



Strategy Presentation

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Chairman & CEO - Schneider Electric

Disclaimer

All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. For a detailed description of these factors and uncertainties, please refer to the section "Risk Factors" in our Annual Registration Document (which is available on www.schneider-electric.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

This presentation includes information pertaining to our markets and our competitive positions therein. Such information is based on market data and our actual revenues in those markets for the relevant periods. We obtained this market information from various third-party sources (industry publications, surveys, and forecasts) and our own internal estimates. We have not independently verified these third-party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.

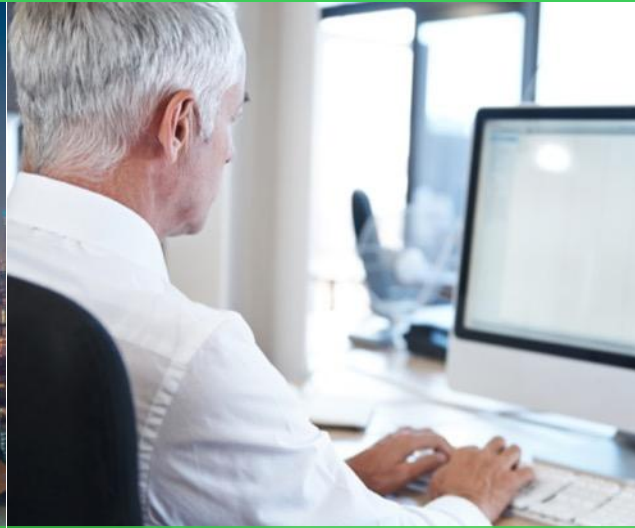
Key takeaways from our Investor Day

- Committed to **profitable growth** & believe some past headwinds are beginning to ease
- Unique set of **energy and efficiency technologies**, strategically positioned on Demand-side
- Accelerating our high-performing businesses: Building, IT and Industry, **turning around Infrastructure.**
- Well advanced in **digitization** and already solving real customer issues through **Ecostruxure**
- Working systematically on **margin improvement** through identified levers
- Prioritizing on **earning growth** and **shareholder value**

An integrated and leading company
with an attractive return to its shareholders



**A Pure Play In
Energy And Efficiency Connected
Solutions**



**A Focused Company
An Integrated Model
A System For Execution**



**Attractive Earnings Growth
Strong Shareholder Focus**

A pure play in energy and efficiency connected solutions





Our technologies ensure that **Life Is On**
everywhere, for everyone and at every moment.

Life Is when life is...

ENERGIZED

- **+50%** energy consumption by 2050 due to urbanization, industrialization, digitization.
- **Electricity** to grow twice faster than energy consumption
- **2.3 bn** people do not have either access or reliable access to electricity

EFFICIENT

- **3X** efficiency needed to solve climate change
- **82%** of untapped energy efficiency in buildings
- **50%** of untapped energy efficiency in industry

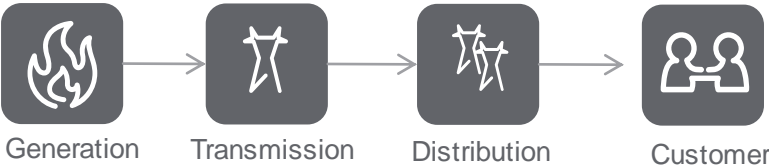
CONNECTED

- **10X** more incremental connected devices than incremental connected people by 2020
- **30bn** connected things by 2020
- **Software** runs everything

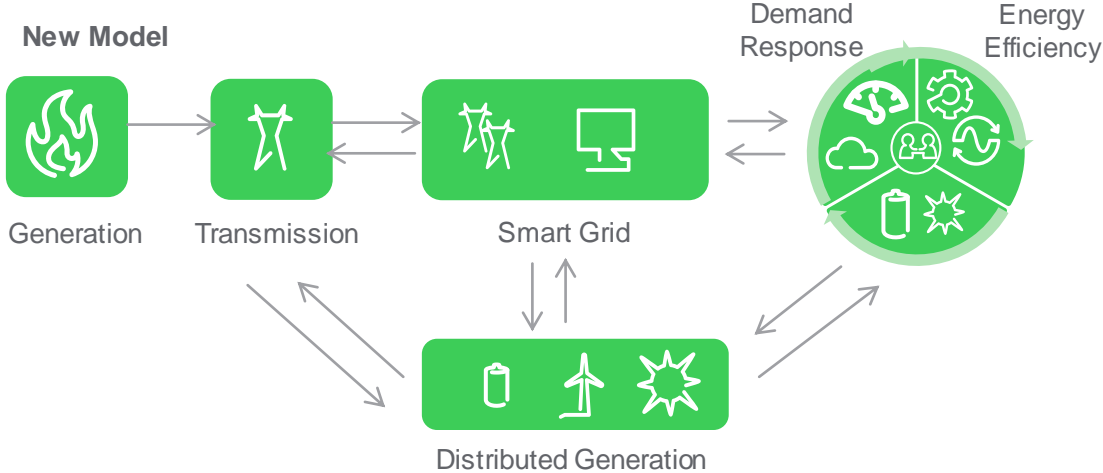
Schneider makes life Safe, Reliable, Efficient, Sustainable and Connected

