decrease was driven by significant market factors affecting the oil and gas and mining and minerals markets causing reduced levels of capital projects volume and EPC licensing volumes. Revenue was further impacted by selectivity in project bidding and a migration to term based subscription licensing.

Since 31 March 2017, the Schneider Electric Software Business’ trading has been consistent with the process industries macro-economic environment. The Schneider Electric Software Business has started to see increased momentum in orders especially in areas related to operational efficiency and asset performance, though cycle times for final procurement decisions and project start-up remain protracted for larger opportunities. Unaudited management information at constant currency for the four months to 31 July 2017 shows revenues slightly ahead of the comparable prior year period, with an improvement in gross margin and a stable level of Adjusted EBITA. The Schneider Electric Software Business’ management expects to see a gradual recovery in revenues over the current financial year to 31 March 2018 assuming no major changes in the current environment in the capital intensive industries it serves. In prior years, revenue has tended to be relatively higher in the second half of the financial year, with first half trading performance in the financial year ended 31 March 2017 representing approximately 48 per cent of total financial year revenues, and a significant portion of revenues are generally weighted toward the end of the quarter, primarily in the licence revenue stream.
5. Selected Unaudited Financial Information on Schneider Electric Software Business

<table>
<thead>
<tr>
<th>Income Statement (y/e 31 March)</th>
<th>$ Million</th>
<th>$ Million</th>
<th>$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>2017</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>575.1</td>
<td>620.2</td>
<td>620.8</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(190.4)</td>
<td>(227.2)</td>
<td>(238.8)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>384.7</td>
<td>392.9</td>
<td>382.0</td>
</tr>
<tr>
<td>Research &amp; development</td>
<td>(106.1)</td>
<td>(103.8)</td>
<td>(100.1)</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expenses</td>
<td>(159.9)</td>
<td>(159.6)</td>
<td>(170.5)</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>118.8</td>
<td>129.5</td>
<td>111.3</td>
</tr>
<tr>
<td>Other operating income &amp; expenses</td>
<td>(2.4)</td>
<td>(5.7)</td>
<td>(7.1)</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(4.5)</td>
<td>(2.2)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>EBITA</td>
<td>111.8</td>
<td>121.6</td>
<td>103.6</td>
</tr>
<tr>
<td>Amortisation of identifiable intangible assets</td>
<td>(44.9)</td>
<td>(47.1)</td>
<td>(46.1)</td>
</tr>
<tr>
<td>Operating income</td>
<td>66.9</td>
<td>74.5</td>
<td>57.5</td>
</tr>
</tbody>
</table>

- Between FY15 and FY17, Schneider Electric Software Business revenues showed compound annual organic growth at constant currency of (0.4) per cent and Adjusted EBITA growth of 5.1 per cent on the same basis;

- Organic revenue growth in FY16 was 5.5 per cent, mainly due to (i) project timing on Services and “Customer First” Support and (ii) the positive performance of Telvent Oil & Gas projects;

- Schneider Electric Software Business revenues decreased from $620.2 million to $575.1 million in FY17, i.e. a decline of 7.3 per cent, mainly driven by:
  - Organic growth of (c.5.8) per cent;
  - Negative foreign exchange impact of (0.6) per cent;
  - Switch to subscription licensing model of (0.9) per cent.

- Organic growth in Adjusted EBITA in FY16 of 16.3 per cent reflects the positive impact of the growth in sales volumes strengthened by the improvement in profitability, partially offset by higher R&D costs; and

- Despite the reduction of volumes principally due to market factors, Adjusted EBITA was resilient in FY17 with broadly stable SG&A costs. The organic decline of 3.4 per cent was mitigated by profitability improvements driven by operational initiatives.
### Cash Flow Statement (y/e 31 March)

