

Schneider Nordic Baltic A/S

Lautrupvang 1
2750 Ballerup
Denmark

CVR no. 21 40 93 32

Annual report 2017

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

31 May 2018

Leonid Mukhamedov
chairman

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Schneider Nordic Baltic A/S
Annual report 2017
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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Schneider Nordic Baltic A/S for the financial year 1 January – 31 December 2017.

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 financial position of the Company's at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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

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

Ballerup, 31 May 2018
Executive Board:

Niels H. Svenningsen
CEO

Pia Gardø Riise
Director

Board of Directors:

Leonid Mukhamedov
Chairman

Christophe André Lucien
Boloch

Brigitte Margueritte
Véronique Ludivine 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 2017 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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.

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

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen 31 May 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Jan C. Olsen
State Authorised
Public Accountant
MNE no. 33717

Bo Leinum
State Authorised
Public Accountant
MNE no. 10087

Schneider Nordic Baltic A/S
Annual report 2017
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 André Lucien Boloch
Brigitte Margueritte Véronique Ludivine Blanc

Executive Board

Niels H. Svenningsen, CEO
Pia Gardø Riise, Director

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuhs Vej 4
2000 Frederiksberg
Denmark

Annual general meeting

The annual general meeting will be held on 31 May 2018.

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Ordinary profit	-9,538	-3,616	-3,337	-600	-3,592
Profit/loss from financial income and expenses	531,601	236,917	574,134	609,124	732,029
Profit/loss for the year	519,475	235,675	573,720	611,206	717,151
Total assets					
Equity	3,428,603	3,281,436	3,477,267	3,507,487	2,167,301
	3,404,910	3,121,110	3,459,155	3,496,641	2,158,204
Ratios					
Return on equity	15.8%	7.2%	16.5%	21.6%	39.8%
Solvency ratio	99.3%	95.1%	99.5%	99.7%	99.6%

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

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.

Financial review

The income statement for 2017 shows a profit of DKK 519,475 thousand against a profit of DKK 235,866 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 3,404,910 thousand.

Profit/loss for the year (including comparison with forecasts previously announced)

The result is in line with our expectations with a growth versus 2016 due to increased income from subsidiaries.

Outlook

We expect the result of 2018 to be higher than the result in 2017, due to positive result in the subsidiaries.

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 environment, human rights and climate impacts.

See link: <https://www.schneider-electric.com/en/about-us/sustainability/>

Goals and policies for the underrepresented gender

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.

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	2017	2016
Administrative expenses	2	<u>-9,538</u>	<u>-3,616</u>
Ordinary operating loss		-9,538	-3,616
Other operating income	3	79,037	75,774
Other operating costs	4	<u>-86,538</u>	<u>-73,209</u>
Operating profit/loss		-17,039	-1,051
Income from equity investments in group entities		539,737	255,812
Financial income	5	332	3,637
Financial expenses	6	<u>-8,468</u>	<u>-22,532</u>
Profit before tax		514,562	235,866
Tax for the year	7	<u>4,913</u>	<u>-191</u>
Profit for the year	8	<u>519,475</u>	<u>235,675</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	9		
Software		2,533	4,032
Prepayment on intangible assets		1,359	1,487
		<u>3,892</u>	<u>5,519</u>
Investments	10		
Investment in subsidiaries		3,270,843	3,270,843
		<u>3,270,843</u>	<u>3,270,843</u>
Total fixed assets		<u>3,274,735</u>	<u>3,276,362</u>
Current assets			
Receivables			
Receivables from group entities		149,542	0
Other receivables		0	182
Deferred tax asset	11	311	0
Income taxes receivable		4,015	3,412
Prepayments		0	1,480
		<u>153,868</u>	<u>5,074</u>
Total current assets		<u>153,868</u>	<u>5,074</u>
TOTAL ASSETS		<u>3,428,603</u>	<u>3,281,436</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	306,400	306,400
Proposed dividends for the financial year		518,652	235,674
Retained earnings		<u>2,579,858</u>	<u>2,579,036</u>
Total equity		<u>3,404,910</u>	<u>3,121,110</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		15,206	4,536
Payables to group entities		8,487	155,341
Deferred tax	11	<u>0</u>	<u>449</u>
		<u>23,693</u>	<u>160,326</u>
Total liabilities other than provisions		<u>23,693</u>	<u>160,326</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,428,603</u></u>	<u><u>3,281,436</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
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 1 January 2017	306,400	2,579,035	235,675	3,121,110
Distributed dividends	0	0	-235,675	-235,675
Transferred over the profit appropriation	0	823	518,652	519,475
Equity at 31 December 2017	306,400	2,579,858	518,652	3,404,910

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Schneider Nordic Baltic A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant 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 thousands (DKK'000).

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.

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 and bonus from customers.

Other operating expenses

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 is 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.

The company acts as management company for the joint taxation arrangement, and consequently settles all corporate income tax payment with the Danish Tax Authorities. 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, 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 comprise software licenses and prepayments for new software solutions.

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

Investment in subsidiaries

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed asstes

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.

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.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Segment information

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

2 Staff costs

The Company has no employees in 2017 and 2016.
No remuneration to management or Board of Directors has been paid in 2017 and 2016.

