Schneider Electric to Launch Offer for Construction Software Provider RIB Software and Expand Capabilities in Building Life Cycle Digitization

February 13th 2020
Announcement highlights

Build a leader in digital and sustainable smart building solutions

Enable end-to-end building life cycle offering

Aims to be accretive to Adj. EBITA margin in 2021

41% premium on last closing price, 37% premium on last 3 months VWAP

16% of shares committed

Fully supported by RIB board¹

RIB Management to continue in their roles

¹ Subject to review of the offer document
Our unique positioning:
Energy and automation digital solutions for efficiency and sustainability

Energy Transition

Energy Management
Industrial Automation

Industry 4.0

Efficiency
Sustainability

EcoStruxure™
Innovation At Every Level

Buildings Data Centers Infrastructure Industry

Serving 4 end-markets
x4 Integration for efficiency

1. Energy + Automation
2. End Point → Cloud
3. Building & Design → Operate & Maintain
4. From Site-by-Site to Integrated Company Management
Today we continue our journey to build a software portfolio with Aveva, Schneider Electric created a global leader in engineering and industrial software.
As a technology company, we provide **energy and automation** digital solutions for **efficiency and sustainability**.

... across the full life cycle

- Design & CAD
- Build BIM
- Operate & Maintain
We drive **efficiency & sustainability** through lifecycle digitization in Industry and Buildings.

**Design**
- SimSci By AVEVA
- AVEVA E3D
- AVEVA NET & ENGAGE

**Build**
- AVEVA
- Avantis By AVEVA
- Spiral
- Wonderware, Citect Clear Scada
- Wonderware, MES Ampla
- Avantis Prism

**Operate & Maintain**
- AVEVA
- Edge Control
- Connected Products
- Digital Services (Advisors)
  - Power
  - HVAC
  - Asset
  - Sustainability

**Partnership with other players**
- RIB (construction software)

**Field**
- Edge Control
- Connected Products
Large **efficiency** opportunity across building lifecycle from **digitization** in a fast-growing market

**CAPEX**

- ~90% construction with cost overruns

  *Source: Engineering News*

- ~30% of construction is rework / waste

  *Source: Procedia Engineering*

- < 5% digital penetration in construction, massive scale up opportunity

**OPEX**

- ~30% energy efficiency

  *Source: Applied Energy*

- +30% asset efficiency

  *Source: McKinsey*
Digital Transformation of the Building and Infrastructure industries into the most Advanced industries on the planet, to create the next generation of Living.

Thomas Wolf – CEO

Michael Sauer – CFO
RIB at a glance
A technology leader in construction software

Key Facts
- Founded in 1961
- HQ in Stuttgart
- c. 2,700 employees
- 50+ locations
- >100,000 customers
- >500,000 users
- €214m revenue (FY19)
- €50m EBITDA (FY19)
Our customers see value in RIB’s construction software

Large Scale Home Builder
“Using RIB costing database will allow us to generate proposals faster and increase sales”
Avg. + 30% Hit rate

Co-location Data Center Provider
“We are currently using mostly Excel for project estimating. We could see massive improvements using RIB”
Avg. 40% productivity improvement

Large General Contractor
“The team is very impressed with RIB BIM 5D cost estimating and tracking components”
Avg. 60% improved cost accuracy
Full alignment with Schneider Electric strategy

Strengthen **digital offers in key end-markets** of Buildings and Datacenters

Enhance **EcoStruxure** suite of Apps, Analytics, Digital Services and Software

Drive early customer engagement at **C-Level** for digital solutions

Grow Schneider Electric’s **share of software and service** revenues

Position for the **All Digital, All Electric world**
What **Schneider Electric** brings to RIB Software

Provides RIB Software with a strategic **long-term shareholder** to accelerate its international expansion

Offers **deep domain expertise** in building efficiency and sustainability

Extensive **customer relationships within the construction eco-system** (specifiers, general and specialized contractors, system integrators and building owners)
A compelling offer for RIB shareholders

- **Voluntary tender offer** for all of RIB’s shares
- Offer price **€29 per share in cash**
- **41% premium** to current share price and **37% premium** to 3 months VWAP
- Minimum acceptance threshold of **50% plus 1 share** on a fully diluted basis
- No domination agreement
- Supported by RIB’s Administrative Board
- CEO and CFO have committed to tender half their shares (9%). RIB will also tender about **7%** treasury shares
- **CEO and CFO to continue** in their roles and to remain on Administrative Board
- Offer subject to anti-trust clearances and CFIUS approval
Financial impact on Schneider Electric

- Strong revenue synergies, with RIB set for double-digit organic growth
- RIB’s expected EBITDA for 2020 is €57m to €65m, implying an EV/EBITDA 2020E multiple for the Transaction of about 23.5x
- The Transaction will be immediately neutral or positive to Schneider Electric EPS excluding one-off transaction costs
- ROCE is expected to cover WACC by Year 5
- Aim to be accretive to Schneider Electric Adj. EBITA margin in 2021, with a clear plan to increase RIB’s Adj EBITA margin to 20% in the year thereafter
Next steps

End of February
Filing of draft offer document with BaFin

March
Start of acceptance period

April
End of acceptance period

End of Q2 2020
Settlement
Conclusion

Both companies share the same vision for the future:

1. Similar corporate culture and entrepreneurial spirit
2. Working towards increased efficiency and sustainability across the full construction life cycle
3. Targeting low carbon buildings
Questions & Answers