PRESENTATION

00:03 Operator

Dear ladies and gentlemen, welcome to the conference call of Schneider Electric SE and RIB software SE. As a reminder, all participants will be in a listen only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulties during the conference, please press [the] star key, followed by zero on your telephone operator system. May I now hand you over to Amit Bhalla, head of Investor Relations at Schneider Electric SE, who will lead you to this conference. Please go ahead.

00:38 Amit Bhalla

Well, thank you, operator. Hello and welcome everybody. Thanks for making this conference call to share the details around the offer that Schneider Electric intends to launch for RIB based software, which has been announced this morning. The press release and the presentations are available on the website and through the wire as well. This is a joint call. So we have the managements of both companies, representatives from Schneider Electric we have Jean-Pascal Tricoire Chairman CEO, Emmanuel Babeau the deputy CEO and CFO, and Philippe Delorme Executive Vice President, Head of Energy Management Business. For RIB software, of course, we have Tom Wolf CEO, together with his colleagues, Michael and Mads, the CFO and COO. The presentation will be followed by a Q&A session. And we will...let's kick it off now. And we come back then for questions. So let me hand over to Jean-Pascal to take us through the transaction.

01:50 Jean-Pascal Tricoire

Thank you Amit. Hi to all of you. While I'm in Asia at the moment for business reasons, and unfortunately, I cannot be in Stuttgart, today, on Schneider's side, I let most of the might to Philippe Delorme, within charge of energy management and has been the project manager of the offer on ?] RIB, and. Emmanuel Babeau. That with whom I will be sharing a lot of this presentation. As an introduction because think this move is really important and strategic, I would like to emphasise a few points. The first point is that the offer we launch on RIB today is very logical. Both Schneider and RIB are working to make the building, the construction industry smart on digital, and therefore to make it efficient and sustainable. If you remember, in the industrial environment, we've been building an integrated software suite with Aveva bringing together our portfolio of operations software together with a design [02:56 on build] software suite of Aveva to create the new Aveva. No need to say that that bridge between the build and the operation world has proven very unique and very convincing and very successful for our customers. In the building and DC environment we, at Schneider, have been developing organically a portfolio of operation focus software and digital services, cloud-based, mostly. We call them the advisors, if you remember: power advisor, [03:27 building advisor, resource advisor - which we have been growing steadily. What we contemplate doing with RIB, is to do in buildings what we have done in industry with Aveva: bridge - digitally - the world of construction with the world of operations. And one thing probably to be noted, is that building is much less digitised than industry. So the potential of that market is very important. Second point I'd like to make is that we confirm, with which move, our development in software. But it's important to integrate that we do it in a very calculated and surgical manner. We do not intend to cover the complete value chain of digitization. We are not...are not obsessed by the size of our software business. We are just obsessed by the value we bring to our customers, and by the value we can bring to the software companies that join us. That means we have at Schneider to be able to bring new things to the companies that join us. And, of course, we are obsessed by the value we can bring to
our shareholders and their shareholders. So, we want to be extremely precise in the blocks we add to the portfolio. Particularly, we do not go into building design, where the market is [04:52 well catered] with big names. We want to partner, and we already partnered with those names. We point exclusively to the places where Schneider has a strong customer access and where the software solution has a strong link to our operations software. From that point of view, RIB brings two important addings to our portfolio. A functionality we didn't have, and that all of our customers, building professional, contractors, will digitise in the future; a software platform for planning, costing and real time construction monitoring. And second, of course, a focus on the building space, which is important, which Aveva does, but which is not at the core of what...what Aveva does. Third point I'd like to emphasise is that I'm very excited because we can bring a lot to each other, and especially on the Schneider side. We wish to bring to RIB the credibility of the name of a large company on the international sales network, which RIB has been building with a lot of effort, and dedication over the past two years, but certainly this has needed a lot of resources. We believe that our alliance will allow RIB to focus its development on growth and adoption of iTWO MTWO, particularly its cloud platform. Fourth point I'd like to emphasize is that this operation is led by Schneider, and not Aveva, because of the priority to build fast synergies with a building on the energy management part of Schneider which is residing into Schneider, because of the common focus on BIM that we have at Schneider and at RIB, and will of the RIB management to stay specialised and associated to the future of the new RIB within one identified company. But you also realise that the structure is here...the structuration of...that we propose respects our principle for software. Keeping RIB as one company to guarantee customers' agnosticity from hardware, and guaranteeing our employees and associates the specialisation of the company in the field of software, while still benefitting from strong links with Schneider. Finally, I should say that Schneider and RIB, have a common point. We have strong European roots, but we have been...we have bet for a long time on the strong development of Asia, especially in construction. So Tom, I and Philippe are living in Asia, and we have been discussing with each other for a long time, and what we announced today has been the result of multiple and long-lasting discussions between the teams of RIB and the team of Schneider to assess the convergence and the compatibility of...of our culture. Now, I'd like to move to the slide presentation, and I'm moving to slide two. So the highlights of this announcement are pretty simple. We are on a journey to build leadership in digital and sustainable smart building solutions, which is an objective that both companies have...have in common. We want, here, to enable end-to-end building lifecycle offerings. Financially, we aim to be accretive to unadjusted EBITDA margin in 2021. We offer a very attractive premium of 41% on the last closing price, from 37% premium on the last three months. 16% of the shares have been committed by the shareholders...by some shareholders of RIB. The deal is fully supported by RIB board, and the RIB management will continue developing their company in their roles. Going to slide three and remind you that our mission, our purpose at Schneider, is to lead digital solutions for efficiency and sustainability, converging the world of energy and automation, and of course, what we are talking about today is geared to buildings and data centers. Moving on to slide four, and reminding you what I introduced you to in June last year, during our Investor Day, we propose a superior solution at Schneider, because we propose a combination of four integrations. The one of energy and automation; the one from endpoint to the cloud (which is eco structure); the one from building and design to operate [09:40 online / and] maintain the life cycle integration, which is at the core of RIB and Schneider going together; and finally, the integration from the a traditional way of managing a company, side by side to the integrated way of managing the company. So here, what you are talking about is about point three: life cycle integration. And, slide five, you remember that bit more than two years ago, we created the new Aveva, doing that integration of the life cycle for industry and infrastructure in engineering and industrial software. What we are going to talk about later or today is about doing that for the building that we see all digital and electric, and where we keep building the software portfolio. So now, I'd like to hand over to Philippe. Philippe, are you online?
10:46 Philippe Delorme

