Schneider Electric to combine its industrial software business with AVEVA to create a global leader in engineering & industrial software

September 5, 2017
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Creating a global leader in engineering and industrial software

- Creating a global leader with scale in key markets
- Unmatched End-to-End portfolio covering full digital asset lifecycle from design to operation
- Enlarged AVEVA Group to provide compelling value to customers through increased efficiencies

Creating value for the Group

- Leading the digital transformation (Industry 4.0) focused on Process and Hybrid Market
- Strengthen Group’s leading position in Industrial IoT with EcoStruxure
- Enhance and Enlarge strategic customer ties for the Group
- Strong value creation for shareholders: contributing industrial software business at c.19x EV/EBITA FY17² ; and synergies

With right structure to bring our Industrial Software to next level

- Majority stake in leading industrial software player
- Software company with distinct culture to attract talent, able to take advantage of future M&A opportunities and providing optimal environment to drive growth
- Relationship and operational agreements in place

1. Enlarged AVEVA is the combination of Schneider Electric Software business with AVEVA
2. Fiscal 2017: Last 12 months to March 2017

Schneider Electric – Investor Relations
### Proposed transaction

- **Schneider Electric industrial software assets combined with AVEVA**
- Agreement signed, Publication of Prospectus this week and closing expected at or around 2017
- Schneider Electric to own 60.0% of Enlarged Group
  - Schneider Electric will make a cash payment of £550 million (858p per share)
  - AVEVA will distribute an additional £100 million to existing AVEVA shareholders

### Key elements of combination

- Our industrial software portfolio: process engineering and simulation, planning and scheduling, operations execution and optimization, asset performance management, operations control **PLUS AVEVA MT3D, E3D, NET, ENGAGE**
  → Unmatched End-to-End portfolio in Process and Hybrid
- World class Software company¹: Combined Revenue £657.5m with adjusted² EBITA Margin of 22%

### Value creation Potential

- Closing the Digital Loop from Design to Operations and back
- Complementary coverage of Geographies and Vertical Market coverage

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1. Unaudited pro-forma FY 2017 financial information for illustrative purposes only and does not represent the Enlarged Group’s actual financial position or results.
2. Adjusted EBITA is calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. Adjusted earnings per share also include the tax effects of these adjustments.
Creating a global leader in engineering and industrial software with enlarged AVEVA
We are answering the need for efficiency from capital intensive industries....

Capital investment constraints: need to maximize utilization and efficiency of existing assets

Project phase 2-6 years (1/3 of project spend)

Operations phase up to 50 years (2/3 of project spend)

Process Design

Plant Design

Build & Upgrade

Operate and Maintain

Plant & Asset Optimization

Segemented Engineering

Asset Lifecycle Management Gap

Manual process

Cost & time

Inefficiencies

Manual process

Data complexity

Inefficiencies
… by enhancing our value chain coverage and thus providing comprehensive closed-loop Digital Asset Lifecycle Management and Unified Engineering.

Full digital Asset lifecycle, from design to operations and maintenance.
**Enhanced value to customers through Unified Engineering**

**From (Today)…**

- **Process Design**
- **Process Modeling and Simulation**

**INEFFICIENCY**

- Manual hand-over
- Manual artifact management

- **Detailed Design**

**INEFFICIENCY**

- Post-freeze change request
- Adds engineering cost, time

**To Unified Engineering**

- **Process Design**
- **Modeling and Simulation**
- **Plant Design**

**Integrated engineering environment**

**Collaboration workflow**

- Common engineering tools
- Digitized artifact handover and revision
- Common artifact repository

**AVEVA Engineering, AVEVA NET**

**Benefits:**

- Significant reduction of engineering effort
- Easier collaboration among stakeholders
- Lower Total cost of engineering
An end-to-end product portfolio with unmatched market and functional coverage

### Discrete
- Automotive, aerospace

### Batch/hybrid
- F&B, pharma, CPG

### Process
- Oil & Gas, chemicals

### Infrastructure and utilities
- Power, water, smart cities

<table>
<thead>
<tr>
<th>Plant engineering</th>
<th>Capital project management</th>
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<tr>
<td>Process engineering and simulation</td>
<td></td>
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<tr>
<td>Operations control</td>
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<td>Operations execution and optimization</td>
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<td>Operations planning &amp; scheduling</td>
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<tr>
<td>Asset performance management</td>
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</table>

**System Platform** powered by Wonderware; Plant HMI, Machine HMI,

- **AVEVA PDMS, E3D, Engineering, AVEVA NET, Bocad, LFM**
- **SimSci**: Process Design, Simulation
- **ePLMS**: Pipeline Applications

