

Proposed takeover of I.G.E.-X.A.O. by Schneider Electric

Paris and Toulouse, November 8, 2017

Schneider Electric Industries SAS (SEI SAS), a subsidiary of Schneider Electric, and I.G.E.-X.A.O. announce today the signing of a memorandum of understanding, pursuant to which SEI SAS will file with the Autorité des Marchés Financiers (AMF) a voluntary public tender offer for the shares of I.G.E.-X.A.O., at the price of 132 Euros per share (with 2016-2017 coupon attached).

Strategic rationale for the transaction

With more than 80,000 licences globally, I.G.E.-X.A.O. is a leader in design software for electrical installations through its CAD (Computer Aided Design), PLM (Product Life cycle Management) and simulation software. The company had consolidated revenues of 29.4 million Euros for the financial year 2016-2017 and an operational margin of 27%.

I.G.E.-X.A.O. is a pure player in the software segment, with recurring revenues representing approximately 46% of I.G.E.-X.A.O.'s total revenues.

The transaction aims to reinforce the software offer of Schneider Electric in a field complementary to products and solutions supplied for electrical distribution, creating future synergetic opportunities.

The transaction will strengthen the digital support for customers and partners of the two groups and, in addition to the commercial opportunities already offered to I.G.E.-X.A.O., will accelerate the development of I.G.E.-X.A.O. While maintaining its operational autonomy within Schneider Electric, the company will benefit from the support of the leader in digital transformation of energy management and automation systems. The transaction will also enhance I.G.E.-X.A.O.'s research and development activities who will benefit from Schneider Electric's know-how and its presence in more than 100 countries.

It is intended that Alain Di Crescenzo, CEO of I.G.E.-X.A.O. and Charles Baudron, CTO of I.G.E.-X.A.O., will keep their respective positions upon completion of the transaction and will have additional

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responsibilities within Schneider Electric. The executive management team of I.G.E.-X.A.O. will remain unchanged.

Main Terms of the Transaction

The proposed public tender offer is made for all outstanding share of I.G.E.-X.A.O. at a price of 132 Euros per share (with coupon 2016-2017 attached).

The proposed price represents a premium of 15.0% compared to I.G.E.-X.A.O.'s last closing price on November 7, 2017, and a premium of 41.5% compared to the volume weighted average share price over 12 months. The transaction meets Schneider Electric's return criteria, with an expected accretion of Adjusted EPS in the first year and with an expected return on capital employed exceeding WACC beyond the third year post closing.

The offer will be conditional to SEI SAS holding 2/3 of I.G.E.-X.A.O.'s share capital (plus one share) at the closing of the offer.

Alain Di Crescenzo, Charles Baudron, IRDI and Robert Grèzes have executed with SEI SAS an undertaking to tender their shares to the offer, representing together 26.78% of the share capital of I.G.E.-X.A.O. I.G.E.-X.A.O. will not tender its treasury shares to the offer.

I.G.E.-X.A.O.'s board of directors has unanimously approved the proposed transaction with SEI SAS.

I.G.E.-X.A.O.'s board of directors has appointed HAF Audit & Conseil, represented by Mr. Olivier Grivillers, as independent expert.

As part of the reasoned opinion (*avis motivé*) that I.G.E.-X.A.O.'s board of directors should issue in accordance with the stock exchange regulations, and subject to the independent expert concluding to the fairness of the offer, I.G.E.-X.A.O.'s board of directors confirmed its intention to recommend the shareholders to tender their shares to the offer.

The proposed transaction is subject to the review of the AMF which will decide whether it complies with applicable laws and regulations.

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Comments

Philippe Delorme, Executive Vice President for Building (Low Voltage) and IT (Secure Power) activities at Schneider Electric declared: *“This acquisition will strengthen our capabilities to support our partners and customers along their digital transformation, in a fast-changing electric world. We warmly welcome the I.G.E.-X.A.O.’s teams whose commitment and experience ensure the success of this joint project.”*

Alain Di Crescenzo, Chairman and CEO of I.G.E.-X.A.O., complemented: *“This relationship with Schneider Electric is a great opportunity for our group and its actors:*

- *For our customers and partnerships which shall benefit from an “I.G.E.-X.A.O.” stronger, more innovative and more international, supported by a group present in more than 100 countries;*
- *For our employees whose integration in a global group of 144,000 employees and representing 25 billion of consolidated turnover provides new perspectives, both in I.G.E.-X.A.O. and in Schneider Electric;*
- *And for our shareholders who, for many of them, have been accompanying the development of I.G.E.-X.A.O. for many years, and for whom the Schneider Electric offer rewards a history of 20 years on the listed stock exchange, which started with a stock price of 7.77 Euros.”*

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This press release has been released on November 8th, 2017, at 8:00 AM

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