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20 July 2015

Schneider Electric SE

AVEVA and Schneider Software to create a global leader in industrial software

Summary

AVEVA Group PLC ("**AVEVA**"), one of the world's leading providers of engineering design and information management solutions, and Schneider Electric SE ("**Schneider Electric**") today announce that they have reached a non-binding agreement on the key terms and conditions of an acquisition of selected Schneider Electric industrial software assets (including, among others, the former Invensys software assets) ("**Schneider Software**") by AVEVA (the "**Transaction**").

Schneider Software's product portfolio offers solutions in Process Engineering & Optimisation, Operations Planning & Scheduling, Operations Execution Management, Asset Management, Operations Control and Information Management.

AVEVA will acquire Schneider Software on a debt-free cash-free basis and receive from Schneider Electric upon completion £550 million for consideration of new AVEVA shares to be issued to Schneider Electric, such that Schneider Electric will own 53.5% of the Enlarged AVEVA Group's (as defined below) fully diluted share capital immediately post completion. Based on the current AVEVA share price, the c. 74.0 million AVEVA shares to be issued to Schneider Electric as part of the Transaction have a current market value of c. £1.3 billion. The cash payment (described above) from Schneider Electric will be distributed upon completion (together with AVEVA's net excess cash, as described below) to AVEVA's shareholders (excluding Schneider Electric).

Given the relative size of Schneider Software and AVEVA, the Transaction will be classified as a reverse takeover of AVEVA under the Listing Rules of the UK Listing Authority (the "**UKLA**"). Certain information on Schneider Software has been provided by Schneider Electric and is included in the Additional Information section of this announcement.

Strategic rationale and other benefits of the Transaction

The Directors of AVEVA and Schneider Electric believe that there is a clear and compelling industrial logic and strategic rationale for a combination of AVEVA and Schneider Software (forming, the "**Enlarged AVEVA Group**"). The Transaction will, among other things:

- Create a global leader in industrial software, with scale and relevance in key-markets and a best in class technology portfolio with combined revenues and Adjusted EBITA of c. £534 million and c. £130 million, respectively;

- Provide a comprehensive integrated offering through its combined product portfolio – including among others Schneider Electric’s SimSci™, Wonderware™ and Avantis™ solutions alongside AVEVA PDMS™, AVEVA Everything3D™ and AVEVA NET™ – creating a holistic and more visible value proposition enabling the Enlarged AVEVA Group to better navigate specific cycles by covering all aspects of the Digital Asset lifecycle through Process Simulation, detailed 3D Design, Asset Data Management, Operations Management and Asset Performance Management for large, complex engineering projects in the process and plant industries;
- Diversify AVEVA’s end-markets, enhancing its position in Oil & Gas, Power and Marine while adding leading positions in other verticals including Chemicals, Food and Beverage, Mining, Water and Waste Water, and Pharmaceuticals thereby substantially enlarging the total addressable market;
- Improve geographic and end market coverage, with AVEVA benefitting from Schneider Software’s exposure to the Americas market (the Americas will contribute approximately 36% of revenues in the Enlarged AVEVA Group versus 18% of AVEVA’s revenues today);
- Create additional value for shareholders through the potential for material revenue and cost synergies;
- Provide an exciting commercial opportunity for the Enlarged AVEVA Group to leverage Schneider Electric’s multiple go-to-market channels;
- Position the Enlarged AVEVA Group as a strong player best able to continue to take advantage of future M&A opportunities;
- Create a compelling equity story, underpinned both by an enhanced strategic positioning and a strengthened financial profile for the Enlarged AVEVA Group; and
- Establish a "best-in-class" management team and increased brand profile for attracting further talent.

