

Schneider Nordic Baltic A/S

Lautrupvang 1
2750 Ballerup
Denmark

CVR no. 21 40 93 32

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

27 June 2017

Veronique Blanc
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Schneider Nordic Baltic A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 27 June 2017
Executive Board:

Niels H. Svenningsen
CEO

Alexandre G. M.
Brunet
Director

Board of Directors:

Leonid Mukhamedov
Chairman

Christophe Boloch

Véronique Blanc

Independent auditor's report

To the shareholders of Schneider Nordic Baltic A/S

Opinion

We have audited the financial statements of Schneider Nordic Baltic A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 June 2017

Ernst & Young

Godkendt Revisionspartnerselskab
CVR no.30 70 02 28

Jan C. Olsen
State Authorised
Public Accountant

Bo Leinum
State Authorised
Public Accountant

Schneider Nordic Baltic A/S
Annual report 2016
CVR no. 21 40 93 32

Management's review

Company details

Schneider Nordic Baltic A/S
Lautrupvang 1
2750 Ballerup
Denmark

CVR no.: 21 40 93 32
Established: 1 October 1998
Registered office: Ballerup
Financial year: 1 January – 31 December

Board of Directors

Leonid Mukhamedov, Chairman
Christophe Boloch
Véronique Blanc

Executive Board

Niels H. Svenningsen, CEO
Alexandre G. M. Brunet, Director

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
2000 Frederiksberg

Annual general meeting

The annual general meeting will be held on 27 June 2017.

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Ordinary operating profit/loss	-3,616	-3,337	-600	-3,592	-262
Profit/loss from financial income and expenses	236,917	574,134	609,124	732,029	-727,522
Profit/loss for the year	235,675	573,720	611,206	717,151	-716,871
Total assets	3,281,436	3,477,267	3,507,487	2,167,301	1,873,878
Equity	3,121,110	3,459,155	3,496,641	2,158,204	1,441,053
Ratios					
Return on equity	7.2%	16.5%	21.6%	39.8%	-30.9%
Solvency ratio	95.1%	99.5%	99.7%	99.6%	76.9%
Average number of full-time employees	0	0	0	0	0

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

The Company's business review

Schneider Nordic Baltic A/S is the parent company of the majority of Schneider Electric SAS' operations in the Nordic and Baltic countries.

The principal activities in the subsidiaries comprise the production and sale of electric installation equipment and communication, industrial automation and security solutions.

In 2016 the subsidiary in Finland OY Lexel Finland AB has been liquidated.

Financial review

The income statement for 2016 shows a profit of DKK 235,675 thousand against a profit of DKK 573,720 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 3,121,110 thousand.

Corporate social responsibility

The company is following the parent company guidelines for CSR and the company do not have any independent politics in Denmark for social responsibilities including climate impact, environment and human rights.

In accordance with the Danish Financial Statements Act section 99(a), we refer to our parent company's Sustainable Development Annual Report for a description of the company's engagement in corporate social responsibility, including human rights and climate impacts. See link:

<http://sdreport.schneider-electric.com/en/community-social-responsibility/>

Gender composition

In line with Danish Financial Statement Act section 99(b), we meet the requirement of Board gender distribution, as Board consists of 3 elected people, of whom one is a woman.

Profit/loss for the year

The expectations for the result for the year is to the low side, due to missing dividend from the Swedish subsidiaries.

Outlook

We expect that the result of 2017 to be higher than result in 2016, due to positive result in the subsidiaries.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Administrative expenses	2	-3,616	-3,337
Other operating income		75,774	69,582
Other operating costs		-73,209	-69,069
Operating profit/loss		-1,051	-2,824
Financial income from group entities		255,812	581,018
Financial income	3	3,637	683
Financial expenses	4	-22,532	-7,567
Profit before tax		235,866	571,310
Tax for the year	5	-191	2,410
Profit for the year	6	235,675	573,720

