AVEVA’s Proposed Acquisition of OSIsoft

AVEVA and OSIsoft to Accelerate the Digital Transformation of the Industrial World

Craig Hayman, CEO
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Accelerating digital transformation of the industrial world

AVEVA and OSIsoft are combining to bring together two of the leaders in engineering and industrial software with combined revenues of c.£1.2 billion\(^1\)

1. AVEVA and OSIsoft combine to accelerate the next generation of engineering and industrial digital transformation

2. AVEVA to continue its journey to become the leading industrial software provider in partnership with Schneider Electric (majority shareholder) and Dr. J. Patrick Kennedy

3. Transaction expected to deliver exceptional value to shareholders, partners and customers – OSIsoft has a strong financial profile and a longstanding track record of delivering double-digit growth

- Complementary product offerings
- Complementary customer bases
- Complementary industry focus

- Dr. J. Patrick Kennedy, OSIsoft Founder and CEO, to become a top 5 shareholder in AVEVA
- Schneider Electric fully supportive of the acquisition

- High growth, high margin business
- Material revenue and cost synergies
- Earnings accretee in AVEVA’s 2022 financial year before synergies

\(^1\) Combined pro forma financial information is based on twelve months ended 31 March 2020 for AVEVA and twelve months ended 30 June 2020 for OSIsoft.
# Key terms of the acquisition

AVEVA has agreed an acquisition of OSIsoft at an enterprise value of $5.0 billion

## Purchase Price
- Enterprise value of $5.0 billion on a cash-free, debt-free basis and on the basis of a normalized level of working capital at completion

## Consideration
- $4.4 billion cash consideration
- $0.6 billion share consideration to be issued to Estudillo Holdings Corp. and, as a result, Dr. J. Patrick Kennedy will own >4% of the enlarged company

## Financing
- $3.5 billion proposed Rights Issue\(^1\) (Schneider Electric has committed to vote in favour and subscribe on a pro rata basis)
- $0.9 billion from existing cash on balance sheet and new debt facilities, resulting in pro forma net leverage of 1.9x FY20 EBITDA for the Enlarged Group

## Timing
- Circular and Prospectus to approve the transaction and launch the proposed rights issue expected in October or early November 2020
- Closing at or around the end of the calendar year

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\(^1\) The proceeds of the Rights Issue of $3.5 billion to fund the Acquisition excludes amounts payable for transaction related fees and expenses.
OSIsoft at a glance

OSIsoft’s PI System is a leading data historian platform and serves core IIoT infrastructure

A founder led business
Led by founder Dr. J. Patrick Kennedy for over 40 years

A leading platform
A leading data historian platform, delivering:
• Aggregation and visualization of real-time sensor data
• Open infrastructure to support best of breed ecosystems
• Scalable system from small to enterprise-wide deployment

Exceptional results
Achieved consistent long term growth, with solid recurring revenues and strong margins with <2% customer churn\(^1\) for over 10 years

IIoT Technology Stack

Applications & Solutions
Safety & Security
Energy Utilization
Process Efficiency
Asset Health
Quality
Regulatory Performance

Data Backbone Infrastructure

Hardware / Sensors
Assets

Revenue\(^2\) ($m)
+10% CAGR

2009 $175m
2010 $191m
2011 $212m
2012 $242m
2013 $262m
2014 $302m
2015 $335m
2016 $353m
2017 $379m
2018 $439m
2019 $466m

1 Churn defined as permanent cessation of customer invoice payments.
2 Revenue presented on an ASC605 basis.
OSIsoft’s PI System is trusted by the world’s leading companies

- Over 1,000 of the world’s leading Power & Utilities companies
- 38 of the Global Fortune Top 40 Oil & Gas companies
- 400+ Pulp & Paper sites deployed worldwide
- 100% of the Global Fortune Top 10 Metals & Mining companies
- 37 of 50 of the World’s Largest Chemical & Petro-Chemical companies
- 9 / 10 of the Global Fortune Top 10 Pharma companies

- 225+ Connectors
- 2+ Billion Sensors
- 20,000+ Sites
- 1,600+ Case Studies
- 127 Countries
Accelerating digital transformation of the industrial world

Complementary product offering

AVEVA’s end-to-end industrial software to optimize engineering, operations and performance

1. Run agile, continuously optimized supply chains to protect the bottom line
2. Operate critical assets reliably and safely with reduced manual supervision
3. Provide remote ‘digital’ teams rich data and decision support to collaborate & work efficiently
4. Re-plan CapEx and drive highest levels of engineering efficiency

OSIsoft’s PI System is a leading data historian platform and serves core IIoT infrastructure

Use Cases

1. Run agile, continuously optimized supply chains to protect the bottom line
2. Operate critical assets reliably and safely with reduced manual supervision
3. Provide remote ‘digital’ teams rich data and decision support to collaborate & work efficiently
4. Re-plan CapEx and drive highest levels of engineering efficiency