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in group loan funding</td>
<td></td>
<td>(76.0)</td>
<td>(97.5)</td>
<td>(84.9)</td>
</tr>
<tr>
<td>Net financial income</td>
<td></td>
<td>(0.2 )</td>
<td>0.9</td>
<td>(2.4 )</td>
</tr>
<tr>
<td>Issue of share capital</td>
<td></td>
<td>18.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td>(40.9)</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td>Other change in Equity</td>
<td></td>
<td>(0.1 )</td>
<td>(0.0 )</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td>(98.3 )</td>
<td>(96.6 )</td>
<td>(87.2 )</td>
</tr>
<tr>
<td>Impact of exch. rates on cash and cash equivalents</td>
<td></td>
<td>1.6</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Net increase / (decrease) in cash and cash equivalents</td>
<td></td>
<td>11.6</td>
<td>1.1</td>
<td>(2.2)</td>
</tr>
<tr>
<td><strong>Opening cash and cash equivalents</strong></td>
<td></td>
<td>16.4</td>
<td>15.3</td>
<td>17.5</td>
</tr>
<tr>
<td><strong>Closing cash and cash equivalents</strong></td>
<td></td>
<td>28.0</td>
<td>16.4</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities after capital expenditure</strong></td>
<td></td>
<td>120.1</td>
<td>98.6</td>
<td>88.3</td>
</tr>
</tbody>
</table>

### Balance Sheet (y/e 31 March)

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goodwill</strong></td>
<td></td>
<td>53.0</td>
<td>43.9</td>
<td>43.9</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td>217.3</td>
<td>255.1</td>
<td>303.9</td>
</tr>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td>10.8</td>
<td>10.6</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td>1.9</td>
<td>2.1</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td>2.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td>285.6</td>
<td>311.7</td>
<td>360.6</td>
</tr>
<tr>
<td><strong>Inventory</strong></td>
<td></td>
<td>11.3</td>
<td>6.9</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Trade and other receivables</strong></td>
<td></td>
<td>175.1</td>
<td>158.7</td>
<td>129.2</td>
</tr>
<tr>
<td><strong>Unbilled contract revenue</strong></td>
<td></td>
<td>52.0</td>
<td>47.6</td>
<td>41.4</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td></td>
<td>11.3</td>
<td>18.0</td>
<td>20.3</td>
</tr>
<tr>
<td><strong>Other receivables with related parties</strong></td>
<td></td>
<td>30.4</td>
<td>86.6</td>
<td>111.7</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
<td>28.0</td>
<td>16.4</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td>308.1</td>
<td>334.2</td>
<td>325.7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>593.7</td>
<td>645.9</td>
<td>686.3</td>
</tr>
<tr>
<td><strong>Invested equity</strong></td>
<td></td>
<td>169.5</td>
<td>242.7</td>
<td>309.5</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td>6.3</td>
<td>10.8</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total invested equity</strong></td>
<td></td>
<td>175.8</td>
<td>253.4</td>
<td>316.4</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td>4.4</td>
<td>4.0</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td>2.4</td>
<td>4.2</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Pension liabilities</strong></td>
<td></td>
<td>6.4</td>
<td>5.6</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities</strong></td>
<td></td>
<td>75.9</td>
<td>97.6</td>
<td>119.8</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td>89.1</td>
<td>111.3</td>
<td>131.0</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td>328.8</td>
<td>281.1</td>
<td>238.9</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>593.7</td>
<td>645.9</td>
<td>686.3</td>
</tr>
</tbody>
</table>
Basis of Preparation

The unaudited selected financial information on Schneider Electric Software Business (the “Schneider Electric Software Business Financial Information”) set out above has been prepared from the unaudited financial statements prepared under IFRS of Schneider Electric Software Business for the financial years ended 31 March 2015, 2016 and 2017.