Yes, I am. Thank you, Jean-Pascal. So, just to keep building on everything you said, we're going to try to go one level down, and evidence it with a few specifics, of page six. So, we are a technology company and our goal with our customers is to drive efficiency and sustainability. I'm leading energy management, which has a very strong core business. And we [11:11 thought] loud and clear the fact that we...our shareholders, and actually, our customers saw an opportunity for us to further expand into digital and into software. And the more we did that, the more we...and we made quite a bit of work to map the different options, and as Jean-Pascal said, be surgical on where to go, we really realized that to be relevant, we needed to be on the full lifecycle with our customers to drive the right innovation. So, if we go to page seven, and try to really position the different offers...so, Jean-Pascal was telling you guys that in the industry, we created what we call that "layer three," the digital layer with Aveva and actually also joining force, which what came from at that time in [11:58 unclear] and Schneider on the operate[and Maintain]. And actually, what we are doing...what we are aiming to do, today, with RIB is very similar, and it's a parallel [12:08 path] in the building space. So we have a core technology, in connected products in [12:13 edge] control, we build organically [a] fantastic, actually, set of technology and operations, and maintain our advisors, our digital services, driving power, reliability, HVAC optimization, assets and sustainability. And we clearly saw an opportunity to expand further, looking [at] the full lifecycle at the build phase. And, that's exactly where our RIB sits, which is building a very complimentary...or bringing a very complimentary offering in construction software, that allows Schneider Electric to bring a full lifecycle experience to our customers, driving sustainability and efficiency. And you [have] seen that slide partnership with other players in design because, indeed, we believe there are big names in that space. And we've tried, and we've worked with these names to really plug, and make sure that we would build the best complementarity with those people. Now, if we go in on slide eight, and really look a bit at the big picture, what are the customer needs and the market opportunity? Again, if we make the parallel to the previous page, we, at Schneider, have been pretty active on the OPEX phase, driving energy efficiency, and that's something that we've been talking about for the past 10 years at minimum asset efficiency. So, our value proposition is very strong here, but actually there is equal - if not greater - value proposition to be delivered at the CAPEX phase. 90% of the construction project [ran] over cost, there is a lot of waste - 30% waste - which actually is related to the fact that they...we are the beginning of the digital journey. And there was a McKinsey survey that was showing that the more digital, the more efficient. But when we look at the, the whole industry, we believe that, at best, that in...the users in this industry are digital at 5%. And that's the very best because in most countries, it's actually more around 1 and 2. So all of this shows that we are at the tipping point of, really, a massive deployment of digital technology in the whole construction. And [14:31 this year], so we see, therefore, a double digit growth opportunity. And we believe our RIB is ideally placed, here, with the support of Schneider, to expand this capability. So I'm going to pass it to Tom. Tom, you're the chairman CEO of RIB, so tell us about your company.