Key terms of the Transaction

The key terms are set out below and the Transaction is subject to, inter alia, mutual due diligence, the agreement and execution of legally binding documentation and approval by the Boards of AVEVA and Schneider Electric:

- AVEVA will acquire Schneider Software on a debt-free cash-free basis and receive from Schneider Electric upon completion £550 million for consideration of new AVEVA shares to be issued to Schneider Electric, such that Schneider Electric will own 53.5% of the Enlarged AVEVA Group’s fully diluted share capital immediately post completion. Based on the current AVEVA share price, the c. 74.0 million AVEVA shares to be issued to Schneider Electric as part of the Transaction have a current market value of c. £1.3 billion. The cash payment (described above) from Schneider Electric will be distributed upon completion (together with AVEVA’s net

excess cash, as described below) to AVEVA's shareholders (excluding Schneider Electric);

- On completion, AVEVA shareholders will:
 - Retain a 46.5% ownership of the Enlarged AVEVA Group, with combined revenues and Adjusted EBITA of c. £534 million and c. £130 million, respectively;
 - Receive a cash payment of £550 million (to be paid by Schneider Electric to AVEVA and subsequently distributed to AVEVA shareholders, excluding Schneider Electric), being equivalent to £8.55 per AVEVA share on a fully diluted basis and representing 48% of AVEVA's fully diluted market capitalisation as at 17 July 2015 (being the closing price on the latest date practicable prior to publication of this announcement);
 - Receive any net excess cash held on AVEVA's balance sheet to be paid to AVEVA shareholders (excluding Schneider Electric), such excess cash being calculated by reference to future cash requirements of the Enlarged AVEVA Group and after adjustment for post-tax pension provisions and other debt related items, in each case as to be agreed between AVEVA and Schneider Electric; and
 - Have an opportunity to benefit further, through their shareholding, from the revenue and cost synergies which are expected to arise from the combination of the two businesses, and their resulting enhanced market presence;
- It is intended that the Enlarged AVEVA Group will continue to be admitted to listing on the Official List of the UKLA ("**Official List**") and to trading on the London Stock Exchange plc's main market for listed securities;
- The Board of the Enlarged AVEVA Group will be constituted as follows:
 - The existing Board of Directors of AVEVA to remain in place on completion. Specifically, Philip Aiken (AVEVA's Chairman), Richard Longdon (AVEVA's CEO) and James Kidd (AVEVA's CFO) will remain in place following completion, in order to drive the strategy, implementation and integration of Schneider Software;
 - Two additional non-executive directors proposed by Schneider Electric to be appointed to the Board of the Enlarged AVEVA Group on completion;
 - In order for the Board of the Enlarged AVEVA Group to comprise a majority of independent non-executive directors (including the Chairman), one additional independent non-executive director proposed by AVEVA to be appointed on or shortly after completion;
 - The Board of the Enlarged AVEVA Group will continue to have an independent non-executive Chairman for a period of not less than two years following completion. Thereafter, Schneider Electric will have the

right to appoint the Chairman from one of its two non-executive directors. The Chairman of a meeting of the Board of the Enlarged AVEVA Group will have a casting vote in case of equality of votes on questions arising at any meeting;

- The Vice Chairman of the Board of the Enlarged AVEVA Group to be appointed from one of Schneider Electric's two non-executive directors on completion; and
- A new COO will be appointed from Schneider Software but will not be appointed to the Board of the Enlarged AVEVA Group;
- Schneider Electric will agree to maintain AVEVA's progressive dividend policy;
- There will be a standstill period for:
 - Two years post completion of the Transaction during which Schneider Electric cannot increase its shareholding above 53.5% of the Enlarged AVEVA Group's fully diluted share capital or vote in favour of a de-listing of the Enlarged AVEVA Group without the approval of the majority of the Enlarged AVEVA Group's non-executive independent directors;
 - A further 18 months period thereafter during which Schneider Electric cannot increase its shareholding to 75% or above of the Enlarged AVEVA Group's fully diluted share capital without the approval of the Enlarged AVEVA Group's non-executive independent directors, other than by way of a general offer under the City Code on Takeovers and Mergers (the "**City Code**"), provided that such offer is:
 - At an offer price not less than a 20% premium to the 30-day volume weighted average of the Enlarged AVEVA Group's share price at the time of the first announcement of the general offer and is recommended by a majority of the Enlarged AVEVA Group independent non-executives (or include an acceptance condition which requires the acceptance of the offer by a majority of the other shareholders in the Enlarged AVEVA Group); or
 - Recommended by a majority of the Enlarged AVEVA Group's non-executive independent directors;
 - Thereafter, Schneider Electric will be under no restrictions on further acquisitions of shares or offers, nor be required to maintain the Enlarged AVEVA Group's listing;
- Schneider Electric intends to comply with the Listing Rules of the UKLA and will enter into a relationship agreement with the Enlarged AVEVA Group on completion. Under the terms of the relationship agreement, Schneider intends to agree to only enter into agreements and arrangements with the Enlarged AVEVA Group on an arm's length basis and on normal commercial terms;

- In the event that the Enlarged AVEVA Group is de-listed, the relationship agreement will be terminated and all protections set out therein (including the standstill provisions described above) would cease to apply; and
- Schneider Electric and AVEVA will enter into a collaboration agreement in connection with R&D and commercial activities in order to optimise the generation of synergies for the benefit of both parties.

