

SCHNEIDER ELECTRIC TO LAUNCH OFFER FOR CONSTRUCTION SOFTWARE PROVIDER RIB SOFTWARE AND EXPAND CAPABILITIES IN BUILDING LIFE CYCLE DIGITIZATION

Rueil-Malmaison (France), February 13, 2020 – Schneider Electric, the global leader in digital transformation of energy management and automation, announces its intention to launch a voluntary public tender offer for RIB Software SE (RIB) (the “Transaction”).

Key Highlights

- **Cash offer of €29.00 per share (the “Offer”), representing a 41% premium on the last closing price and a 37% premium on the last three months volume-weighted average price at announcement**
- **Offer values 100% of RIB’s equity at approximately €1.4bn; Offer supported by RIB Administrative Board**
- **Minimum acceptance threshold of 50% plus 1 share**
- **Transaction enhances Schneider Electric’s capabilities in building lifecycle digitization. Substantial growth opportunity in enabling customers to drive efficiency and sustainability across CAPEX and OPEX**
- **Set to position Schneider Electric as the reference solution-provider for Smart Buildings in an All-Digital, All-Electric world**

Schneider Electric is enhancing its core by driving lifecycle digitization in its end markets

Smart Buildings & Data Center

Schneider Electric believes that the buildings of the future will be All-Digital and All-Electric. These Smart Buildings will deliver efficiency and sustainability by leveraging real-time digital analytics for optimum performance across the building lifecycle. With around 40% of worldwide carbon emissions being contributed by buildings, there is an urgent need for this transition globally.

Schneider Electric has multiple successful offers in the operation and maintenance of buildings with its EcoStruxure end-to-end architecture and a wide portfolio of Connected Products and Edge Control Systems (Building & Power Management). Schneider Electric recently also strengthened its electrical design capabilities through the acquisitions of IGE-XAO and Alpi.

With the proposed Transaction, Schneider Electric will enhance its capabilities in the Build/Construction phase which currently suffers from a high level of inefficiency due to very low adoption of digital technologies (less than 5%).

Smart Manufacturing

Within its Industrial Automation business, AVEVA is Schneider Electric’s unique and leading offer across the digital lifecycle for process and hybrid industries.

Today's announcement on construction software is in line with Schneider Electric's vision for Smart Buildings across the entire lifecycle as part of its Energy Management business and akin to the full-lifecycle offering created in its Industrial Automation Division with AVEVA.

RIB – a leading player in the fast-growing construction software market

RIB offers a software platform for planning, costing and real-time construction monitoring, placing it as one of the leading players in the broader field of Building Information Modelling (BIM), a highly attractive and fast-growing market. BIM is a digital building information model that helps to improve efficiency and reduce cost in the construction industry. RIB focuses on construction software while leveraging most of the commonly used design tools and platforms.

With iTWO 4.0, RIB has developed the world's first enterprise cloud technology with artificial intelligence integration. The platform is ideally positioned between the 3D design phase and the transactional ERP flows to bring efficiency in the construction phase.

Headquartered in Stuttgart, Germany, RIB was founded in 1961 and is listed on the Frankfurt Stock Exchange. With a global presence in over 50 locations, the ~2,700 RIB employees are serving over 100,000 customers and 500,000 users, with revenue of €214m and EBITDA margin of 23.4% in 2019.

Rationale for the Transaction

- Buildings and Data centers represent key end-markets for Schneider Electric at c.50% of 2018 group revenue. These markets are at the tipping point of digital adoption to drive efficiency and sustainability. RIB is complementing Schneider Electric's existing capabilities to respond to customers' evolving needs in this transformation
- RIB's offering will enhance Schneider Electric's EcoStruxure suite that is dedicated to software, digital services and Apps & Analytics
- RIB and Schneider Electric address a similar ecosystem of partners and customers in the construction market, including contractors, building owners and operators. RIB will help Schneider Electric drive early customer engagement at C-Suite level for digital solutions to enable greater efficiency and sustainability
- RIB will grow Schneider Electric's share of software and service revenues, increasing its recurring revenue stream and customer intimacy
- This transaction positions Schneider Electric for the future All-Digital All-Electric world and will bring significant benefits for its customers