14:48 Thomas Wolf

Yeah, thanks. Jean-Pascal and Philippe, I could not agree more with your words and your strategy, and our vision from RIB is to digitally transform the building and infrastructure industry into [the] most advanced industries on our planet, and to create [the] next generation of living, and this means we are working very hard, hand-in-hand to reach a carbon-free and sustainable living space by 2050. And this is such a big task, where I believe joined forces is the best way to reach this very, very important task, and RIB is positioned as a global market leader in digital transformation of this industry. We are more on the build sector - we are not on the design sector - we are on the build sector, and here we have reached a leading position. And when you look deeper in RIB, we are the "cost guys," so we are world champions when it comes to cost and time. So, we are combining, in the future, 3D design with cost, and time to come to a real high-level solution which allows in real time to monitor, go check. And this not only on a project level, but on an enterprise level because all our industry players are thinking about how to digitally transform their business. And here, we try to bring the
best solution. And the best solution means, today cloud platform, because the re-platforming of the software industry is ongoing. And we have created a cloud platform which is now rolled out worldwide. But we have also competitors from Silicon Valley, who are employing 1000 sales people to win the market. So, we had to join forces to make sure that our platform - our cloud platform - can really win this competition. RIB, at a glance, we are founded '61. We are maybe the oldest worldwide software company in the construction verticals. We are headquartered in Stuttgart. We are...but we have also an international headquarters, in Asia, and we have around 2,700 employees, increasing employees very, very fast. We have the most people on the ground in our sector. We are working in 26 countries with 100,000 clients. And we have, already, 500,000 users who are daily using our technology. Our revenue is around 214 million in 2019. We announced numbers today. And our EBITDA is 23%, or a little bit more than 23% or 50 million. We have two products. One is called iTWO4.0, which is a completely cloud platform, which can be implemented within 48 hours, because we are also offering infrastructure as a service, because a lot of companies in this fragmented market are not big enough to have their own infrastructure. Here, cloud helps, therefore we have a partnership with Microsoft in the go-to market. Now with Microsoft on the one side, and Schneider on the other side, we believe we are now super strong in winning this market. But I want to hand over now to...[laughter].

18:16 Philippe Delorme

Right, thank you Tom. So clearly, great capabilities. And if we are back to customers, one thing that actually we find very compelling is that we are talking to the same customers. These customers are end users, [18:30 are / our] contractors with a general contractor...mechanical, electrical contractors. And the great thing, here, is that Schneider has huge customer base partners, and really, end-user customers, and what we did over the past month was to talk to our customers about RIB's capabilities and see how they would react. And I would say two things. I retain a very striking one, extremely excited by the value prop and what it would bring for them. So you...you have on page 11 a few examples, a large home builder for which RIB would allow a clear improvement of its hit rates, by being [19:10 unclear] much faster to respond and much more accurate to respond to quotes. A colocation data centre provider that's today using Excel ('I'm not going to name that company) to do the old project estimates and for which using RIB would mean a 40% productivity improvements, and/or a large general contractor for which using RIB costing module would mean 60% improvement of cost accuracy and actually behind this, much more efficiency into doing this business. That's just a subset of customer examples, we because we've been extremely diligent to look at many different other customers, electrical contractors, mechanical contractors, were discussing yesterday with Tom about a customer very far away from where we are on more the Pacific zone. That was an end user and that, actually, is very close to passing another MTWO. So really a lot of complementarity here, and capacity for Schneider to open doors. And I would say for Schneider, another benefit which is complimenting the whole value proposition we have with our customers with value props that are really, really important at the C-level. So, a reinforcement of intimacy we would have with the hundreds of thousands of customers that Schneider is reaching every day. So that leads me to page 12, where we see a really with this operation a full alignment with our...with our strategy to expand our digital offers in our [20:48 key end] market and you...you know, that our building and DC market is...is...is more than 50% of our sales. So that's really important. In in the previous slide, I was trying to show where RIB fits in our eco-struxure stacks, so really at level three at the phase of construction. The point I was just listing before, which is, it's helping our customer engagement more at C-level because our value proposition would be extremely, meaningful important for our customers. And I would say last but not least, expand our share of software and services, and make Schneider an even stronger digital and software company, to position ourselves in the whole digital and the electric world. Page 13, very important also to state what Schneider Electric brings to RIB software. For sure, a long term shareholding position which is really important, combined with a capacity to accelerate the international expansion of RIB which and...when I say we are to that the tipping point, it's a race against time to be in front of customers and expose the best technology to the biggest number of customers. Clearly, Schneider brings a deep domain expertise in efficiency and sustainability in the field of building, more at the
OPEX phase, but I would say pretty much end-to-end. And of course, the whole customer relationship with the 500,000 plus partners we have in the world, which are for RIB a fantastic opportunity. And we’ve been speaking at length with Tom about that. Now we’re going to move to, let’s say, the key parameters of the offer and nobody better than...I mean, nobody would be better than Emanuel to talk about that. So, Emmanuel, back to you.