Commenting on the Transaction, Richard Longdon, Chief Executive Officer of AVEVA said:

"The transaction will be transformational to AVEVA, creating a global leader in industrial software, which will be able to better compete on a global scale. Through the acquisition of Schneider Software, AVEVA will significantly expand its scale and product portfolio, diversify its end user markets and increase its geographic exposure to the US market, in line with our strategic goals.

The transaction is expected to provide significant value to our shareholders via the upfront cash payment and a share of the Enlarged AVEVA Group to benefit from synergies and a compelling equity story underpinned by an enhanced strategic positioning."

Commenting on the Transaction, Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric said:

"Working on a combination of AVEVA and selected Schneider Electric industrial software assets represents a promising opportunity for the stakeholders of both companies. The combination will create a global leader in industrial software, with a unique portfolio of asset management solutions from design & build to operations and will address customers' requirements along the full asset life cycle in key industrial and infrastructure markets. It will also create the right environment for the software teams to develop aggressively their business, while benefiting from the multiple commercial access of Schneider around the world.

We believe that through increased scale, complementary footprint and joint R&D capabilities, the transaction will generate synergies that will benefit customers and shareholders alike."

Other

Once legally binding documentation has been executed, completion of the Transaction is likely to be conditional on, inter alia, any consultation procedures involving the personnel's representative bodies, as well as the approval of AVEVA's shareholders and any regulatory and anti-trust approvals required.

There can be no certainty that the discussions between AVEVA and Schneider Electric will lead to a transaction, nor what the final terms or timing of any such transaction may be.

Under Listing Rule 5, certain information regarding Schneider Software is required to be provided to ensure that there is sufficient information available to the public with regard to the Transaction in order to avoid a suspension of AVEVA's shares. The information required under this Listing Rule has been provided by Schneider Electric and included in

the Additional Information section of this announcement. The Board of AVEVA considers that this announcement and Additional Information section of this announcement contains sufficient information about Schneider Software to provide a properly informed basis for assessing Schneider Software's financial position. Furthermore, the Board of AVEVA confirms that AVEVA has made the necessary arrangements with Schneider Electric to enable AVEVA to keep the market informed without delay of any developments concerning Schneider Software that would be required to be released were Schneider Software part of AVEVA.

The Board of AVEVA also confirms that until such time as a prospectus is published in relation to the Transaction or discussions between the parties are terminated (or such other date as required by the UKLA), AVEVA will make any announcement that would be required in order to be compliant with its obligation under the Disclosure and Transparency Rules of the Financial Conduct Authority on developments in relation to Schneider Software as if Schneider Software were already part of AVEVA.

A further announcement will be made as and when appropriate.

Settlement, listing and dealing

As the Transaction will be classified as a reverse takeover of AVEVA under the Listing Rules of the UKLA, application will need to be made to the UKLA and the London Stock Exchange plc for the ordinary shares of Enlarged AVEVA Group to be admitted to the Official List and to trading on the London Stock Exchange plc's main market for listed securities respectively. The Transaction is expected to be accounted for as a reverse takeover of AVEVA under IFRS.

A prospectus will be required to be published in relation to the application for admission to the Official List of the new and existing shares in Enlarged AVEVA Group. Such a prospectus will include audited financial statements of Schneider Software prepared in accordance with the Listing Rules and the Prospectus Rules of the UKLA. It is possible that the financial information contained in any prospectus published in relation to the Transaction may differ from the financial information included in the Additional Information section of this announcement.

The eligibility of Enlarged AVEVA Group has not yet been agreed with the UKLA. An application regarding the eligibility of Enlarged AVEVA Group will be made in the event agreement is reached in relation to the Transaction. It is expected that admission to the Official List will become effective and that dealings, for normal settlement, of the Enlarged AVEVA Group's securities will commence on the day that the Transaction is completed.

