

## Schneider Electric confirms its firm intention to acquire AVEVA

- Offer price of 3,100 pence per share in cash
- Unique proposition to combine energy and process data and software for benefit of customers
- Committed to business autonomy and technological agnosticity through appropriate governance and incentive structures
- Enables faster execution of software growth strategy
- Accelerating AVEVA's transition to an industrial hybrid Cloud-based subscription with full focus on customer value
- Transaction aligned with Schneider Electric's ambition of "Company of 25" across economic cycle

**Rueil-Malmaison (France), September 21, 2022** - Schneider Electric, the global leader in the digital transformation of energy management and automation, today announces that it has made a firm offer pursuant to Rule 2.7 of the UK City Code on Takeovers and Mergers (the "Code") for the entire issued and to be issued share capital of AVEVA that is not currently owned by Schneider Electric. The full details of the offer can be found in an announcement jointly published with AVEVA pursuant to the Code, and available here: <https://www.se.com/ww/en/about-us/investor-relations/regulatory-information/overview.jsp?sdf>

Schneider Electric is focused on supporting customers to transition to a net zero world. The company combines its complementary offers for energy, automation and software across its four targeted end-markets. Schneider Electric's end-markets are at an inflection point driven by the macro-trends of digitization, sustainability and electrification. These trends are further accentuated in the present economic and geopolitical context with the ongoing energy crisis enabling a renewed level of urgency for customers to deploy combined process and energy efficiency solutions. With its comprehensive portfolio, and with strong structural demand for its offers, Schneider is set to benefit from incremental growth in the coming years and remains focused on its longer-term ambition to grow at 5%+ organic, on average, across the economic cycle. Guided by an aspiration to consistently be a "Company of 25"<sup>1</sup>, the Group is focused on delivering highly differentiated technology to its customers and value to its stakeholders.

Customers are today facing unprecedented challenges in the field of energy, digitization and sustainability resulting in an accelerated need for energy security, energy and process efficiency, digital transformation and carbon reduction. Schneider Electric has positioned to be the natural partner for customers in addressing these challenges across the lifecycle of their assets, by developing a unique and comprehensive portfolio of products, edge control, agnostic software and services.

<sup>1</sup> To consistently be a 'Company of 25' defined as the sum of organic revenue growth percentage and adjusted EBITA margin percentage

### *Evolution of Schneider's digital strategy*

Over the past years, Schneider Electric has strategically built the toolbox for customers to digitize their enterprise and build its full digital twin, allowing them to harness insights through data to deliver greater efficiency and savings. Schneider Electric started by building EcoStruxure, an IoT enabled, plug-and-play open architecture and platform which empowers customers to connect seamlessly their energy and automation systems and drive operational efficiency from that convergence and transparency. Schneider Electric's digital flywheel of connected products, edge control, agnostic software and field services comprises about 50% of revenues with an expectation to grow this to about 60% of revenues by 2025.

On the top of our EcoStruxure IoT Platform, we have built an agnostic software portfolio, meaning software that is not tied to any particular hardware device or technology platform, with those focused on Process and Data owned by AVEVA and those focused on Energy owned by Schneider Electric, including IGE+XAO, ALPI, ETAP and RIB Software. Together, the Group has assembled a compelling suite of agnostic software offers across both Industrial Automation and Energy Management (totaling €2.4 billion of revenues in 2021<sup>2</sup>).

This comprehensive portfolio of data and applications enables customers to build their Enterprise Metaverse, combining the industrial digital twin and the energy digital twin of their facilities. At the core of it, AVEVA has built an open and agnostic data platform which allows the same customers to integrate all their data (assets, operations, energy and carbon) into one contextualized, industry optimized data hub. This data hub allows customers to integrate controls and software of all origins, to develop their own applications or run their own AI., or to deploy AVEVA's ready-made portfolio of applications.

In the current context, with priority on energy security and the resultant rise in energy costs, the only way forward is to strive for greater energy efficiency. Schneider Electric's portfolio of software will allow customers to converge their enterprise data, across domains of process, power and build, and provide contextualized data-driven insights across the lifecycle of their assets.