22:40 Emmanuel Babeau

Thank you. Thank you, Philippe. Good morning, everybody. And indeed, we are moving to the main features of our offer and we believe that it is clearly a very compelling offer for RIB shareholders. The first thing is that we are making our offer under the form of first voluntary tender offer for all of RIB’s shares. The offer price is 29 euro per share in cash. And it does represent a 41% premium to current share price and 37% premium to the three months’ view-up. We put the minimum acceptance threshold of 50%, plus one share on the fully diluted basis. We do not intend to enter into a domination agreement with the company. Jean-Pascal mentioned the deal has been fully supported by RIB’s administrative board. The CFO and the CEO - so both Michael and Tom - have committed to tender half of their shares. i.e. 9%. And RIB will also tender about 7% treasury shares, and that means that we have secured already 16% of RIB’s shares. The CEO and the CFO will continue in their roles, and they will remain on the administrative board. And the offer is of course subject to anti-rust clearance, notably in Germany, in Austria, in the US, and in South Africa...in South Africa, and that will also require CFIUS approval. I am now moving on [to] page 15, the financial impact on Schneider Electric. I think we’ve highlighted it through the call. We expect strong revenue synergy by putting RIB and Schneider in the same team. And we are clearly ambitioning a nice double digit organic growth for the future of RIB. When we look at the impact on the profitability of the company, there is...you know...this synergy that are going to drive up the margin rapidly, we do expect to have this transaction to be accretive on the Schneider Electric adjusted EBITDA margin in 2021. And we have a clear plan to get to 20% in 2022. So, very fast acceleration, together with a top line growth of the profitability. When we look at RIB’s guidance for 2020, they said an expected EBITDA between 57 and 65 million euro, and that means that our offer is offering a multiple of 23.5 times on the expected multiples for the transaction and...and that gives a multiple that is clear thanks to the guidance. The transaction will be immediately neutral or positive to Schneider Electric’s EPS, of course, excluding the possible one off transaction cost, and the ROCE is expected to cover WACC by year five. And moving then to page 16, which are the next steps. So we are going to file before [the] end of February, the draft offer with BaFin, the regulatory body of the German market. We expect the start of the acceptance period in March, and an end of the acceptance period in April. And that will mean a settlement at the end of Q2 2020. I now hand over to Jean-Pascal for the conclusion.

26:47 Jean-Pascal Tricoire

Well that will be a...a very short conclusion. As you can see, RIB and Schneider share the same vision for the building...of course smart and sustainable...[RIB and Schneider] share the same vision or the same...vision for the need to streamline the life cycle of the building. And we've checked over time and certainly more so over the past month, but discussing and working together over all of the past years...that we have the same corporate culture, and entrepreneurial spirit...in the field of construction. So, we are all very excited to combine forces and to allow RIB to really focus on growth and allocating its resources to the deployment of each platform. That concludes our presentation...Amit?
27:46 Amit Bhalla

Well, yes, thank you, Jean-Pascal, thank you all. Let's move now to Q&A. Just...just a point before we...we start taking questions, for everyone's info: the recording of this call should be available by about 1pm CET, so that's just for info. Let's start on the first question please, operator.
Q&A

28:14 Operator

Thank you very much, and we will now begin our question and answer session. If you have a question for our speakers, please dial 0 and 1 on your telephone keypad now to enter the queue. Once your name has been announced, you can ask a question. If you find your question is answered before it is your turn to speak, you can dial 02 to cancel your question. If you're using speaker equipment today, please lift the handset before making your selection as a courtesy to the other participants. May I finally request that you limit the number of questions you ask to two at a time. One moment please for the first question.

29:08 Ben Uglow (Morgan Stanley)

Hello, good morning and thank you for taking the question. It was really just to understand the management retention aspect. I don't know if that's a question for Tom or for Jean-Pascal but in terms of tendering, half of the shares, in terms of the... the remaining shares are there lockups in around what the management can do? And in terms of continuing, are there going to be specific lock up agreements, in terms of how long the existing management stays with the company?

29:45 Philippe Delorme

Jean-Pascal, do you want to take it to you want me to take it?

29:53 Jean-Pascal Tricoire

No, take it.