Rule 9 Whitewash

Following completion of the Transaction, it is expected that Schneider Electric will hold in excess of 50 per cent. of the voting rights of the Enlarged AVEVA Group (calculated on a fully diluted basis). Under Rule 9 of the City Code, a person who acquires an interest in shares which, taken together with shares in which he is already interested, carry 30 per cent. or more of the voting rights of a company must normally make a mandatory offer under Rule 9 of the City Code for all the remaining shares in the company. It is intended that consent of the Panel on Takeovers and Mergers will be sought for the waiver of the obligation on Schneider Electric to make a general offer for all the issued shares of

AVEVA, such waiver to be subject to approval by a vote of the independent shareholders in a General Meeting. In this case, approval for the waiver of the obligation which would otherwise arise for Schneider Electric to make an offer for AVEVA under Rule 9 of the City Code would be sought from AVEVA's shareholders at the AVEVA General Meeting.

Sources and Bases

Information contained within this announcement has been calculated on the basis of the following:

- AVEVA fully diluted number of shares in issue of 64,337,352 as at 17 July 2015 (being the latest date practicable prior to publication of this announcement)
- AVEVA share price of 1,772p as at 17 July 2015 (being the closing price on the latest date practicable prior to publication of this announcement)
- The historical average USD GBP FX rate for the year ended 31 March 2015 of 0.6212
- AVEVA financial information sourced from the AVEVA Annual Report and Accounts for the year ended 31 March 2015
- Schneider Software financial information sourced from the financial information presented in the Additional Information section of this announcement, as provided by Schneider Electric
- Combined revenue calculated by adding AVEVA reported revenue for the year ended 31 March 2015 of £208.7m plus Schneider Software revenue for the same period (as presented in the Additional Information section of this announcement) of \$524m, as translated into pounds sterling at the average FX rate for the corresponding period, as mentioned above
- Combined Adjusted EBITA calculated by adding AVEVA Adjusted EBITA for the year ended 31 March 2015 of £61.8m plus Schneider Software EBITA for the same period (as presented in the Additional Information section of this announcement) of \$110m, as translated into pounds sterling at the average FX rate for the corresponding period, as mentioned above
- Adjusted EBITA for AVEVA for the year ended 31 March 2015 (£61.8m) calculated as adjusted profit before tax of £62.1m pre net finance income of £0.3m

The management team of AVEVA will be hosting a conference call at 08:00 this morning. Participants are advised to join the call at least 15 minutes prior to the commencement of the call in order to register. The dial in details are as follows:

Telephone: +44 (0)20 3427 1902
Conference call code: 6827683

Participants will be able to ask questions during the Q&A session. A full replay facility will be made available later in the day.

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IMPORTANT NOTICES:

Lazard & Co., Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as financial adviser to AVEVA and no one else in connection with the Transaction and will not be responsible to anyone other than AVEVA for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, or any transaction or statement contained herein.

Numis Securities Limited ("Numis"), which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as corporate broker and sponsor to AVEVA and no one else in connection with the Transaction and will not be responsible to anyone other than AVEVA for providing the protections afforded to clients of Numis nor for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis, in connection with this announcement, or any transaction or statement contained herein.

Morgan Stanley & Co. International plc ("Morgan Stanley"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK, is acting as financial adviser to Schneider Electric and no one else in connection with the Transaction. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Ondra LLP, operating under the name Ondra Partners ("Ondra Partners"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK, is acting as financial adviser to Schneider Electric and no one else in connection with the Transaction. In connection with such matters, Ondra Partners, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into Australia, Canada, the Republic of South Africa, Japan, the United States or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of Australian, Canadian, South African, Japanese or US securities laws. The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement or other information referred to herein comes should inform themselves about, and observe, any such restrictions.

This announcement is not intended to, and does not constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities pursuant to this announcement or otherwise.

This announcement has been issued by AVEVA and Schneider Electric and is the sole responsibility of AVEVA.

Nothing in this announcement constitutes an undertaking by either AVEVA or Schneider Electric to enter into a binding agreement in connection with the Transaction.

This announcement does not constitute or form part of any offer, invitation to sell, otherwise dispose of or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities nor shall it or any part of it, nor the fact of its distribution form the basis of, or be relied on in connection with, any contract commitment or investment decision.