Certain adjustments have been made to reflect the standalone performance of Schneider Electric Software Business operating independently of Schneider Electric on a basis consistent with the Combination currently envisaged. These adjustments principally relate to i) including adjustments to reflect the financial impact of running the business on a standalone basis; ii) reversing the impact of capitalising research and development expenditure in certain (non-Invensys) entities of Schneider Electric Software Business, to better reflect consistency with the capitalisation practice of both Invensys Software and AVEVA; and iii) other various adjustments. The aggregate impact of these adjustments on the revenues and Adjusted EBITA of Schneider Electric Software Business for the three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 was a revenue increase of $19.8 million, $19.2 million and $9.3 million respectively, and an Adjusted EBITA decrease of $14.3 million, $6.2 million and an increase of $2.4 million respectively.

Therefore the Schneider Electric Software Business Financial Information is not intended to present IFRS compliant financial statements.

Adjusted EBITA corresponds to operating income before amortisation of purchase accounting intangible assets, restructuring costs, share-based payment and other operating income and expenses.

Schneider Electric Software Business entities are a combination of legal entities in certain countries and the software portion of other legal entities that also include non-software related businesses. The software portion of these legal entities has been carved-out and included in the financial information as described in this basis of preparation. Over the course of 2016 and 2017, Schneider Electric has been in the process of re-organising Schneider Electric Software Business into a set of standalone legal entities within Schneider Electric, comprising the software business only.

Assets and liabilities of software entities acquired by Schneider Electric from unrelated parties during the periods presented have been reflected as transfers of business under common control recorded through equity at their carrying values (including goodwill) resulting from the purchase accounting of such entities in the consolidated financial statements of Schneider Electric as of the dates such transfers occurred.

Assets and liabilities of software operations carved-out from legal entities with other non-software operations have been initially recorded through Schneider Electric Software Business funding (expressed as “Group funding, net” in the Balance Sheet) at their estimated carrying values in the consolidated financial statements of Schneider Electric.

For defined benefit pension plans, the assets and obligations have been included in the Schneider Electric Software Business Financial Information to the extent that Schneider Electric Software Business is expected to be responsible for fulfilling these defined benefit pension obligations.

Cash management is performed at a global level by Schneider Electric. The financing position and financing costs of Schneider Electric Software Business included in the Schneider Electric Software Business Financial Information may not be indicative of the financial position, results of operations and cash flows that would have been presented if Schneider Electric Software Business had been a standalone entity.

Current income tax has been determined based on the pre-tax profits of Schneider Electric Software Business on a standalone basis without taking into account net operating losses within Schneider Electric. Current income tax, other than taxes owed directly to tax jurisdictions, is deemed to have been settled by or to Schneider Electric as a transfer from or to Schneider Electric equity in the year the related income taxes were recorded.
Schneider Electric Software Business has not in the past formed a separate legal group, and therefore it is not meaningful to reflect any share capital for Schneider Electric Software Business. Schneider Electric Software Business’ invested equity represents the sum of cumulative net capital invested by Schneider Electric, accumulated earnings of Schneider Electric Software Business and other elements of comprehensive income.

Schneider Electric Software Business Financial Information has been prepared on the assumption that Schneider Electric Software Business is a going concern, meaning it will continue its operations in the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of its operations.

Schneider Electric Software Business Financial Information is presented in US Dollars ($).

**Differences Between AVEVA and the Schneider Electric Software Business Accounting Policies**

To date, no significant differences between Schneider Electric Software Business and AVEVA’s accounting policies applied in the preparation and presentation of their respective financial information for each of the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017 have been identified, save potentially in respect of the non-maintenance element of certain term licences, which AVEVA’s practice is to recognise up-front if certain criteria are met, rather than spread over the term of the licence.

**Operating Segment Information**

1. **Operating and reportable segment**

The business of Schneider Electric Software Business reflected in the Schneider Electric Software Business Financial Information has not been operated as an integrated business under the responsibility of a software dedicated chief operating decision maker in charge of all software operations within Schneider Electric over the periods presented nor were discrete reporting data available for this business within Schneider Electric.