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	7		
Software		4,032	6,829
Prepayment for intangible assets		1,487	0
		<u>5,519</u>	<u>6,829</u>
Investments	8		
Investments in group entities, net asset value		3,270,843	3,309,759
		<u>3,270,843</u>	<u>3,309,759</u>
Total fixed assets		<u>3,276,362</u>	<u>3,316,588</u>
Current assets			
Receivables			
Receivables from group entities		0	156,384
Deferred tax asset		0	26
Income taxes receivable		3,412	2,761
Other receivables		182	8
Prepayments		1,480	1,500
		<u>5,074</u>	<u>160,679</u>
Total current assets		<u>5,074</u>	<u>160,679</u>
TOTAL ASSETS		<u><u>3,281,436</u></u>	<u><u>3,477,267</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	9	306,400	306,400
Retained earnings		2,579,035	2,579,035
Dividend proposed for the year		235,675	573,720
Total equity		3,121,110	3,459,155
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		4,536	9,642
Payables to group entities		155,341	8,470
Deferred tax		449	0
		160,326	18,112
Total liabilities other than provisions		160,326	18,112
TOTAL EQUITY AND LIABILITIES		3,281,436	3,477,267
Contractual obligations, contingencies, etc.	10		
Collateral	11		
Related parties	12		
Fees to auditor appointed at the general meeting	13		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2015	306,400	2,579,035	611,206	3,496,641
Distributed dividends	0	0	-611,206	-611,206
Profit/loss for the year	0	0	573,720	573,720
Equity at 1 January 2016	306,400	2,579,035	573,720	3,459,155
Distributed dividends	0	0	-573,720	-573,720
Profit/loss for the year	0	0	235,675	235,675
Equity at 31 December 2016	306,400	2,579,035	235,675	3,121,110

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Schneider Electric Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Previously the annual report was prepared in accordance with the provision applying to the reporting class B. The change has no effect on the measurements or recognition for 2016 or the comparative figures but on presentation only.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. New presentation and disclosure requirements has been implemented, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The accounting policies applied by the Company are consistent with those of last year.

Omission of consolidated financial statements

With reference to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements for Schneider Nordic Baltic A/S and its group entities are part of the consolidated financial statements of Schneider Electric Industries SAS (France).

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Schneider Electric Industries SAS.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Other operating income

Other operating income comprises only re-invoicing of cost from other European group entities to Nordic group entities. In addition bonus from customer is included.

Other operating expenses

Other operating expenses comprise purchases of services from other European group entities and re-invoicing of received bonuses.

Administrative expenses

Administrative expenses include office premises/expenses, audit and legal expenses as well as amortisation of intangible assets used for administrative purposes.

Income from investment in group entities

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, realised gains and losses on investments, payables and transactions denominated in foreign currencies as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Intangible assets comprises software licences and prepayments for new software solutions.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Investments in group entities

Investment in subsidiaries are measured at cost. The cost is reduced by received dividends exceeding the accumulated earnings after the acquisition date.

Impairment of non-current assets

Every year, intangible assets as well as investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Other liabilities are measured at net realisable value.

Segment information

As the Company does not have any revenue, segment information has been omitted

Financial statements 1 January – 31 December

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2 Staff costs

The Company has no employees in 2016 and 2015.

No remuneration to management has been paid in 2016 and 2015.

3 Financial income

Interest receivable, group entities	0	146
Exchange gain	3,637	518
Other interest income	0	19
	<u>3,637</u>	<u>683</u>

4 Financial expenses

Exchange losses	312	7,493
Interest paid to associates	111	0
Loss on disposal of investments, group entities	22,046	0
Other financial expenses	62	74
	<u>22,531</u>	<u>7,567</u>

5 Tax for the year

Estimated tax charge for the year	-301	-2,527
Deferred tax adjustments in the year	475	615
Tax adjustments, prior years	17	-498
	<u>191</u>	<u>-2,410</u>

6 Proposed profit appropriation

Proposed dividend recognised under equity	<u>235,675</u>	<u>573,720</u>
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Financial statements 1 January – 31 December