This announcement has been prepared for the purposes of complying with the applicable law and regulation of the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

The Transaction, if implemented, would constitute a 'whitewash' transaction for the purposes of the City Code. Accordingly, nothing in this announcement should be construed as constituting a formal offer or evidencing an intention to make a formal offer for AVEVA. In particular, nothing in this announcement constitutes a "possible offer" or a "firm intention to make an offer" for the purposes of the City Code.

This announcement does not constitute an offer of securities for sale in the United States of America or an offer to acquire or exchange securities in the United States of America. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States of America or any other country in which such offer may not be made other than (i) in accordance with the tender offer requirements under the US Securities Exchange Act of 1934, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "envisages", "plans", "projects", "anticipates", "targets", "aims", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect AVEVA's and Schneider Electric's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to AVEVA's or Schneider Software's business, results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which it operates. Forward-

looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, AVEVA and Schneider Electric disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Nothing in this announcement should be construed as a profit forecast And no statement in this announcement should be interpreted to mean that earnings per share of AVEVA for the current or future financial years would necessarily match or exceed the historical published earnings per share of AVEVA.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

Except as explicitly stated, neither the content of the AVEVA nor Schneider Electric website, nor any website accessible by hyperlinks on the AVEVA or Schneider Electric website is incorporated in, or forms part of, this announcement.

Additional Information on Schneider Software Provided By Schneider Electric

1 Introduction

This section of the announcement includes the following information concerning Schneider Software:

- A description of Schneider Software including key non-financial operating or performance measures as well as trend information regarding Schneider Software; and
- Financial information on Schneider Software, comprising profit and loss, balance sheet and cash flow information for the financial years ended 31 March 2013, 2014 and 2015, together with details of the basis of preparation, including details of accounting policies, and certain segmental and other disclosures.

2 Overview of Schneider Software

Schneider Software is a leading industrial software player and a market leader in markets and technology areas adjacent to those of AVEVA. Schneider Software comprises certain historical software assets of Schneider Electric and Invensys plc former software assets ("Invensys Software") acquired in January 2014. Its wide portfolio covers 6 main technology areas providing strong coverage of the customer value chain in the continuous process and batch manufacturing industries and the infrastructure market (covering power, water and wastewater, transportation infrastructure).

Schneider Software portfolio covers the customer value chain in its target vertical markets through its offerings in Process Engineering & Optimisation; Operations Planning & Scheduling; Operations Execution Management; Asset Management; Operations Control and Information Management under various brands such as Wonderware, SimSci, Avantis, Citect and ClearScada.

Schneider Software has a global footprint spanning North America, Europe, the Middle-East, Asia Pacific and Latin America with c. 2,000 employees worldwide, with 8 global R&D centres and 23 project execution centres. Schneider Software's market reach is further extended through an ecosystem of key partnerships and alliances, including over 160 product technology partners, over 3,500 certified developers, and global project delivery alliances to enhance execution capabilities in key vertical and geographical markets such as Oil & Gas, Food & Beverage, Life Sciences and Smart Cities. In the year ended 31 March 2015, approximately 40% of revenues arose from North America, 29% from EMEA, 19% from Asia Pacific, 8% from Latin America, and 5% from other markets.

Schneider Software works with 10 of the top 15 mining companies, 18 of the top 20 pharmaceutical companies, 19 of the top 20 petroleum companies, 22 of the top 45 food and beverage companies and 22 of the top 40 chemical companies (see Footnote A).

In the financial year ended 31 March 2015, Schneider Software revenues were \$524 MM with an Adjusted EBITA of \$110 MM, representing a 21.0% margin.

3 Schneider Software Key Non-Financial Operating and Performance Information

The six technology areas of Schneider Software can be aggregated into three broad offering areas on the basis of business model and nature of revenues.

In Process Engineering, the business delivers process design and simulation software to EPCs and end users in capital intensive industries such as upstream, refining, chemicals and power generation to enable the design and commissioning of capital assets. The market for this offering has been impacted by the current pressure on capital projects especially in the oil and gas sector. The revenues in this area are primarily through term licensing of the software, which includes software maintenance support over the term of the license.