As a consequence, for the periods presented Schneider Electric Software Business had no reporting segments identifiable under IFRS 8 – Operating Segments.

2. **Revenue by revenue stream**

Schneider Electric Software Business does not have any external customer representing more than 10 per cent of its revenue as at 31 March 2015, 31 March 2016 and 31 March 2017.

Breakdown of revenue by revenue stream is as follows:

<table>
<thead>
<tr>
<th>Revenue by Revenue Stream</th>
<th>$ Million</th>
<th>$ Million</th>
<th>$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD</strong></td>
<td></td>
<td>FY17</td>
<td>FY16</td>
</tr>
<tr>
<td>License</td>
<td>210.5</td>
<td>236.9</td>
<td>259.5</td>
</tr>
<tr>
<td>Maintenance</td>
<td>171.1</td>
<td>171.0</td>
<td>163.6</td>
</tr>
<tr>
<td>Service</td>
<td>172.8</td>
<td>202.8</td>
<td>215.6</td>
</tr>
<tr>
<td>Subscription</td>
<td>5.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>15.3</td>
<td>9.4</td>
<td>(17.9)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>575.1</td>
<td>620.2</td>
<td>620.8</td>
</tr>
</tbody>
</table>
Revenue by geography

Revenue from external clients (based on domicile of customers) is as follows:

<table>
<thead>
<tr>
<th>Revenue by Geography</th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>268.6</td>
<td>286.4</td>
<td>279.7</td>
<td></td>
</tr>
<tr>
<td>Europe Middle East Africa</td>
<td>159.5</td>
<td>160.5</td>
<td>181.7</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>105.4</td>
<td>117.1</td>
<td>106.3</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>23.5</td>
<td>34.8</td>
<td>48.8</td>
<td></td>
</tr>
<tr>
<td>Rest of the world</td>
<td>18.2</td>
<td>21.3</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>575.1</td>
<td>620.2</td>
<td>620.8</td>
<td></td>
</tr>
</tbody>
</table>

3. Operating expenses

Other operating income and expenses are detailed as follows:

<table>
<thead>
<tr>
<th>Other Operating Expenses</th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition costs</td>
<td>-</td>
<td>-</td>
<td>(2.9)</td>
<td></td>
</tr>
<tr>
<td>Share-based payment</td>
<td>(1.7)</td>
<td>(0.9)</td>
<td>(1.0)</td>
<td></td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(1.7)</td>
<td>(2.8)</td>
<td>(3.5)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.9</td>
<td>(2.1)</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Other operating income and expenses</strong></td>
<td>(2.5)</td>
<td>(5.7)</td>
<td>(7.1)</td>
<td></td>
</tr>
</tbody>
</table>

Related party disclosures

The Schneider Electric Software Business Financial Information includes proposed combinations with Schneider Electric non-Software subsidiaries.

<table>
<thead>
<tr>
<th>Related Party Disclosures</th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>55.7</td>
<td>59.9</td>
<td>58.1</td>
<td></td>
</tr>
</tbody>
</table>

Balance sheet items:

<table>
<thead>
<tr>
<th>Related Party Disclosures</th>
<th>USD</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables with related parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30.4</td>
<td>86.6</td>
<td>111.7</td>
<td></td>
</tr>
<tr>
<td>Trade receivables with related parties *</td>
<td>49.2</td>
<td>32.1</td>
<td>27.8</td>
<td></td>
</tr>
<tr>
<td>Trade payables with related parties **</td>
<td>(17.2)</td>
<td>(17.0)</td>
<td>(11.1)</td>
<td></td>
</tr>
</tbody>
</table>

(*) Included in “Trade and other receivables”  
(**) Included in “Trade and other payables”

Other receivables with related parties reflect:

- Cash which is centralised at SE level according to the cash pooling scheme
- SE funding for the entities not yet carved-out as at 31 March 2017
- Overdraft which is centralized at SE level according to the cash pooling scheme.