OSIsoft’s PI System is a leading data historian platform and serves core IIoT infrastructure
Accelerating digital transformation of the industrial world

Complementary product offering

AVEVA’s end-to-end industrial software to optimize engineering, operations and performance

- Engineering
  - Design Asset
  - Build Asset
  - Commission Asset

- Asset Performance
  - Asset Strategy
  - Predictive and Prescriptive Analytics
  - Guided Maintenance Execution

- Planning and Operations
  - Supply Chain Management
  - Operations Execution
  - Production Optimization

Organize, Model and Analyze Data

Collaborate, Collaborate, Collaborate

Collect, Historize Operational Data

Monitor and Control
- Supervisory Control
- HMI and Visualization
- Edge Management

OSIsoft’s PI System is a leading data historian platform and serves core IIoT infrastructure
Accelerating digital transformation of the industrial world
Complementary product offering

AVEVA’s end-to-end industrial software to optimize engineering, operations and performance

OSIsoft’s PI System is a leading data historian platform and serves core IIoT infrastructure

1. Centralized Monitoring Center
   - AVEVA Predictive Analytics
   - Integration via OPC UA(1) connectivity and AVEVA Operations Management Interface
   - Control System
   - Vibration Rack
   - Signal Processor

2. Asset Information Management
   - Orchestrate and publish
   - Integrated Engineering and Operations Visualization and Reports
   - Unified Engineering Schematics, P&ID, 3D
   - AVEVA Insight Visualization
   - AVEVA Insight
   - AVEVA Connect
     - Cloud platform

Cloud
   - On-premise
     - Engineering Visualization
     - AVEVA Engage
       - Hi Fidelity 3D visualization

Operations Visualization
   - PI Vision
   - Azure Connector

PI Vision

Digital Twin program for integrated oil and gas major. Being rolled out across all businesses

Smart Innovative Operations (SIO) solution for a leader in gases, technologies and services for Industry and Health. Solution implemented at over 250 sites

1 Open Platform Communications Unified Architecture.
Accelerating digital transformation of the industrial world

Complementary customer bases

AVEVA's end-to-end industrial software to optimize engineering, operations and performance

OSIsoft's PI System is a leading data historian platform and serves core IIoT infrastructure

Diversifying AVEVA's customer base and generating substantial cross-sell opportunities for both AVEVA and OSIsoft products

Existing Shared Customers

Shared customer base provides insights and new avenues for value realization through multiple solutions across multiple industries

Note: Logos used are representative customers.
Combining AVEVA and OSIsoft will enhance sustainable value creation opportunity

**Environment**
Enhanced scale and scope to lead digital transformation of the industrial world, driving greater efficiency and sustainability
Further diversification, with increased exposure to sectors such as renewable energy

**Social**
Strengthened product offering to support key areas, such as sustainable communities; clean and safe water and worker / asset safety
AVEVA LIFE values and AVEVA Action for Good to be implemented across the combined group

**Governance**
Continued rigorous governance standards in line with the UK Code
No changes to AVEVA’s Board of Directors
Senior advisory role for Dr. J. Patrick Kennedy to ensure continuity for customers and employees and support cultural integration

AVEVA LIFE
Limitless Possibilities | Integrity Always | Flexibility Together | Excellence Every Day

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Financials

James Kidd, Deputy CEO and CFO
OSIsoft has a strong financial profile

OSIsoft has delivered double digit revenue growth with strong profitability and cash conversion

Note: All OSIsoft financial information in this presentation is presented in accordance with US GAAP and may be different in the Combined Circular and Prospectus, which will be prepared in accordance with IFRS and AVEVA’s accounting policies. TTM Jun’20 defined as trailing twelve months ended 30 June 2020.
Billings and revenue snapshot

Recurring Revenue

- Subscription, 4%
- Maintenance, 57%
- Perpetual Licences, 37%
- Services, 2%

Recurring, 61%

Geography

- Americas, 57%
- EMEA, 29%
- APAC, 14%

Customer

- Top 10, 15%
- Other, 85%

Sales Channel

- Direct, 90%
- Channel, 10%

FY19 Billings

- Americas, 34%
- EMEA, 39%
- APAC, 27%

Recurring, 62%

FY20 Revenue

- Americas, 57%
- EMEA, 29%
- APAC, 14%

Recurring, 61%
Employees by function and geography

**Function**

- **Project Delivery and Customer Success**, 37%
- **R&D and Product Support**, 29%
- **Sales and Marketing**, 22%
- **Admin**, 12%

**Geography**

- **Americas**, 30%
- **APAC**, 38%
- **EMEA**, 32%

**Project Delivery and Customer Success**, 38%

**R&D and Product Support**, 27%

**Sales and Marketing**, 21%

**Admin**, 12%

**Americas**, 40%

**APAC**, 32%

**EMEA**, 28%

**Note**

AVEVA headcount based on FY20 average, OSIsoft headcount as at April 2020.
Delivering targets and accelerating long-term opportunity