In Operations Management, (comprising the aggregate of Process Optimisation, Operations Planning and Scheduling, Operations Execution Management, Asset Management and Information Management), the business delivers operational efficiency solutions through a portfolio of applications for optimising production and supply chain processes, ensuring the reliability and availability of capital assets and the management of real-time operational information for decision support. This offering area serves customers across multiple industries primarily in the continuous process and hybrid manufacturing sectors. The diversity of industries addressed provides a measure of risk mitigation against sector specific capital budget constraints. The revenues in this area are realised through projects, comprising a perpetual license of the software, provision of system integration services for configuration of the software, and post-implementation software maintenance support.

In Operations Control, the business delivers real-time visualisation and control software solutions to ensure that assets are operated to target performance criteria. The offerings are applicable across all manufacturing and infrastructure sectors that operate instrumented assets. This business has a wide industry and geographical footprint and operates through a global channel network of distributors, VARs and system integrators. The revenues in this area are realised through perpetual licensing of the software and software maintenance support, secured through the channel.

Schneider Software maintains its competitive advantage through investing in market leading technology products. Approximately 14% of its revenues are invested in R&D, of which the majority is spent on new feature development and next generation programs. The business manages its R&D efficiency through globally deployed lean agile development practices that drive YoY R&D productivity improvement, enabling faster time to market for its solutions. The business also has approximately 50% of its development headcount in low cost locations, both internal and with an outsourcing partner, enabling effective management of the R&D cost base. The business maintains a high level of customer satisfaction, aggregating 95% across its offering areas. This is a people and innovation centric business, with a global workforce of over 2,000 professionals operating out of 8 main innovation centres and 23 project execution centres worldwide. The business maintains a high level of attention on employee development and talent management.

4 Current Trading and Prospects

For the financial year ended 31 March 2015 (FY15), Schneider Software reported standalone revenues of c. \$524 MM. Since FY15, Schneider Software has traded in line with Schneider Electric's expectations based on the macro-economic environment and the impact on the capital intensive industries that it serves, associated with the decline in oil prices. The trading environment has manifested in some delays in order intake and start-up of awarded contracts associated with increased cycle time on capital investments, from customers most sensitive to the oil price. Schneider Software management expects this trading environment to continue through FY16. Historically, revenue tends to peak in Q3 and Q4 of the financial year ending March with first half trading performance representing approximately 42% to 49% of total FY revenues. A significant portion of revenues are typically weighted toward the end of the quarter primarily in the licence revenue stream.

5 Selected unaudited Financial Information on Schneider Software

The basis of preparation of the following unaudited financial information on Schneider Software is set out below.

Income statement	\$ MM	\$ MM	\$ MM
USD	FY13	FY14	FY15
Revenue	468	520	524
Cost of sales	(172)	(188)	(189)
Gross profit	296	332	335
Research & development	(58)	(73)	(73)
Selling, general & administrative expenses	(136)	(141)	(152)
EBITA adjusted	102	118	110
Other operating income & expenses	(2)	(10)	(6)
Restructuring costs	(2)	-	-
EBITA	98	108	103
Amortisation & impairment of purchase accounting intangibles	(4)	(13)	(43)
Operating income	94	96	60

- Schneider Software revenues have increased from \$468 MM to \$524 MM over FY13-15, i.e. a 6% CAGR, driven by:
 - Organic growth of c. 5%:
 - 18% growth of maintenance, 3.1% growth of services and 0.5% growth of licenses
 - 7.1% growth of North America, 9.6% of LatAm, 3.5% for Europe and 4.3% contraction of APAC
 - Consolidation of InStep in FY15 (Instep has been consolidated from its 14 November 2014 acquisition date and made a \$5.6 MM revenue contribution in the period, compared with full year revenues of \$13.4 MM)

Cash Flow Statement	\$ MM	\$ MM	\$ MM
USD	FY13	FY14	FY15
Cash flow from operating activities	66	110	76
Cash flows from investing activities	(2)	11	(5)
Change in group loan funding	(62)	(118)	(73)
Net financial income	-	-	1
Cash flows from financing activities	(62)	(117)	(72)
Impact of exch. rates on cash and cash equivalents	-	(1)	(5)
Net increase / (decrease) in cash and cash equivalents	3	3	(6)
Opening cash and cash equivalents	9	12	15
Closing cash and cash equivalents	12	15	9
Cash flow from operating activities incl. capital expenditure	63	102	69