29:54 Philippe Delorme

Okay. So, first of all on the so... Tom and... and Michael have... have actually proposed to tender all their shares. And we've asked and being really specific that we wanted the two of them, we think, half of their share, to be very strongly incentivized to the project, and we believe it’s important. Jean-Pascal was talking about a joined and entrepreneurial culture, and we are very attached to it, and I think we share the same vision in that regard. So, we think it’s really important. Now, in terms of lockup, there is a sort of lockup that would last for 14 months. And that's a starting point, but I would say, Michael and Tom are very committed to the success of this operation. I think you heard that also through the call. And the fact that they are keeping some shares is to us a very important condition for that. There is a current contract up to December 2022, which, let’s say, clarifies the future for the coming three years. And we are going to take things step by step, and learn as we work together.
31:19 Ben Uglow (Morgan Stanley)

Understood. And are there any other sort of, separate things, in place for the...let's call it the "divisional management" or the other senior employees? I'm just trying to understand the ability to keep people on board.

31:34 Thomas Wolf

We have agreed that we continue all the agreements and all the relationships with our top leaders. And because we have over years of relationship with Schneider, and Schneider leaders have presented on our summits, our people know Schneider very well, and we could get a feeling that this will be seen as a big step forward and fully in line with our top management.

32:03 Ben Uglow (Morgan Stanley)

Okay, great. Thank you very much.

32:05 Amit Bhalla

Thank you, Ben. Let's take the next question.

32:16 William Mackie

Good morning. Thank you for taking the question. I believe in the past RIB has developed its business through a series of acquisitions and of IT service providers. And now that you are joining forces with Schneider Electric, and able to utilize their footprint for distribution, do you envisage a change in the way that you bring this product to market? And how would that change develop against the backdrop of the shifting...sort of revenue agreements, which is a second, I guess, subsidiary question as we move towards a subscription model, as opposed to just selling pure licenses. So is there a change in the revenue outlook? That's...that's the first question. The second: you have a platform, I believe called YTWO, which is quite interesting. It's a procurement platform for building products. I wonder what the plans are for using that given that, there's obviously a lot of cross synergy potential between your software platform and Schneider Electric's interest in distributing product. Thank you.

33:29 Thomas Wolf

First of all...we have a five year plan and we shared this five year plan with a lot of interested parties. As you know, half a year ago, we announced that we are open for discussions with strategic and financial investors to strengthen our shareholder base. And we have given this five-year plan with all the details that we have developed a sales network, the sales network now over this MSP investments. And after...and now we have this global sales network, which can help now to utilize all the client relationships, which we win with our new partner. And it's very important to know that with this cloud offering with this MTWO cloud offering, we have now a product which can be implemented in 48 hours, which is a
product which can be used by such sales organization. I believe with Microsoft and Schneider and with this teamwork in sales, and with our network, we are now very well positioned but it's within our five-year plan, which we have announced one year ago and which we have shared with a lot of parties. We find that the match, here, with Schneider was the best match, we don't expect that we are having a different plan now in the market. So we are only sure that the execution of our plan is now highly secured within this alliance or within this strategic investor solution.

35:20 Amit Bhalla

Alright, I think we move to the next question and understand that there are probably several questions in the line. Can I just request [to] everyone: let's keep it to one question per person, and then we'll come back, you know, as time allows. So, operator, next question, please.

35:41 Gael de Bray (Deutsche Bank)

Yes, good morning. Thanks. Thanks very much. I think Schneider now offers a number of digital offerings for buildings and data centres, including, you know, energy efficiency, software solutions, electrical design capabilities, and now BIM. So it's their plan to integrate all of these competencies. I mean, would it make sense, first of all, to do that, to put everything under the same roof?

36:10 Philippe Delorme

So on that one we are very incremental, meaning, I think Jean-Pascal said it...we are doing our strategic work to be surgical on capabilities that make sense. And after that work, we saw that this expansion was really making sense for our customers. So, one, we want to make sure that we do the best job we can to support RIB's expansion. And then, step by step we are creating the links, being very practical with our customers, and test what works. We believe there is a great synergy between the build and the operate and maintain. And by the way, we see other players doing similar path so we're going to create bridges between this team and between this technology and the great news is that eco struxure is fully cloud-enabled, very open. And we share this belief, with Tom and team to connect the dots between the different platforms. You've seen that we made some move with IGE-AXO and Alpi more in electrical CADWhen you do a full design of a building, of course electrical is a key attribute where you need to connect the dots. So, we also are going to connect the dots with our customer in a very pragmatic manner, learn from that and then iterate, which is really the way we are doing in digital. So yes, we believe there is an opportunity to connect the dots. We are going to learn by doing, and by doing that, we're going to be smarter and keep building our plan going forward.