The World of Energy gets redefined ... creating opportunities

Traditional Model



New Model



DRMING OPPORTUNITIES

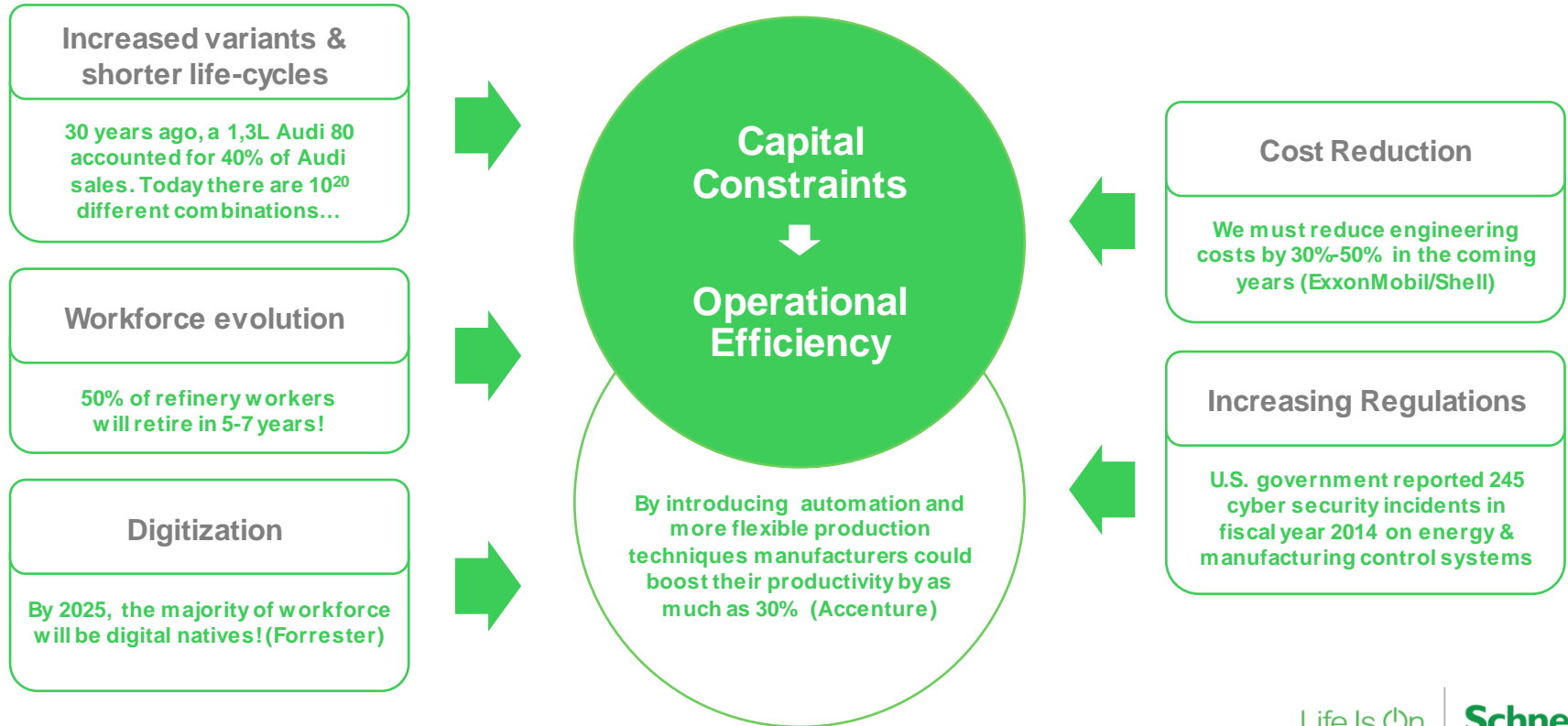
More Electricity

Efficient Demand

Decentralized Supply

Smart Grid

... as well as the world of Efficiency



Energy as a Source of Operations efficiency



Industry Productivity & Operational Benefits

2.5 X

the value of energy savings depending on value and context of investments

Source: IEA

Energy Saving Potential in Industrial Processes

>20%

of total energy cost

Source: ICF Consulting Limited

Energy as % of total Cost in Key Industries

10-35%

Source: McKinsey

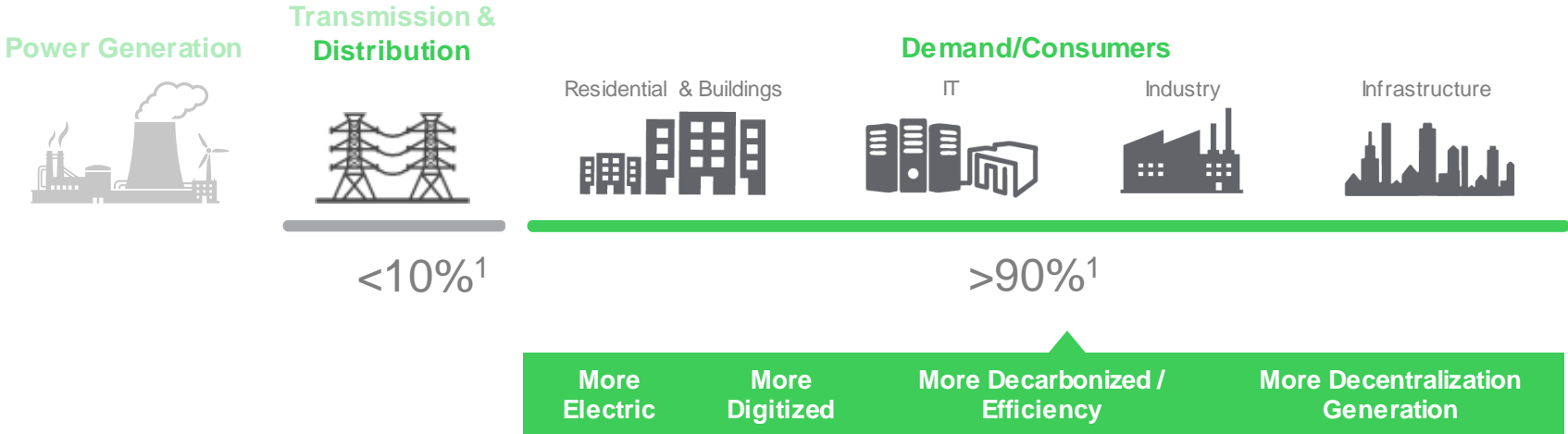
Power Outages Cost

> \$27Bn/yr

Cost of Power Outages for US Business

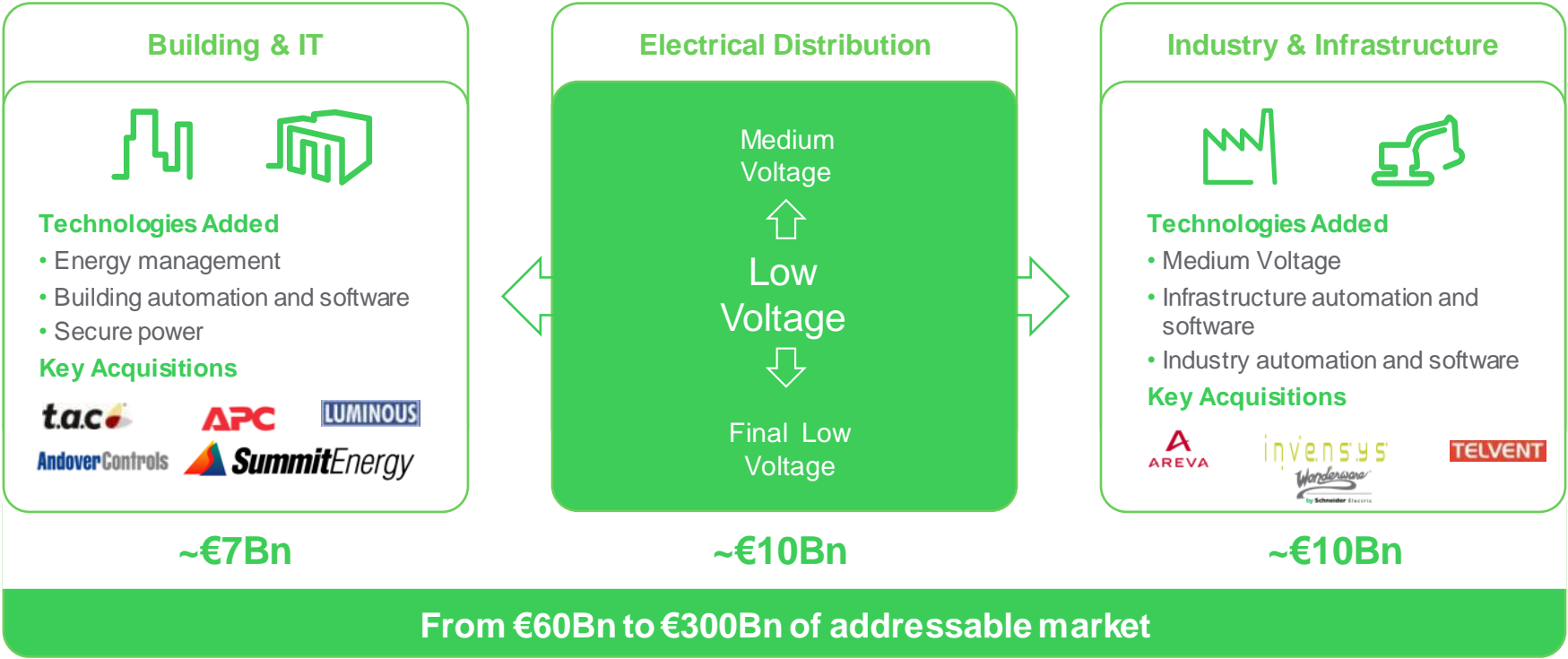
Source: E Source

We are the global specialist in energy management and automation, and we have positioned >90% of our business on Energy Demand side



¹ As % of Schneider Electric revenues

We have expanded from our Energy core into Efficiency for our two major families of End Markets



... serving customers with two complementary models

Products

57%
of group sales

Integration through channel and partners

- Largest partner network
- Largest product offering
- All standards for all geographies
- Higher R&D
- Branding
- Digital experience

Solutions (Software, Equipment, Projects, Services)

43%
of group sales

Integration through solutions

- Application centers
- Segment expertise
- Differentiated software
- Integrated architecture
- Life cycle services