### System Platform

<table>
<thead>
<tr>
<th>AVEVA NET, AVEVA Engage</th>
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<tr>
<td>Avantis: Asset Performance Mgmt, Mobile Workforce Mgmt</td>
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<tr>
<th>Aquis: Water Network Mgmt</th>
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<tr>
<td>Ampla: Mining Operations</td>
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<tr>
<td>Spiral: Crude Suite, Planning and Scheduling</td>
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<tr>
<td>Citect: Site HMI</td>
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<tr>
<td>ClearSCADA: Network SCADA</td>
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<tr>
<td>Wonderware: MES Suite</td>
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<tr>
<td>SimSci: Process Design, Simulation</td>
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<td>ePLMS: Pipeline Applications</td>
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Schneider Electric – Investor Relations
We are creating a leader in industrial software with scale, strong value proposition in Process/Hybrid and balanced global coverage.
Customer Example: Unified Engineering:
KBR would eliminate costly inefficiencies before they become reality

By aligning automating and optimizing the interfaces and handoffs between the conceptual engineering and the detailed engineering phase of the value chain, **KBR is estimating a potential cost savings of up to $4 million for a real live engineering problem**, where the exact replica of a plant design required minor changes in conceptual engineering which had a ripple effect later in the lifecycle.
Creating value for the Group
The transaction enhances our industrial IoT value proposition and EcoStruxure offer for industrial and infrastructure customers.

Unmatched End-to-End portfolio in Process and Hybrid

- Process Control in the digital loop → grow process automation
- Enhance asset management → grow services
- Enhance global partnerships with customers → cross selling opportunities in both directions

Enlarged AVEVA on an arm’s length basis and on normal commercial terms
AVEVA also reinforces our software capabilities and brings complementary end market and geographical coverage

**STRONG SOFTWARE CAPABILITIES FROM AVEVA**

~650 R&D employees and >50 global locations

Leading design software portfolio

4,000 customer base and 77% of revenues are recurring revenues

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**COMPLEMENTARY GEOGRAPHIC AND END-MARKET COVERAGE**

**SCHNEIDER ELECTRIC INDUSTRIAL SOFTWARE**

- **North America**
  - 47%
- **EMEA**
  - 28%
- **Asia Pacific**
  - 18%
- **RoW**
  - 4%
- **LatAm**
  - 3%

**AVEVA**

- **Americas**
  - 49%
- **EMEA**
  - 35%
- **Asia Pacific**
  - 15%
- **RoW**
  - 10%

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1 Based on unaudited FY17 revenues

Schneider Electric – Investor Relations

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Tailored transaction structure and strong value creation
Tailored deal structure creates a dedicated platform to accelerate growth....

**DEAL STRUCTURE**

- **Schneider Electric**

- **Existing AVEVA shareholders**
  - Special dividend (£550m cash + £100m excess cash on AVEVA balance sheet at closing)

- Selected industrial software assets + £550m cash consideration

- 60.0%¹

- 40.0%¹

- AVEVA

**CREATING THE RIGHT PLATFORM FOR GROWTH**

- Hardware agnostic, software company “DNA”, bespoke organisation and focus mindset

- Ability to invest in talents and incentivize in line with software industry standard

- UK-listed with ability to participate in potential market consolidation

- Comprehensive value proposition to customers across a diversified market base

¹. On a fully diluted basis
Contributing Group industrial software assets broadly in line with AVEVA multiple

Contribution of Schneider’s Industrial Software assets at relevant multiples

- Schneider Electric\(^1\) trading on c.12.3x LTM adjusted EBITA multiple
- Industrial Software assets contributed at c.19\(\times\) adjusted EBITA FY2017

60.0% stake in Enlarged AVEVA synergies as well as benefit from some cross-selling opportunities at Schneider Electric Group level

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1. Based on Schneider Electric’s June 17 LTM Adj. EBITA of €3.6 Bn and on Schneider Electric’s enterprise value of €44.6 Bn (€38.4 Bn market cap., €4.9 Bn net debt, €0.2 Bn minority interest, €1.9 Bn pensions & post-retirement benefits, €0.5 Bn other risks provisions, (€0.6 Bn) associates, (€0.4 Bn) non-current financial assets) as of 4 September 2017
Combined entity with accretive margin to be consolidated fully in Schneider Electric accounts at closing

Unaudited combined entity Pro-forma FY2017 income statement

<table>
<thead>
<tr>
<th>Year to March 31 (£ million)</th>
<th>AVEVA Group FY 2017</th>
<th>Schneider Electric Software Business** FY 2017</th>
<th>Pro forma FY 2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>215.8</td>
<td>441.7</td>
<td>657.5</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(14.2)</td>
<td>(146.3)</td>
<td>(160.5)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>201.6</td>
<td>295.5</td>
<td>497.1</td>
</tr>
<tr>
<td><strong>Normalised operating costs</strong></td>
<td>(147.0)</td>
<td>(204.3)</td>
<td>(351.2)</td>
</tr>
<tr>
<td><em><em>Adjusted</em> EBITA</em>*</td>
<td>54.6</td>
<td>91.2</td>
<td>145.8</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>25.3%</td>
<td>20.6%</td>
<td>22.2%</td>
</tr>
</tbody>
</table>

*Adjusted EBITA is calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items.