37:51 Gael de Bray (Deutsche Bank)

Thanks again.
37:53 Jean-Pascal Tricoire

Philippe, if I may complement on it. On your question, I think take the example of Aveva. We on one side, we have gained a lot to supply complete solutions, inclusive of connected products and the software layer. But at the same time, from the beginning I think I've shared that with you guys from the beginning, we completely recognized that the software layer is different. We wanted to be agnostic, we wanted to be specialized on software to attract the best balance and that has been a very strong credo on our side. So what we are showing is that on one side, we want to maintain the specialization to be the best software company among the software companies. But at the same time build the bridges with Schneider, which we have really succeeded to do in industry, so that we make those software companies benefit from all the introductions that we have with customers. And putting everything under one roof is sometimes not the best recipe to make things happen. So and it all depends on the case: some people want it integrated, but the reality is that we speak to the same customers, those customers are facing the holistic equation of integration, real time and design. And this is what we…we believe that has been our strategy for since we integrated the software, of Invensys. And we keep going into that direction.

39:36 Gael de Bray (Deutsche Bank)

Okay, thanks very much.

39:39 Amit Bhalla

Thank you. Thanks Gael. Next question, please.

39:49 James Moore (Redburn)

Morning, everybody. I have a question on the competitive landscape, I guess it might be for Tom. Tom, I believe you operating the construction re-platforming market, which I gather is quite a small part of the overall construction IT software market, maybe 10%. As I'm a complete novice to this market, can you help us understand what it is you actually do and what you don't do, compared to some of the bigger companies out there, like Autodesk, and who the real competitors are, and what the sort of market share pie chart looks like in your in your world?

40:25 Thomas Wolf

First, we see ourselves as complimentary to companies like Autodesk. And when you look on our technology, it's a kind of bridge between design and finance. So, we are bridging the design data to the finance. And the difference to most offerings is that we are a kind of enterprise solution. Enterprise solution means we can connect thousands of projects, we can connect around the world, all data. And when you look on competition...actually, at the moment, there are some Silicon Valley activities who are trying to build a platform which is also fully native cloud and can support the transformation, because at the moment when our clients worldwide, they are looking to digitalize their business they have understood that there is a value in their data. And to collect all the data is now the most important task and when they have the data all collected, then they can use artificial intelligence and such technologies to develop new business models. And in this market - which I believe will dominate the IT market in this building vertical - in this market, I would
say at the moment RIB is in the lead position. I don't see anybody far behind us. This is mostly comments from Microsoft. When they introduced our partnership. But, there are some Silicon Valley companies [that] want to win the platform race. And we believe now with the...with the partnership with our strategic investor, Schneider, we have a very nice position to win this race. Autodesk for us is a very complimentary...I would almost say a partner who...who has the same vision to digitally transform and to...to win the companies using BIM technology, which means 3D technology instead of 2D drawings, and the traditional way of doing construction.

42:43 Philippe Delorme

So maybe to wrap it up, really in the old BIM. Our advice would be that when you go and assess that market, really look at the design and then the build, as two complementary markets. And, actually, the competitive landscape is really different in the design and in the build. As we said, we at Schneider, don’t want to go to design because we believe there are established players that are well in place, Autodesk being clearly one of them, and probably the most important one. Then, in build, we’ve done our homework and we really see a handful of people that have the size of RIB. And when we’ve done the homework of technology, we believe RIB bring the best capabilities in terms of platform, cloud and capacity to bring together the planning, the costing and the real time management of construction.

43:45 James Moore (Redburn)

Thank you very much.

43:47 Amit Bhalla

Thank you, James. We take the next question, please.

43:59 Guillermo Peigneux-Lojo (UBS)

Thank you. Good morning, it’s Guillermo Peigneux from UBS. Just a question on the on the synergies: I guess, you know, RIB, having now the access to, you know, Schneider's knowledge and content and contacts in the architecture specifiers. So, I wonder you know, if you can give us a more granular number when it comes to revenue synergies that you are factoring into some of the assumptions, obviously, not as specific numbers if you can not, but some kind of guidance as to how to think about this and whether that actually related to the last question helps you in the competitive landscape with companies like Hexagon Smart Build, not being able to have the same access as you do.

44:49 Thomas Wolf

Very important is that we have announced a five-year plan or a midterm plan where we have given a target to the whole market and this we have announced already [at] the end of 2018. So this plan is to increase our revenue and to increase our client base, very strong in the next years. And from my side, I can say that with the investment of Schneider we have a stable shareholder structure, and we have a fantastic partner to execute the plan, which we have announced. I would
not raise the plan at the moment, I would say, with the partnership, strategic partnership in a changing world, it's more safe now to execute this plan, which we have announced to the whole market in all details.

**45:47 Philippe Delorme**

And maybe to complement...so we've done some joint work before announcing that to really substantiate the meaning of this combination. And we've met with a lot of customers. And when I was mentioning those three examples, there are many more. And we feel strongly on the capacity to indeed open the doors for RIB technologies.