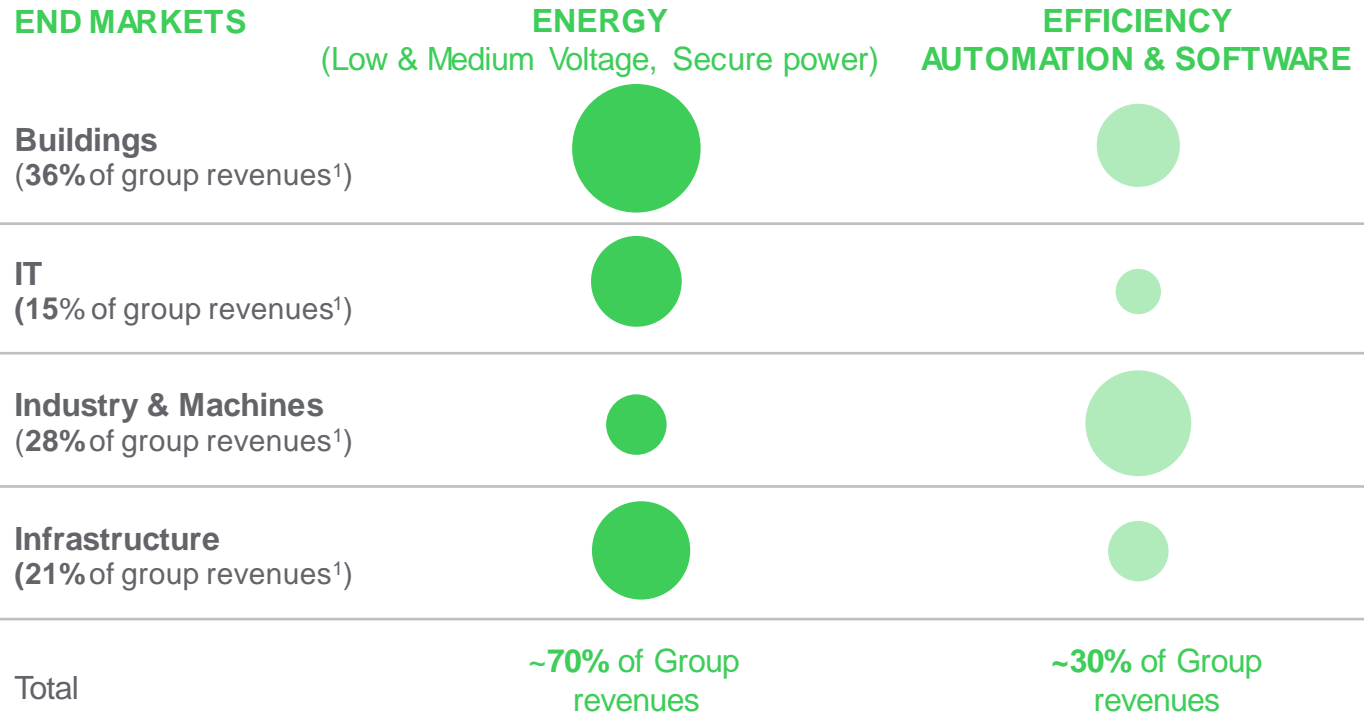
OFFERS : LOW VOLTAGE SECURED POWER MEDIUM VOLTAGE BUILDING AUTOMATION INDUSTRIAL AUTOMATION

And focusing on four global, leading, synergetic businesses

Key technologies	Low voltage & Building automation	Critical power & cooling, services	Discrete & process industrial automation	Medium voltage & Grid automation
Activity in Schneider Electric	Building	IT	Industry	Infrastructure
2015 revenues (€ bn)	11.9	3.7	5.7	5.4
2015 Adj. EBITA Margin (%)	18.0%	17.6%	17.1%	9.1%
Worldwide position	#1	#1	#2 discrete #4 process	#1