### *Industrial Automation agnostic software*

Schneider Electric considers that the acquisition of a majority stake in AVEVA in 2018 (through contribution of Schneider Electric's Industrial Software to partner with AVEVA's engineering software<sup>3</sup>), created the global leader in industrial software for engineering and operations. In 2021 AVEVA enhanced its capability through the acquisition of OSIsoft, the leading platform for data acquisition and structuring for industrial customers.

AVEVA offers an end-to-end industrial digital twin to customers for their installations and processes across the lifecycle. The multiple applications comprised within the AVEVA offer suite are market references, including Simulation, Engineering and Design, Asset Information Management, 3D Asset Visualization, Enterprise Asset Management, Unified Supply Chain, System Platform and Manufacturing Execution System (both formerly Wonderware), Plant SCADA, Production Management, Predictive Analytics and PI system.

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<sup>2</sup> On a proforma basis

<sup>3</sup> Funded through the contribution, at software multiples, of the industrial software assets that Schneider Electric had earlier acquired from Invensys in 2014

With a single Industrial Cloud user experience based around the AVEVA Connect cloud platform, accessing applications through the AVEVA Flex subscription program, customers can unlock flexible access to any amount and any mix of AVEVA's offers at a lower Total Cost of Ownership.

In H1 2022 AVEVA represented about 60% of the Schneider Electric's agnostic software revenue.

#### *Energy Management agnostic software*

In recent years, Schneider Electric has similarly built an agnostic software portfolio in the field of energy management from design and build to operations and maintenance, allowing customers to manage precisely their energy resilience and efficiency. We believe that we can propose significant value to customers at a time when energy is the biggest challenge for many industries, with digitization enabling full transparency and optimized management to face these challenges. This need is further reinforced by the mid-term objective of all industries to define the trajectory to carbon neutrality and net-zero, in full alignment with the United Nations Sustainable Development Goals. All companies today have a priority agenda on digitization, energy and sustainability and our agnostic software portfolio brings together all the data and functionalities for our customers to manage efficiently and with precision.

In H1 2022 Energy Management software represented about 40% of the Schneider Electric's agnostic software revenue.

#### *Rationale and context for the transaction*

An increased focus on climate change, coupled with the recent energy crisis, has forced governments and corporations to re-think their energy consumption with a renewed and urgent need for energy efficiency and electrification. Schneider Electric believes that the path to energy efficiency lies in the ability to digitize existing installations across industries with a particular focus on mission-critical and energy-intensive applications.

From a customer perspective, there is a clear need for digital solutions across the lifecycle covering both the industrial digital twin as well as the energy digital twin across the enterprise. Schneider Electric believes that the success of a digital transformation lies in bringing together one single-source of data across the enterprise. Schneider Electric aspires to be the reference in the industrial world for contextualized asset data in a hybrid Industrial Cloud setting. We believe that customers can benefit when data from their multiple enterprise installations feeds into a single data hub, accessible by specialized software applications for tangible efficiency gains and sustainability advancements.

### *Benefits of the proposed transaction*

The acquisition will ensure creation of customer value through bringing together energy and process data and creating an unparalleled enterprise data hub augmented by a suite of specialized industrial software. This will bring together a holistic view of digitization across a customer's operations and step-change improvements through a reduction in energy, carbon and resource intensity, accelerating customer journeys of efficiency and sustainability.

- 1) Schneider Electric considers that the acquisition will further enable:
  - Acceleration of subscription & SaaS
  - Combined process and energy efficiency to industrial and infrastructure customers
  - One data hub, converging process and energy data
  - Complete Enterprise Metaverse toolbox
  - Frictionless customer experience
- 2) Schneider Electric also considers that the acquisition will accelerate growth through:
  - Simplified and coordinated Agnostic Software
  - Operational flexibility and simplification
  - More technology convergence through closer cooperation in R&D
  - Coordinated go-to-market and greater customer coverage
- 3) Schneider Electric also believes that the acquisition will enable the transition to a subscription and SaaS model at AVEVA to be accelerated, allowing management to focus fully on the delivery of solutions for customers.