Balance Sheet	\$ MM	\$ MM	\$ MM
USD	FY13	FY14	FY15
Goodwill	172	1 375	1 419
Intangible assets	42	329	298
Tangible assets and deferred tax assets	9	10	9
Non-current assets	223	1 714	1 726
Group funding, net	(15)	98	178
Cash and cash equivalents	12	15	9
Other current assets	119	130	150
Current assets	116	243	337
Total assets	339	1 957	2 063
Invested equity	153	1 625	1 745
Other comprehensive income	(2)	-	1
Total invested equity	151	1 625	1 746
Provisions	3	1	4
Pension liabilities	5	5	5
Deferred tax liabilities	6	137	124
Non-current liabilities	15	143	133
Current liabilities	173	190	184
Total liabilities	339	1 957	2 063

Basis of Preparation

The unaudited selected financial information on Schneider Software (the "Schneider Software Financial Information") set out above has been prepared from i) the audited financial statements prepared under IFRS of the software business of Schneider ("Schneider Software") for the financial years ended 31 March 2013, 2014 and 2015, which include the results of the Invensys Software business ("Invensys Software") from its date of acquisition by Schneider Electric in January 2014; and ii) the audited financial statements prepared under IFRS of the software business of Invensys Software for the financial years ended 31 March 2013 and 2014.

The Schneider Software Financial Information presents over the three year period the financial results of Schneider Software aggregated with the results of Invensys Software prior to its acquisition by Schneider Electric. The pre-acquisition revenue and Adjusted EBITA contribution of Invensys Software was \$416.1 MM and \$103.0 MM respectively for the year ended 31 March 2013, and \$358.8 MM and \$78.0 MM respectively for the year ended 31 March 2014. No adjustment has been made to reflect the full period impact of other less material acquisitions made by Schneider Software or Invensys Software during the three year period.

Certain other adjustments have been made to reflect the standalone performance of Schneider Software operating independently of the wider Schneider Electric group on a basis consistent with the transaction currently envisaged. These adjustments principally relate to i) including adjustments to reflect the financial impact of running the business on a standalone basis; ii) reversing the impact of capitalising research and development expenditure in certain (non-Invensys) entities of Schneider Software, to better reflect consistency with the capitalisation practice of both Invensys Software and AVEVA; and iii) other various adjustments mainly composed of the exclusion of one reporting entity not proposed to be included in the transaction. The aggregate impact of these adjustments on the revenues and Adjusted EBITA of Schneider Software for the three financial years ended 31 March 2013, 2014 and 2015 was a revenue increase of \$5.9 MM, \$9.7 MM, and \$5.9 MM respectively, and an Adjusted EBITA decrease of \$16.0 MM, \$13.8 MM, and \$14.8 MM respectively.

Therefore Schneider Software Financial Information is not intended to present IFRS compliant financial statements.

Adjusted EBITA correspond to operating income before amortisation of purchase accounting intangible assets, restructuring costs, share-based payment and other operating income and expenses.

Schneider Software entities are a combination of legal entities in certain countries and the software portion of other legal entities that also include non-software related businesses. The software portion of these legal entities has been carved-out and included in the financial information as described in this basis of preparation.

Assets and liabilities of software entities acquired by Schneider Electric from unrelated parties during the periods presented have been reflected as transfers of business under common control recorded through equity at their carrying values (including goodwill) resulting from the purchase accounting of such entities in the consolidated financial statements of Schneider Electric as of the dates such transfers occurred. The increase in Schneider Software's assets and liabilities between the financial years ended 31 March

2013 and 31 March 2014 can be mainly attributed to the consolidation of the assets and liabilities of Invensys Software following the completion of the acquisition of Invensys plc by Schneider Electric on January 17, 2014.

Assets and liabilities of Invensys Software have been reflected as a transfer of business under control from Schneider Electric recorded through equity at their carrying values (including goodwill) resulting from the purchase accounting of Invensys Software by Schneider Electric. As a consequence, this acquisition is a non-cash transaction for Schneider Software and its impact on Schneider Software cash flow is limited to the net cash of Invensys Software at the time of the acquisition for \$11.4 MM.

Assets and liabilities of software operations carved-out from legal entities with other non-software operations have been initially recorded through Schneider Software funding (expressed as "Group funding, net" in the Balance Sheet) at their estimated carrying values in the consolidated financial statements of Schneider Electric.