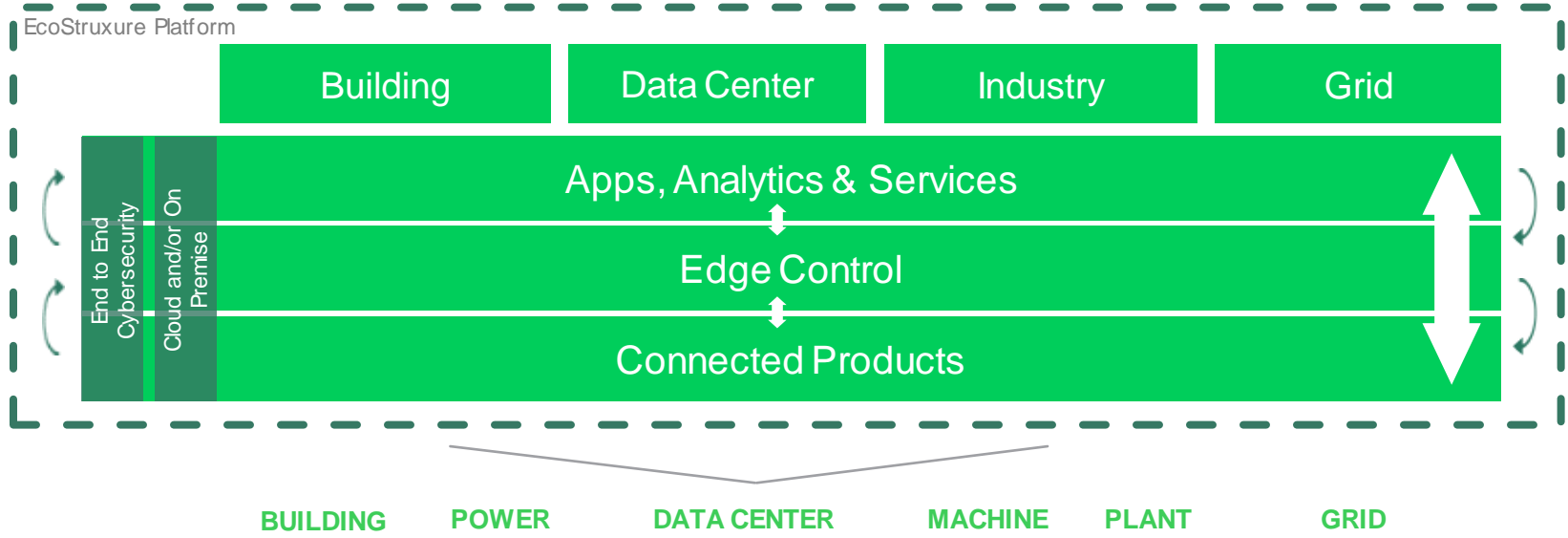
Serving our 4 end-markets

We converge Energy and Efficiency solutions for our four markets



1. end-market exposure estimated on 2015 revenues

... delivered through EcoStruxure solutions, in 4 End Markets, structured in 6 Architectures and 3 Layers



We see the Industrial Internet of Things as an “evolution” not a “revolution”

1997



Ethernet & web technologies on the shop floor

2000

Transparent Ready™

... then everywhere

.....

2008



Open control architecture

2016

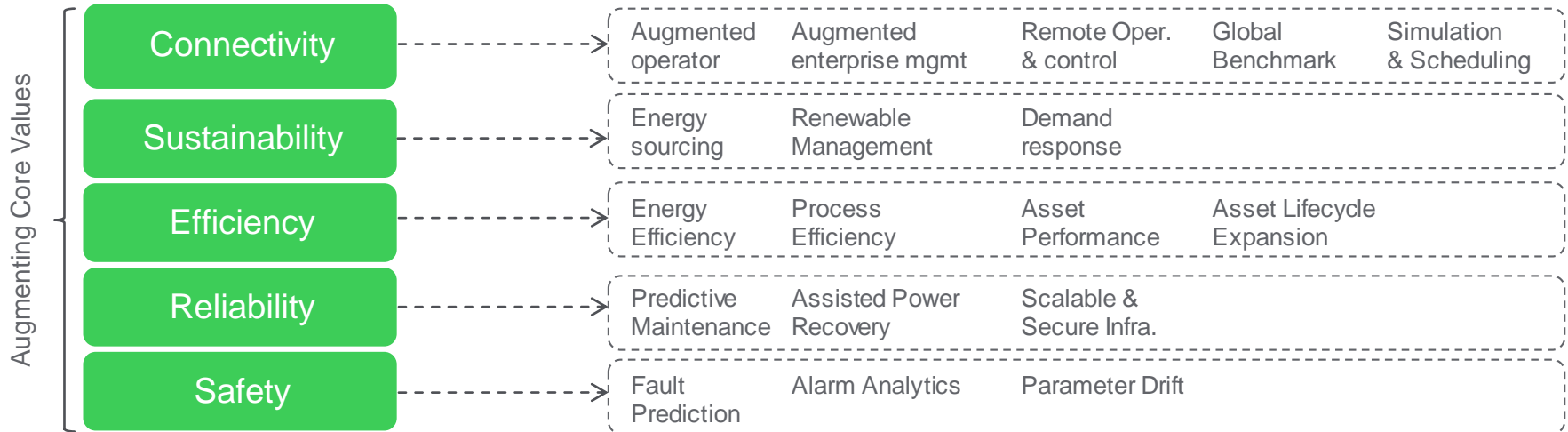
EcoStruxure™
Innovation At Every Level

Open IIoT architecture

EcoStruxure augments the values we deliver to customers

CONNECTIVITY, TRANSPARENCY, CLOSED LOOP

REDEFINING THE FULL VALUE ADDED FOR CUSTOMERS



Enabling value across machines and across premises

EcoStruxure is supported by a deep domain knowledge, services and integration capabilities, and an open ecosystem of partners



A complete and operational digital platform



A leading network of strategic alliances



An open architecture supported by a large ecosystem



A leading network of industry consortiums



A deep domain knowledge



A dense network of integrators



20,000 solution engineers
8,000+ service engineers
9,000+ System Integrators

Strong services and integration capabilities



Global reach of our partner network



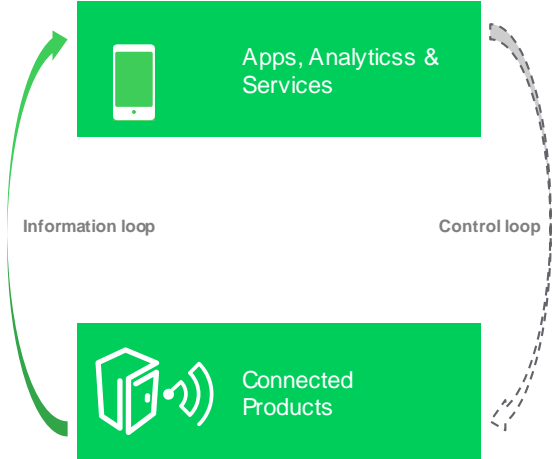
Already significant sales



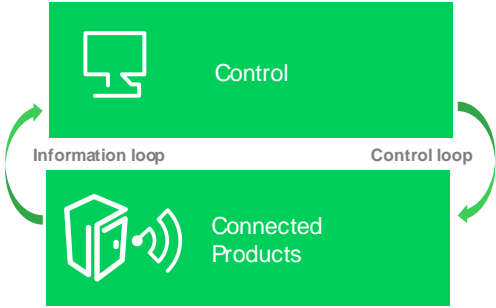
~45 % of Revenues with IoT (2015)