**46:13 Amit Bhalla**

Thank you, Guillermo. Next question.

**46:23 Dustin Mildner (Pareto Securities)**

Good morning everybody. My question is on the listing, do you plan to keep the listing of the RIB share a longer term? Or do you plan to make a squeeze out at some point in time? Thanks a lot.

**46:44 Emmanuel Babeau**

Maybe, maybe I can take that one - Emmanuel speaking. Of course, you know, as we said, we are making an offer for all the shares of the company with the understanding that Tom and Michael are going to keep half of the shares, but we believe that it's a very compelling offer for the shareholders. So, if, as we expect, all shareholders are bringing their shares to the offer, then you know, we will be in a situation where we will keep only a small number of...of shareholders and then of course, this squeeze out question will be on the table. But I think it's just too early to answer because we don't know what's going to be the...the final outcome and therefore, you know, I cannot be more precise than that at that stage.

**47:39 Dustin Mildner (Pareto Securities)**

Right. Okay, thank you.

**47:40 Amit Bhalla**

Next question, please.
47:50 Tanuj Agrawal (Barclays)

Hi, good morning there. This is Tanuj Agrawal from Barclays. I have a question back on synergies, actually. I mean, you specify double digit organic growth with Schneider. I mean, what's the synergies, we should assume in case of Schneider, which comes to Schneider with this acquisition please? If we can have some ballpark numbers around how we achieve the 1.4 billion valuation for the company.

48:16 Philippe Delorme

We consider that when we help RIB selling it's good, for Schneider. So, to be really simple, we think that's the biggest source of synergy and that's really what we're going to work upon, first and foremost. In the back, of course, we're going to work on the technology to make sure that things are better connected, but I think we've been very clear on that sales synergies first to help RIB develop its sales. And for sure, for Schneider, it will mean better customer intimacy with a general contractor, with the end users, that will help us to sell more. But I would say to quantify things simply, first and foremost we'll drive the support, the sale support we're going to give to RIB. And I will say very similar to the model, we had with Aveva. And we saw, with Aveva, that actually it was a win win on both sides because it was helping us to be more relevant on the whole rest of China.

49:21 Thomas Wolf

And I would like to add, here, one point. RIB technology stands for simulating the whole process before you will build. Here we have material, labor and equipment. So in the future, every big project will be simulated in all details in BIM, in 3D, you...defining all materials, all labor and all equipment in a project. And we believe that in this time, it's very important that there are databases available, where all materials can be used and can be checked in a project. So we believe in the...at the moment with RIB software there are more than 100 billion euros of projects are created. And when this is done in all details, I believe it can have a very nice impact on the product selection in the future, and can have a nice impact also, on our partner side.

50:30 Speaker

And, in the end, we bring jointly efficiency for customers which is really a big deal.

50:37 Amit Bhalla

Alright, thank you. Next question.

50:52 Tom Beckmann (Jefferies)

Hi, good morning, a couple of short questions for me please. Could you say whether...if RIB pays a dividend for the last financial year before the offer closes, whether that will be deducted from the 29 eur offer price or not? And could you
comment on why you feel it was necessary to file with CFIUS if you consider any parts of RIB's business to be particularly sensitive with respect to the US government?

51:24 Philippe Delorme

Emmanuel, you want to take that?

51:27 Emmanuel Babeau

So on the on the dividend maybe I will let you answer in Stuttgart. On the CFIUS, well, let's be clear: you know, it's...it's very technical matter, it depends on the on the characteristic of the deal, and we've been advised that this transaction would require a CFIUS filing, and I don't think I have more things to share about it. Maybe back to you on the dividend in Stuttgart.

51:52 Philippe Delorme

So the Stuttgart [laughter], hello Stuttgart. So, dividends will not be deducted.

52:01 Tom Beckmann (Jefferies)

And do you intend to pay a dividend for last financial year?

52:07 Thomas Wolf

We agreed to continue our policy and we have announced it already. So there is no midterm change in the policy at the moment discussed. And I expect that it will be continued.

52:22 Amit Bhalla

Alright, I think in the interest of time, I think we're going to take the last two questions. So operator, let's have the first of the two.

52:40 Li Dunlop (JP Morgan)

My question has been answered. Thank you very much.
52:43 Philippe Delorme

Thank you.

52:54 Jerome Bruneau (Investec Bank plc)

Good morning, gentlemen. Um, quick question, if I may: you...as management of RIB Software is keeping half their holding, could Schneider ask them to tender should the level of 50%...were not reached without it. Thank you.

53:13 Philippe Delorme

Emmanuel, you want to take that one?

