Life Is On | Schneider Electric

Schneider Electric fully endorses AVEVA's proposed acquisition of OSIsoft

Rueil-Malmaison (France), August 25, 2020 – Schneider Electric, the global leader in digital transformation of energy management and automation, fully endorses the transaction announced today by AVEVA regarding its proposed acquisition of OSIsoft for a consideration of $5bn.

Schneider Electric is AVEVA's majority shareholder with 60.2% ownership and board representation, and fully consolidates AVEVA in its group financial statements. Schneider Electric believes this represents the next step in AVEVA's evolution. This acquisition will provide significant value to industrial customers as well as across Schneider Electric's other end-markets: Building, Infrastructure and Data Center. The details and rationale of the transaction have been shared in AVEVA's press release today available on their website https://investors.AVEVA.com/

In 2018, Schneider Electric merged its industrial software business with AVEVA to create a unique value proposition for customers in the process and hybrid industries. Since then, Schneider Electric has supported AVEVA's expansion, including into new end-markets and geographies. The merger has been successful and has been creating value for both companies, continuing to deliver strong growth and synergies for both AVEVA and Schneider, with AVEVA now part of the FTSE 100.

Strategic Context of the Transaction

- The transaction announced today is aligned with Schneider Electric's strategic vision to grow its suite of best-in-class, end-to-end software. The Group remains committed to helping customers on their digital transformation journey to drive sustainability, efficiency and resiliency.
- OSIsoft's PI System is a leading platform for data acquisition and data structuring for its customers, specialized on the mission-critical applications on which AVEVA and Schneider are focused. It delivers aggregation and visualization of real-time sensor, actuator and control data in an open infrastructure to support best-of-breed ecosystems. It is scalable, supporting small to enterprise-wide deployments.
- This agnostic data ingestion and structuring layer complements Schneider Electric's existing software portfolio which covers the full lifecycle from **Design & Build**, including AVEVA's Unified Engineering platform, RIB and IGE-XAO, to **Operate & Maintain**, including AVEVA's Asset Performance and Planning & Operations applications and the targeted Ecostruxure Advisors developed by Schneider. These capabilities are delivered on the edge and on the cloud depending on technology and customer preference.
- The acquisition of OSIsoft by AVEVA reinforces its position as a leading agnostic Industrial IOT software player while retaining the culture, speed and business model of a software company.
- With this transaction, Schneider Electric will have enhanced offerings across the life cycle in all its end-markets with an unparalleled portfolio of industrial software for long-term revenue growth.
- The Group remains focused on growing its Software and Service revenue which represented 17% of group revenues in H1 2020. Such revenues have higher level of resiliency and proportion of subscription/recurring revenue. The OSIsoft transaction is expected to be around 30bps margin accretive to Adj EBITA based on LTM (12 months to June 30, 2020).

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Commenting on the transaction, Jean-Pascal Tricoire, Chairman and CEO said: *"All of our customers are focused more than ever on their digitization agenda on which AVEVA and Schneider have been partnering to deliver solutions which range from "control agnostic" to fully integrated "plug-and-play". Always targeting mission critical applications, we have built a full portfolio of capabilities with the clear objective to bridge the world of Design & Build and the world of Operate & Maintain, collecting an ever-growing amount of data. OSIsoft and its renowned PI System bring along the needed capability of a reference and agnostic platform for data acquisition and structuring - across the whole life of the installations which are at the core of our focus. At a consolidated Group level, we plan to bring OSIsoft teams access to new geographies, new segments, new customers, and create value from connecting data to the unparalleled set of applications from AVEVA- and Schneider portfolio of software."*

Further Information

- Schneider Electric has agreed to guarantee c.60% of the AVEVA bridge loan to equity and has committed to subscribe its pro-rata share (c.$2.1bn) of the proposed AVEVA rights-issue to fund the transaction.
- Schneider Electric acknowledges a marginal dilution of its stake in AVEVA to c.57% due to the structure of the transaction and the merits of having OSIsoft's founder, Dr. J. Patrick Kennedy, as a key stakeholder. The Group continues to believe that a majority shareholding in an agnostic software company is important to drive revenue synergies
- The additional consolidated long-term debt at Group level is limited to $900m and the Group remains attached to maintaining a solid investment grade credit rating.
- The Group's capital allocation policy of M&A in the core, disposal of non-core activities and dividend remain unchanged.
- In light of the economic uncertainties and the effects of the proposed transaction, Schneider Electric expects to put its current share buy-back program on hold in the near term, though it commits to neutralise its employee share plans.

AVEVA has arranged a conference call at 08.30am UK time to discuss the transaction, details are available in AVEVA's press release. In addition, Schneider Electric will host a call from 10.15am to 11:00am UK time to discuss its perspective on the transaction and take questions from analysts and investors. Dial in details for the Schneider Electric's call at 10.15am UK time are:

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[The recording of the conference call is available through this link.](#)

JP Morgan is acting as financial advisor to Schneider Electric.

Financial Information

About Schneider Electric

At Schneider, we believe **access to energy and digital** is a basic human right. We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment.

We provide energy and automation digital solutions for efficiency and sustainability. We combine world-leading energy technologies, real-time automation, software and services into integrated solutions for Homes, Buildings, Data Centers, Infrastructure and Industries.

We are committed to unleash the infinite possibilities of an open, global, innovative community that is passionate about our **Meaningful Purpose, Inclusive and Empowered** values.

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