EcoStruxure delivers today an IoT end-to-end mission that transforms insights into business value

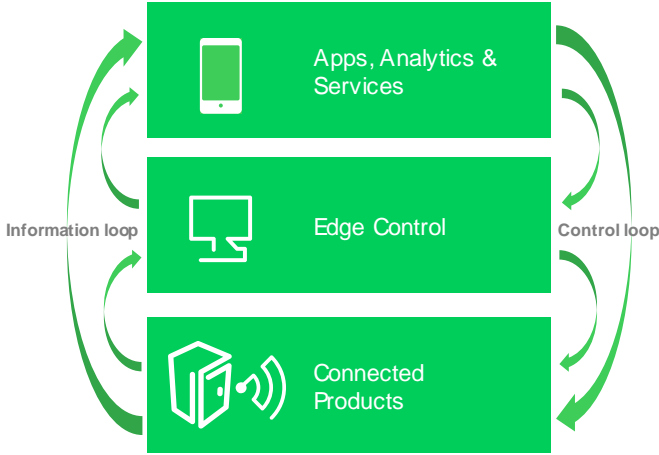
Not an IT approach....



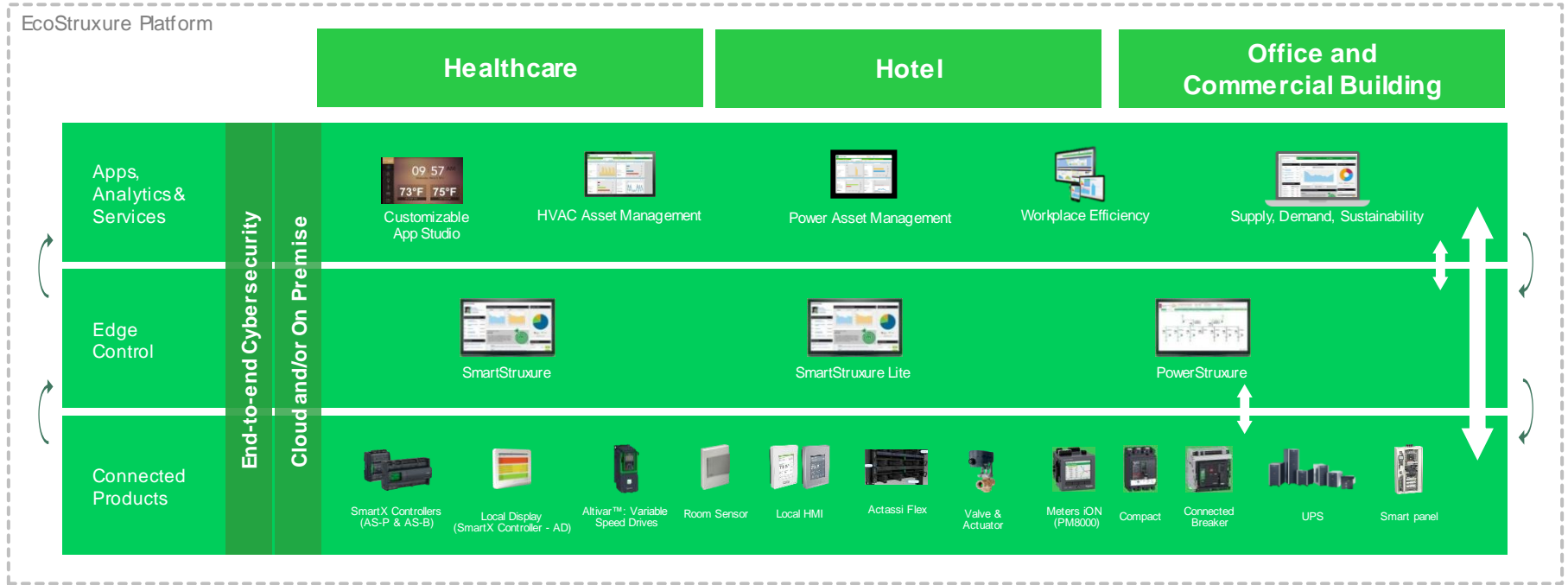
And not just an OT approach



But a real IoT vision delivering business value *today*



On-Premise and in the Cloud



Majunga New "Tower" in La Défense

Implementing building's electrical
distribution with digital solutions and
services

The Customer

195 m tall office building with 45 floors and serving
5000 employees in Paris Business District

Customer Challenge

- Comfortable, productive work environment
- Reduce energy consumption & carbon footprint

The Solution

- SmartStruxure
- WorkPlace Efficiency

The Results

- Energy Consumption of less than 80 kWh/PE/m²
year
- 4 times more efficient than other office buildings