### *Key terms of the transaction*

The Acquisition values the entire issued and to be issued share capital of AVEVA at approximately £9,482 million on a fully diluted basis, implying an enterprise value of £10,154 million, equivalent to a multiple of 13.2x enterprise value to ARR, 8.2x enterprise value to pro forma revenue, and 27.8x enterprise value to pro forma Adjusted EBIT.

The price of 3,100 pence per AVEVA Share represents a premium of approximately:

- 41 per cent. to the Closing Price of 2,192 pence per AVEVA Share on 23 August 2022 (being the last Business Day before the commencement of the Offer Period)
- 33 per cent. to the volume-weighted average Closing Price of 2,339 pence per AVEVA Share for the three-month period ended 23 August 2022 (being the last Business Day before the commencement of the Offer Period); and
- 32 per cent. to the volume-weighted average Closing Price of 2,347 pence per AVEVA Share for the six-month period ended 23 August 2022 (being the last Business Day before the commencement of the Offer Period).

In addition, any interim dividend of up to 13 pence per AVEVA share which is declared by the board of AVEVA and paid in respect of the six-month period ending 30 September 2022 will be paid to AVEVA shareholders without any reduction in the price proposed.

### *Governance and People*

Schneider Electric intends to apply its fundamental principles of business autonomy and technological agnosticity to the governance of AVEVA by ensuring three “software governance principles”, which are:

- First, to maintain AVEVA’s software as fully agnostic. This means that AVEVA will continue to rely on open architectures and interoperable standards providing the equal ability to work with or without Schneider Electric hardware.
- Second, to preserve AVEVA’s business autonomy. This means that the AVEVA name and brand will continue and AVEVA will have its own, dedicated go-to-market, marketing and R&D capabilities, as well as its own P&L.
- Third, to keep AVEVA’s specific culture as a software company. This means that the AVEVA teams will not be merged or integrated with existing Schneider Electric’s hardware businesses, or country operations.

The autonomous and agnostic software model is well established within Schneider Electric, and its recent software acquisitions including IGE+XAO, ALPI, ETAP and RIB Software, have successfully implemented this model.

Schneider Electric intends for AVEVA to remain as a distinct legal group with its own board of directors (including independent non-executive directors) that would ensure the above governance principles are respected.

The ability to attract and retain software talents remains top of mind for Schneider Electric as we undertake this transaction. AVEVA’s teams across the world represent the very best of software talent and are pivotal for its future success. Schneider Electric is particularly mindful of the importance of maintaining AVEVA’s distinctive software culture going forward. After the proposed transaction is effective, Schneider Electric intends to introduce a fair and attractive long-term incentive system that recognizes the vesting and/or lapse of entitlements under AVEVA’s current incentivization system that will be triggered upon the completion of the transaction.

### *Capital allocation priorities*

- Committed to maintaining a strong investment grade credit rating,
- Continued progressive dividend policy (maintained for the last 12 years)
- Completion of existing portfolio optimization program of €1.5 - €2.0 billion of revenues
- Completion of existing share buyback program of €1.5 - €2.0 billion
- Primary focus on organic growth and successful integration of past acquisitions
- Potential for smaller and earlier stage bolt-on acquisitions linked to long-term incremental growth

**Schneider Electric will host a webcast at 08.45 am CET to discuss its perspective on the transaction and take questions from analysts.**

**[You can follow the webcast through this link](#)**

**Alternatively, you can join by conference call to listen to the presentation by dialing:**

**France: +33 1 70 91 87 04**

**United Kingdom: +44 121 2818 004**

**United States: +1 718 705 8796**

**Code: 007576**

**The recording of the webcast will be available after the conference ends through the same link.**

**About Schneider Electric**

Schneider’s purpose is to **empower all to make the most of our energy and resources, bridging progress and sustainability** for all. We call this **Life Is On**.

Our mission is to be your **digital partner for Sustainability and Efficiency**.

We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

We are the **most local of global companies**. We are advocates of open standards and partnership ecosystems that are passionate about our shared **Meaningful Purpose, Inclusive and Empowered** values.

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