What Schneider Electric brings to RIB

- Provides RIB with a strategic long-term shareholder to accelerate its expansion
- Opens a large international sales network to RIB
- Offers deep domain expertise in building efficiency and sustainability
- Extensive customer relationships within the construction eco-system (specifiers, general and specialized contractors, system integrators and building owners)

Synergies and Financial Metrics

- RIB set for double-digit organic growth with Schneider Electric's international reach
- RIB is expecting revenues for 2020 to be in the range of €270m to €310m, implying an EV/revenue 2020E multiple for the Transaction of 4.9x (midpoint)
- RIB's EBITDA guidance for 2020 is €57m to €65m, implying an EV/EBITDA 2020E multiple for the Transaction of 23.5x (midpoint)
- Schneider Electric aims for the Transaction to be accretive to its Adj. EBITA margin in 2021, with a clear plan to increase RIB's Adj. EBITA margin to 20% in the year thereafter
- The Transaction will be immediately neutral or positive to Schneider Electric EPS excluding one-off transaction costs
- ROCE is expected to cover WACC by Year 5

Key terms of the Transaction

- Offer price of €29.00 per share in cash
- Minimum acceptance threshold of 50% plus 1 share, with no intention to enter into domination agreement and / or profit and loss transfer agreement
- RIB has entered into a business combination agreement with Schneider Electric, and its Administrative Board welcomes and supports the Offer. Subject to their review of the formal offer document, the Administrative Board of RIB intends to recommend RIB shareholders to accept the Offer
- RIB Chairman and CEO Tom Wolf and CFO Michael Sauer will continue in their roles after completion of the Transaction until the end of their current contracts in 2022
- Schneider Electric has already secured 16% of the shares, comprising irrevocable agreements by Tom Wolf, Michael Sauer and other family shareholders over half of their shares, as well as RIB's treasury shares
- At the request of Schneider Electric, Tom Wolf and Michael Sauer will retain a combined 9% stake to align their commitment and ensure continuity
- Completion is expected in Q2 2020, subject to regulatory approvals, upon which RIB will be fully consolidated in Schneider Electric's financial statements

Comments

Commenting on the Transaction, Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric said: "This key transaction strengthens Schneider Electric's position as a major player in the digital transformation of the engineering and construction industry, and brings significant benefits to our customers, streamlining their digital journey from the building to the operation phase. RIB offers superior tools to facilitate the interdisciplinary and increasingly seamless collaboration in the construction process, that will combine with our real time operation software. RIB brings new functions as well as new segment coverage to our software portfolio and complements what we have initiated in the industrial field with Aveva by similar capabilities in the building segment."

Tom Wolf, RIB's Chairman and CEO commented: "We are very excited about this transaction with Schneider Electric, which will bring tremendous benefits to RIB and our customers. Schneider Electric brings global reach, a leading presence in the building end-market, and unparalleled customer and partner relationships across the construction ecosystem. We share a common vision of the digital transformation of the entire building lifecycle, and Schneider Electric's support will accelerate the global penetration of our technologies."

Analyst Call and Further Information

Schneider Electric and RIB will be hosting a joint call for analysts and investors at 7:45am CET today. Participants are advised to join the call at least 10-15 minutes prior to the commencement of the call to register. Presentation materials will be available on the Schneider Electric website.

Please register for the call via the following link: [Registration](#)

The acceptance period of the tender offer will begin following approval of the offer document by the German Federal Financial Supervisory Authority (BaFin). Closing of the transaction is expected in Q2 2020, subject to regulatory approvals by antitrust authorities and the Committee on Foreign Investment in the United States. The offer document and other information pertaining to the public tender offer will be made in accordance with the German Securities Acquisition Takeover Act (Wertpapiererwerbs- und Übernahmegesetz) and are available on the following website:

www.se-offer.com

Goldman Sachs is acting as exclusive financial advisor and Hengeler Mueller as legal advisor to Schneider Electric.

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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