OSIsoft performance strongly aligned with AVEVA’s medium term targets

AVEVA medium term targets

- **Revenue**
  - Constant currency growth at least in line with industrial software market

OSIsoft FY19

- **Revenue**
  - 10% revenue CAGR(1) (’16–’19)
- **Recurring Revenue**
  - Increase recurring revenue as a percentage of total revenue to over 60%
- **Adjusted EBIT margin**
  - Improve adjusted EBIT margin to 30%

With further upside from the material synergy opportunity

- **Revenue Synergies**
  - Driven by cross-selling, up-selling and market adjacencies
- **Cost Synergies**
  - Driven by operational efficiencies through the optimisation of cost structures
- **Tax**
  - Material cash tax savings over an extended period

1. Historic revenue CAGR on an ASC605 basis.
2. Comprised of maintenance and subscription billings as a proportion of total billings.
Accelerating digital transformation of the industrial world

AVEVA plans to publish a Circular and Prospectus to approve the transaction and launch the proposed rights issue in October or early November. Closing expected to take place around the end of the year.

AVEVA and OSIsoft combine to accelerate the next generation of engineering and industrial digital transformation

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- Material revenue and cost synergies
- Earnings accretive in AVEVA’s 2022 financial year before synergies
Questions?
Appendices
<table>
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<tr>
<th>Year ended 31 December</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>16 – 19 CAGR</th>
<th>FY19</th>
<th>H1-19</th>
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<td>Growth</td>
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<td>Revenue</td>
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<td>9.7%</td>
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<td>Growth</td>
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<td>Cost of Revenues</td>
<td>(72)</td>
<td>(82)</td>
<td>(85)</td>
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<td>(9.4)</td>
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<td>Gross Profit</td>
<td>281</td>
<td>297</td>
<td>354</td>
<td>372</td>
<td>9.8%</td>
<td>376</td>
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<td>Gross Margin</td>
<td>79.6%</td>
<td>78.4%</td>
<td>80.7%</td>
<td>79.8%</td>
<td>80.0%</td>
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<tr>
<td>Operating Costs</td>
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<td>Adjusted EBIT</td>
<td>72</td>
<td>63</td>
<td>107</td>
<td>120</td>
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<td>Adjusted EBIT Margin</td>
<td>20.5%</td>
<td>16.5%</td>
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<td>27.1%</td>
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Financing the acquisition

The acquisition will be financed through a proposed rights issue and new debt facilities

**Financing Sources**

- **Cash and Acquisition Debt, $0.9 billion**
- **Share Consideration, $0.6 billion**
- **Rights Issue, $3.5 billion**
- **Schneider Electric’s portion of the proposed rights issue: $2.1 billion**
- **$5.0 billion**

**Pro forma leverage: 1.9x**

- Transaction to be funded by a combination of:
  - $0.6 billion share consideration\(^{(1)}\)
  - $3.5 billion proposed Rights Issue
  - $0.9 billion existing cash on balance sheet and new debt facilities, resulting in pro forma net leverage of 1.9x EBITDA for the Enlarged Group

- For the purposes of certain funds in connection with the Acquisition, AVEVA has entered into a fully committed facilities agreement with Barclays, BNP Paribas and J.P. Morgan, consisting of:
  - A debt bridge to equity which is not expected to be drawn and will be automatically cancelled upon receipt of the net proceeds of the proposed Rights Issue
  - Fully committed term and revolving facilities which include a $900 million 3-year term loan and a £250 million 3-year RCF
  - Schneider Electric (c.60% shareholder) has committed to fully subscribe to the proposed rights issue on a pro rata basis
  - A combined Circular and Prospectus in connection with the proposed Rights Issue is expected to be issued in October or early November 2020

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\(^{(1)}\) The valuation of the Ordinary Shares of $0.6 billion has been calculated by reference to the number of Ordinary Shares to be issued to Estudillo Holdings Corp., which is affiliated with Dr. J. Patrick Kennedy, under the Stock and Unit Purchase Agreement, being 10.9 million Ordinary Shares, subject to customary adjustment for the proposed Rights Issue, and the 5-day volume weighted average price of AVEVA’s share price up to the close of trading on 24 August 2020.
ABOUT AVEVA

AVEVA is a global leader in engineering and industrial software driving digital transformation across the entire asset and operational life cycle of capital-intensive industries. The company’s engineering, planning and operations, asset performance, and monitoring and control solutions deliver proven results to over 16,000 customers across the globe. Its customers are supported by the largest industrial software ecosystem, including 4,200 partners and 5,700 certified developers. AVEVA is headquartered in Cambridge, UK, with over 4,400 employees at 80 locations in over 40 countries.

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