For defined benefit pension plans, the assets and obligations have been included in the Schneider Software Financial Information to the extent that Invensys Software is expected to be responsible for fulfilling these defined benefit pension obligations.

Cash management is performed at a global level by Schneider Electric. The financing position and financing costs of Schneider Software included in the Schneider Software Financial Information may not be indicative of the financial position, results of operations and cash flows that would have been presented if Schneider Software had been a standalone entity.

Current income tax has been determined based on the pre-tax profits of Schneider Software on a standalone basis without taking into account net operating losses within the wider Invensys or Schneider Electric group. Current income tax, other than taxes owed directly to tax jurisdictions, is deemed to have been settled by or to Schneider Electric or Invensys as a transfer from or to Schneider Electric or Invensys equity in the year the related income taxes were recorded.

Schneider Software has not in the past formed a separate legal group, and therefore it is not meaningful to reflect any share capital for Schneider Software. Schneider Software's invested equity represents the sum of cumulative net capital invested by Schneider Electric, accumulated earnings of Schneider Software and other elements of comprehensive income.

Schneider Software Financial Information has been prepared on the assumption that Schneider Software is a going concern, meaning it will continue its operations in the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of its operations.

Schneider Software Financial Information is presented in US Dollars (\$).

Differences Between AVEVA and Schneider Software Accounting Policies

To date, no significant differences between Schneider Software and AVEVA's accounting policies applied in the preparation and presentation of their respective financial information for each of the Financial Years ended 31 March 2013, 31 March 2014 and 31 March 2015 have been identified, save potentially in respect of the non-maintenance

element of certain term licences, which AVEVA's practice is to recognise up-front if certain criteria are met, rather than spread over the term of the licence.

Operating Segment Information

1. Operating and reportable segment:

The business of Schneider Software reflected in the Schneider Software Financial Information has not been operated as an integrated business under the responsibility of a software dedicated chief operating decision maker in charge of all software operations within Schneider Electric over the periods presented nor were discrete reporting data available for this business within Schneider Electric.

As a consequence, for the periods presented Schneider Software had no reporting segments identifiable under IFRS 8 – Operating Segments.

2. Revenue by revenue stream

Schneider Software does not have any external customer representing more than 10% of its revenue as at March 31, 2015 and March 31, 2014.

Breakdown of revenue by revenue stream is as follows:

Revenue by Revenue Stream USD	\$ MM FY13	\$ MM FY14	\$ MM FY15
Software maintenance	107	126	152
Software licenses	237	247	239
Engineering services	124	147	133
Total revenues	468	520	524

3. Revenue by geography

Revenue from external clients (based on domicile of customers) is as follows:

Revenue USD	by	Geography	\$ MM FY13	\$ MM FY14	\$ MM FY15
North America			177	200	209
Europe Middle East Africa			141	152	152
Asia Pacific			107	109	98
Latin America			34	35	40
Rest of world			9	24	25
Total revenues			468	520	524

Operating expenses

Other operating income and expenses are detailed as follows:

Other Operating Expenses USD	\$ MM FY13	\$ MM FY14	\$ MM FY15
Transition costs	(1)	(2)	(2)
Share-based payment	(0)	(2)	(1)
Acquisition costs	(1)	(5)	(3)
Other	0	-	(0)
Other operating income and expenses	(2)	(10)	(6)

Transition costs mainly related to the acquisition of Invensys by Schneider Software.

Related party disclosures

The Schneider Software Financial Information includes transactions with Invensys and Schneider Electric's non-Software subsidiaries. No material transactions took place between Invensys Software and Schneider Electric.

Related Party Disclosures USD	\$ MM FY13	\$ MM FY14	\$ MM FY15
Income:			
Revenue	47	54	45
Balance sheet items:			
Amounts receivable from related parties	(15)	98	178

Receivables from related parties reflect mainly the cash which is centralised at Schneider Electric level according to the cash pooling scheme and trade receivables and payables resulting from transactions with Invensys affiliates.

Footnotes

Footnote A: Lists of the top mining, pharmaceutical, food and beverage, and chemical companies have been determined using the companies' revenues over the 12 month period to their last reported financial year end, while the list of the top petroleum companies has been determined using the companies' working interest production over the same period.