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7 Intangible assets

DKK'000	Software	Prepayment for intangible assets	Total
Cost at 1 January 2016	10,278	0	10,278
Additions	0	1,487	1,487
Cost at 31 December 2016	10,278	1,487	11,765
Amortisation and impairment losses at 1 January 2016	-3,449	0	-3,449
Amortisation	-2,797	0	-2,797
Amortisation and impairment losses at 31 December 2016	-6,246	0	-6,246
Carrying amount at 31 December 2016	4,032	1,487	5,519

8 Investments

DKK'000	Equity investments in subsidiaries
Cost at 1 January 2016	3,510,525
Additions	8,736
Disposals	-47,652
Cost at 31 December 2016	3,471,609
Impairment/amortisation at 1 January 2016	-200,766
Impairment/amortisations at 31 December 2016	-200,766
Carrying amount at 31 December 2016	3,270,843

Name/legal form	Registered office	Equity interest	Equity DKK'000	Profit/loss for the year DKK'000
Subsidiaries:				
Lexel AB	Sweden	100%	759,816	234,699
(1) (2) AB Wibe AB	Sweden	100%	104,162	4,375
(1) (2) Thorsman & Co. AB	Sweden	100%	106,268	2,576
Schneider Electric Fire & Security OY	Finland	100%	124,563	989
Schneider Electric Buildings AB	Sweden	100%	372,813	21,919
(1) Craftere 1 AB	Sweden	100%	3,668	-33
(1) Schneider Electric Buildings UK Ltd.	UK	100%	155,525	0
(1) TAC Regional Ltd.	UK	100%	0	0
(1) TAC Products Ltd.	UK	100%	0	0
(1) IBS Australia Pte Ltd.	Australia	100%	0	0

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(1) IBS Hong Kong Ltd.	Hong Kong	100%	-11,080	-14
(1) Buildings Australia Pty Ltd.	Australia	100%	63,236	-68,462
(1) Pelco Europe BV	Netherlands	100%	16,038	127
Lexel Fabrika Sia	Latvia	100%	86,730	-14,438
Schneider Electric Latvija Sia	Latvia	100%	2,245	-1,212
Schneider Electric Baltic Distribution Centre Sia	Latvia	100%	-2,513	1,167
Schneider Electric Lietuva UAB	Lithuania	100%	5,516	2,498
Schneider Electric Eesti AS	Estonia	100%	4,386	-1,167
Lexel Holding Norge AS	Norway	100%	223,340	127,644
(1) ELKO AS	Norway	100%	102,595	158,402
JO JO Ltd.	UK	100%	0	0
Ørbækvej 280 A/S	Denmark	100%	18,305	2,077
Schneider Electric Danmark A/S	Denmark	100%	295,301	183,301
Schneider Electric Distributionscentre AB	Sweden	100%	15,560	709
Lexel Holdings Ltd.	UK	100%	0	0
			<u>2,446,474</u>	<u>655,157</u>

(1) All subsidiaries are sub-subsidiaries and are wholly-owned. The stated equity and profit/loss derive from the annual reports for 2016.

(2) 2015 numbers

9 Share Capital

The share capital consists of 306,400 shares of a nominal value of DKK 1,000.00 each.

The Company's share capital has remained DKK 306,400 thousand over the past 6 years.

10 Contractual obligations, contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Financial statements 1 January – 31 December

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11 Collateral

The Company has not placed any assets as security for loans at 31 December 2016.

12 Related party disclosures

Schneider Nordic Baltic A/S' related parties comprise the following:

Parties exercising control

Related party:

Schneider Electric Industries SAS

Domicile:

France

Basis for control:

Share capital

Information about consolidated financial statements

Parent:

Schneider Electric Industries SAS

Domicile:

France

Requisitioning of the parent's consolidated financial statements:

<http://www2.schneiderelectric.com/sites/corporate/en/finance/presentations/annualreports.page>

Related party transactions

DKK'000	2016
Service invoiced	75,774
Service received	-51,842
Financial income	0
Financial expenses	111
Receivables, group entities	0
Payables, group entities	155,341

Financial statements 1 January – 31 December

Notes

13 Fees to the auditor appointed by the Company in the general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Schneider Electric Industries S.A.