EcoStruxure™
Innovation At Every Level

Building

Apps,
analytics,
and services



WorkSpace Efficiency

Edge
control



SmartStruXure

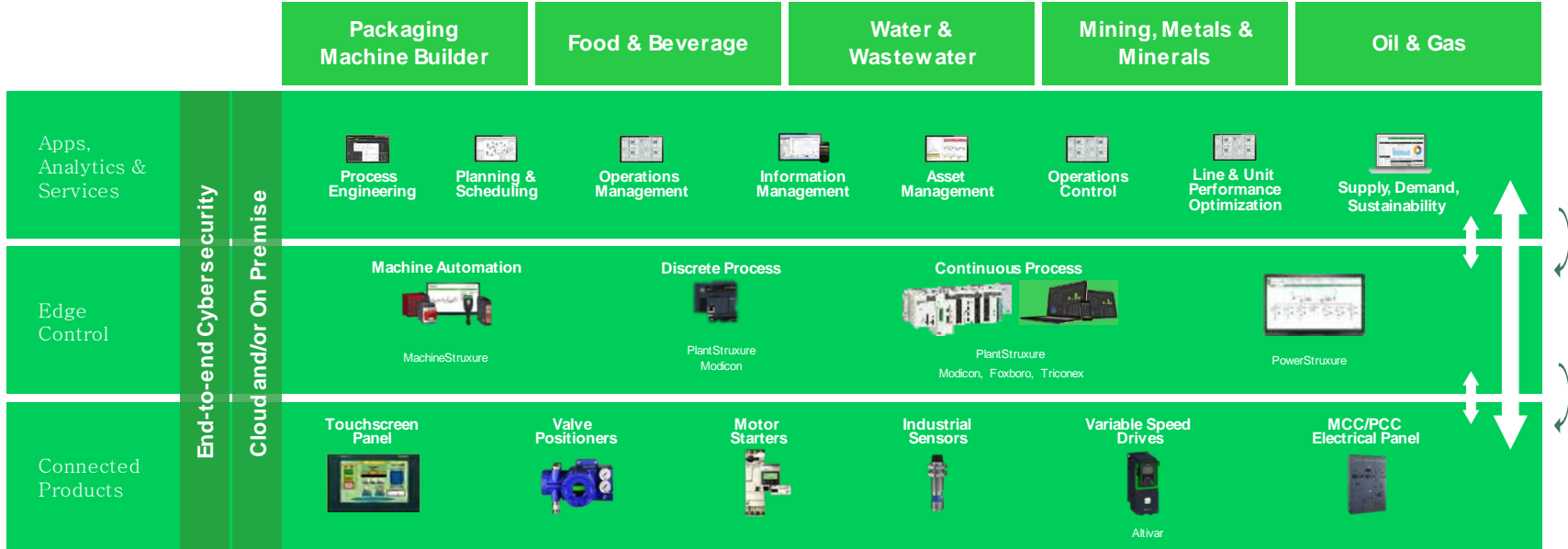
Connected
products



Smart Panel

Industry & Infrastructure

EcoStruxure Platform



Major Water Utility in Belgium

Driving the optimization of infant formula



The Customer

- A major Belgian water utility
- Producing and distributing water of the highest quality to hundreds of thousands of citizens since 1986

Customer Challenge

- Reduce OPEX (energy and staff) to free up CAPEX for network infrastructure upgrades

The Solution

- Energy accounting and sustainability
- Integrated software solutions
- Centralized control and data management, automation, electrical distribution

The Results

- Improved operational efficiency and reliability
- Meet OPEX reduction goals without reduced productivity

EcoStruxure™
Innovation At Every Level

Industry

Apps,
analytics,
and services



Wonderware
InTouch,
System Platform,
Historian



Supply, Demand,
Sustainability
Resource Advisor

Edge
control



Modicon M580

Connected
products



Altivar Process



Power meters

Yashili in New Zealand

Driving the optimization of infant
formula



The Customer

- The \$200 million facility measuring some 30,000m2
- Produces six types of infant formula
- Annual capacity of around 52,000 tonnes

Customer Challenge

- Demands great accuracy in terms of mixing ingredients in the right quantities

The Solution

- PlantStruxure
- Vijeo Citect

The Results

- ERP communicating directly with the PLCs helped to minimize any possibility of the human error factor when the different ingredients are mixed

EcoStruxure™
Innovation At Every Level

Industry

Apps,
analytics,
and services



Wonderware
InTouch,
System Platform,
Historian

Edge
control



Modicon M580

Connected
products



Altivar Process



Power meters

Premier FMCG in Durban

Modernizing aging systems

The Customer

- Total capacity of 800,000 tons of wheat per annum
- 16 bakeries, 5 wheat mills, 24 distribution depots across South Africa

Customer Challenge

- Modernize aging control, automation, and electrical systems in wheat mills.

The Solution

- PlantStruxure
- Vijeo Historian
- Modicon Controllers
- Altivar Process Drives

The Results

- Cost effective engineering
- Advanced operation services that reduce downtime
- Future ready solution
- Improved energy management
- Robust, scalable, and flexible automation architecture