53:16 Emmanuel Babeau

Well, for the time being, you know, the plan is what we've been clearly disclosing, and you know, depending on the situation, I mean, I guess everything can be re-discussed, but for the time being the plan is what we've been announcing so they keep half of their shares.

53:36 Jerome Bruneau (Investec Bank plc)

Thank you.

53:38 Amit Bhalla

Right. So maybe we'll give one more question because the previous one was already answered.

53:42 Speaker

You're very generous.

53:42 Amit Bhalla

So let's have one last question please.
53:47 James Moore (Redburn)

Oh, thanks for squeezing me in Amit! So, I would like to just make sure I understand your financial plan, really. I mean, you're talking about ROCE exceeding WACC in the year five, I'm assuming 8%. I'd love to know if that's wrong, but that's about 104 of NOPLAT. And, if I think about the current tax rate, that's about 150 of EBIT and 180-ish of EBITDA by 2024. I just wanted to check that that's basically the right ballpark. And I wanted to compare it to the RIB five-year plan that I found on your RIB definitions on your website, which talks about the numbers way in excess to that, but maybe you're talking about the market, maybe you could help me here? But you talk about the construction re platform market, going to 45 billion by 2025 with a 30% margin, which would be something like a 15 billion market and the fact you hope to have 10% of that, which will be one and a half billion. I'm sure there's there isn't a massive mismatch, but maybe you could help me on how this plan compares to your existing plan. And, whether I got the numbers right on both sides or wrong on one side?

55:04 Thomas Wolf

We have not changed our view for the future and we have announced all our view, we believe that industries like [the] automotive industry are spending 3% of their spending in IT. And we believe this also can...will happen in the building and infrastructure construction industry. So...and if this happens of course, there will be companies who are going for this "cake," let's say, for this revenue opportunity, and we believe we are in a good position, and here, nothing has changed. But, we have competition, and especially new competition comes up around the world, because [the] software IT industry is a global business. So we have not changed our targets, but...and we have also said how much percentage we want to grow, and as you know, a big part of the growth was over acquisition. And the other part of the grow was over organic growth. We have not changed our blend. But we believe with the strategic investor Schneider in RIB, we are in a much more secure position because [the] market has changed a lot. You know, we have a crisis in Asia, we have the Brexit, we have the trade war, we have a lot of things which came up...climate change becomes a big topic. So, we believe now we are in the right shareholder structure to execute our targets. And we have tried in the last years always to give the market the full picture, [so] that everybody knows where we want to go and could evaluate us in the best way. So this has not changed, but we feel we have a much more secure [if] we don't have to focus on shareholders. And such a part. We can fully focus now on business execution. And therefore, we are optimistic. But, if you have asked Google or such companies before [57:06 unclear], what can they reach, of course there's a potential, but there's also competition in the market.

57:13 Speaker

Can I just add, you know, you were asking about the WACC for the company. We view it today. And of course, you know, [we are] happy to provide detail: with a very low interest rate, rather around 7%. And to beat the WACC, you know, you take of course, as we said, strong growth for the top line and strong margin improvement, and that's when you combine the two you get to this ROCE beating the WACC by year five.

57:45 James Moore (Redburn)

Just while we're on it, are there any integration costs or tax changes that you could help us with?
57:52 Emmanuel Babeau

So we don't today expect you know, changing the tax situation of the company. And in terms of integration costs, today, we don't expect them to be very material, and that's what we can we can share with you at this stage.

58:09 Philippe Delorme

That's very helpful. Thank you.

58:11 Jean-Pascal Tricoire

James, Jean-Pascal we're going to be more detailed and we can certainly discuss more in detail with you. But, I think, at the end of the day, what we are bringing to RIB is focus to RIB is focus, which is that we can focus on growth, we can focus on adoption, therefore, generate more growth and make sure the allocation of cost and resources is dedicated to profitable growth. And our base of customer - which is working on construction, actually, we enter the game at the stage of the construction - is eager to find tools to make themselves more efficient. So, that's really the name of the game. I mean, opening - as Tom was explaining before - a lot of the energy of RIB has been dedicated to opening the international market. We have that international network, and we want to open plenty of other doors and really focus the action of the company on creating the digital platform for construction.

59:15 James Moore (Redburn)

That's very helpful. Thank you, Jean-Pascal.

59:19 Amit Bhalla

Alright. I think...thanks all. I think we're at the hour. So maybe we conclude the call here. Just a reminder, you know, at least on the Schneider side, you know, we are still in a quiet period. We have our annual results next week. And of course, you know, we will...we will have lots of chances for much more detailed discussions. But thank you all for your time today, and have a good rest of the day.

59:49 Operator

Ladies and gentlemen, thank you for your attendance. This call has been concluded, you may disconnect.