**Unaudited standalone Schneider Electric Software Business financials are translated at the average exchange rate for 2017A ($1:£0.77)
Schneider Electric 60% ownership and voting rights in enlarged AVEVA
2-year standstill period

 Majority of the Board independent (5 members out of 9)
Existing Non-Executive Directors of AVEVA (incl. Chairman) to remain
2 Board Members (incl. Vice Chairman) from Schneider Electric
(Emmanuel Babeau and Peter Herweck)

New CEO to be appointed
COO from Schneider Electric (Ravi Gopinath)
Deputy CEO and CFO from AVEVA (James Kidd)

Autonomy in operations
Commercial agreements with Schneider Electric
Strong synergy potential for value creation

SELECTED DRIVERS

- End to end product portfolio covering full customer needs
- Complementary of customers and segments
- Geographical complementarity
- Enhance Schneider Electric’s Industrial IOT platform EcoStruxure value proposition for industrial & infrastructure customers
- Deployment of standard operating practices and elimination of overlaps across the combined business operations
- Increased utilization of global product and project delivery centers for cost efficiencies
- Realignment of product portfolio
- Rationalization of the operating cost base
No change of our capital allocation priorities

> c. 50% payout ratio with progressive dividend
> c. €1.0bn share buyback till June 2019
> Value-accretive M&A
INDICATIVE TIMELINE FOR THE TRANSACTION

September 6, 2017  ▪  Prospectus published

September 29, 2017  ▪  AVEVA Extraordinary General Meeting

At or Around end 2017  Closing expected after regulatory approvals obtained
Definitions

Software and industry terms
• **FEED**: Front End Engineering Design
• **EAM**: Enterprise Asset Management
• **EMI**: Enterprise Manufacturing Intelligence
• **HMI**: Human Machine Interface
• **PLM**: Product Lifecycle Management
• **SCADA**: Supervisory Control and Data Acquisition

Financial abbreviations
• **Adjusted EBITA**: Earnings before Interest and Amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items.

Industry vertical abbreviations
• **CPG**: Consumer Packaged Goods
• **F&B**: Food & Beverage
• **O&G**: Oil & Gas
Product Descriptions: Schneider Software

- **Ampla**: Operations management software designed primarily for the metals, mining and minerals industry to optimise production process performance and energy usage.
- **Avantis**: Asset management software used to ensure the reliable operation of production plant and processes.
- **Aquis**: Advanced operational system designed for water SCADA operators to optimise their distribution networks in real time.
- **Citect SCADA**: A Supervisory Control and Data Acquisition software solution for industrial process customers.
- **ClearSCADA**: A software solution for telemetry and remote Supervisory Control and Data Acquisition (SCADA) applications, designed to centralize and optimise the operation and management of geographically dispersed infrastructure.
- **ePLMS**: Enterprise pipeline management solutions.
- **InStep**: Real-time performance management and predictive asset analytics software and solutions for the power and energy market.
- **SimSci™**: Software solutions for design, simulation and optimisation of continuous process plants.
- **StruxureWare Supply Chain Operation**: A suite of advanced planning & scheduling (APS) software solutions.
- **Termis**: Advanced operational software for planning and optimising district energy networks in real time.
- **Wonderware™**: The world’s leading visualisation and supervisory control and real-time production management software.
- **Spiral**: Supports supply chain processes across enterprises, enabling users to collaborate on feedstock evaluation and data management, planning and scheduling.
Product Descriptions: AVEVA Group

- **AVEVA BOCAD™**: Structural detailing software for efficient steelwork design and fabrication.

- **AVEVA Engage™**: Ultra-High Definition whole model visualisation with instant, touch-controlled access to contextually filtered information, to enable collaborative engineering decision support.

- **AVEVA Engineering™**: Integrated working across schematics, engineering and 3D design.

- **AVEVA Everything3D™ / AVEVA E3D™**: AVEVA’s most advanced software for engineering, design and construction projects.

- **AVEVA LFM Server™**: Software for processing and consuming laser scan data.

- **AVEVA Marine**: A family of products representing an integrated solution for naval architecture, hull and outfitting design, manufacturing and production planning, developed over more than 30 years in partnership with the world’s leading shipbuilders.

- **AVEVA PDMS**: (Plant Design Management System) multi-user and multi-discipline, engineer controlled design software for engineering, design and construction projects.

- **AVEVA NET™**: An Information Management solution for engineering and operations.