3 Other operating income

Other operating income comprises only re invoicing of cost from other European group entities to Nordic group entities and bonus from customers.

4 Other operating costs

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

DKK'000	<u>2017</u>	<u>2016</u>
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5 Financial income

Other financial income	5	0
Exchange gains	<u>327</u>	<u>3,637</u>
	<u>332</u>	<u>3,637</u>

6 Financial expenses

Interest expense to group entities	617	111
Other financial costs	346	62
Exchange losses	7,505	313
Loss on disposal of financial instruments, group entities	<u>0</u>	<u>22,046</u>
	<u>8,468</u>	<u>22,532</u>

7 Tax for the year

Current tax for the year	-4,017	-301
Deferred tax for the year	-760	475
Adjustment of tax concerning previous years	<u>-136</u>	<u>17</u>
	<u>-4,913</u>	<u>191</u>

Financial statements 1 January – 31 December

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8 Proposed profit appropriation

DKK'000	2017	2016
Proposed dividends for the year	518,652	235,675
Retained earnings	823	0
	<u>519,475</u>	<u>235,675</u>

9 Intangible assets

DKK'000	Software	Prepayment on intangible assets	Total
Cost at 1 January 2017	10,278	1,487	11,765
Additions for the year	0	1,359	1,359
Transfers for the year	1,487	-1,487	0
Cost at 31 December 2017	<u>11,765</u>	<u>1,359</u>	<u>13,124</u>
Amortisation and impairment losses at 1 January 2017	-6,246	0	-6,246
Amortisation for the year	-2,986	0	-2,986
Amortisation and impairment losses at 31 December 2017	<u>-9,232</u>	<u>0</u>	<u>-9,232</u>
Carrying amount at 31 December 2017	<u>2,533</u>	<u>1,359</u>	<u>3,892</u>

10 Investment in subsidiaries

DKK'000	Equity investments in subsidiaries
Cost at 1 January 2017	<u>3,471,609</u>
Cost at 31 December 2017	<u>3,471,609</u>
Revaluations at 1 January 2017	<u>-200,766</u>
Revaluations 31 December 2017	<u>-200,766</u>
Carrying amount at 31 December 2017	<u>3,270,843</u>

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
Lexel AB	Sweden	100 %	908,184	396,735
(1) Wibe AB	Sweden	100 %	105,213	1,603
Schneider Electric Fire & Security OY	Finland	100 %	166,743	42,987
Schneider Electric Buildings AB	Sweden	100 %	390,541	28,266

Financial statements 1 January – 31 December

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(1) Craftere 1 AB	Sweden	100 %	3,567	3
(1) Schneider Electric Buildings UK Ltd.	UK	100 %	150,230	0
(1) TAC Regional Ltd.	UK	100 %	0	0
(1) TAC Products Ltd.	UK	100 %	0	0
(1) IBS Australia Pte	Australia	100 %	0	0
(1) IBS Hong Kong Ltd.	Hong Kong	100 %	437	-31
(1) Buildings Australia Pty	Australia	100 %	257	-59,779
(1) Pelco Europe BV	Netherlands	100 %	10,103	119
Lexel Fabrika	Latvia	100 %	108,301	21,449
Schneider Electric Latvija	Latvia	100 %	4,095	1,846
Schneider Electric Baltic Distribution Centre	Latvia	100 %	2,814	5,331
Schneider Electric Lietuva UAB	Lithuania	100 %	10,415	4,891
Schneider Electric Eesti AS	Estonia	100 %	5,926	1,534
Lexel Holding Norge AS	Norway	100 %	206,525	152,524
(1) ELKO	Norway	100 %	419,232	160,324
JO JO Ltd.	UK	100 %	0	0
Ørbækvej 280 A/S	Denmark	100 %	18,718	2,413
Schneider Electric Danmark A/S	Denmark	100 %	365,198	251,801
Schneider Electric Distributionscentre AB	Sweden	100 %	15,984	864
Lexel Holdings Ltd.	UK	100 %	0	0
			<u>2,892,483</u>	<u>1,012,880</u>

(1) All subsidiaries are sub-subsidiaries and are wholly-owned.

11 Deferred tax

DKK'000	2017	2016
Deferred tax at 1 January	449	-26
Deferred tax adjustment for the year in the income statement	-760	475
Deferred tax at 31 December	<u>-311</u>	<u>449</u>
Transferred to deferred tax asset	311	0
Transferred to deferred tax liabilities	<u>0</u>	<u>449</u>

12 Share capital

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

Financial statements 1 January – 31 December

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13 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 as well as withholding taxes on interest, royalties and dividends.

14 Collateral

The Company has not placed any assets as security for loans at 31 December 2017.

15 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:
<https://www.schneider-electric.com/en/about-us/investor-relations/>

Related party transactions

DKK'000	2017	2016
Service invoiced	79,037	75,774
Service reinvoiced	-61,980	-51,842
Financial expenses	617	111
Receivables, group entities	149,542	0
Payables, group entities	8,487	155,341

Financial statements 1 January – 31 December

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16 Fees to auditor appointed at 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.