EcoStruxure™
Innovation At Every Level

Industry

Apps,
analytics,
and services



Vijeo Historian

Edge
control



Modicon
M340



Planstruxure
PES

Connected
products

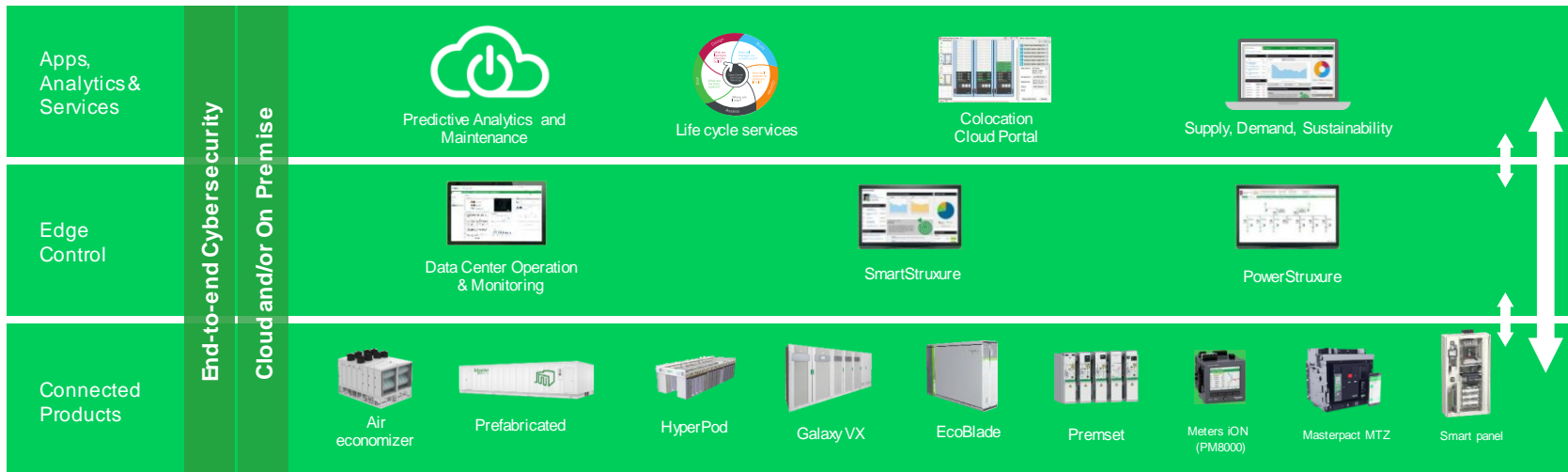


Altivar Process



Power meters

EcoStruxure Platform



KDDI/Telehouse in China

High performance and high efficiency
colocation facility



The Customer

- A 25,000 m² (269,000 square feet) world-class data center with 3,000 racks

Customer Challenge

- High availability of systems
- Energy efficiency
- High reliability equipment

The Solution

- Struxureware for Data Centers
- Modular / scalable Infrastructure
- Plan / Build / Operate services

The Results

- 25% in energy savings
- Lower PUE, reach highest efficiency level in China

EcoStruxure
Innovation At Every Level Data Center

Apps,
analytics,
and services



Plan / Build / Operate
Life cycle services

Edge
control

StruxureWare

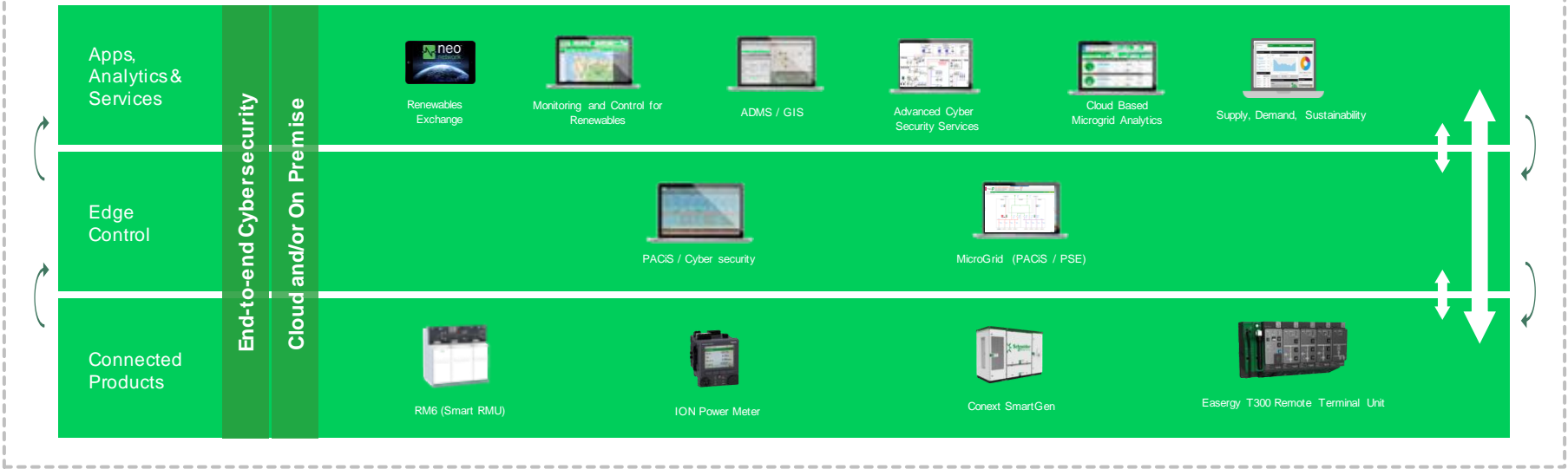


Connected
products



Smart Panel

EcoStruxure Platform



NEOEN in France

Powering the future with the biggest solar farm in Europe

The Customer

- Europe's largest solar farm (300 MW) with pre-assembled grid connection and control systems

Customer Challenge

- Produce solar energy at a cheaper cost than the new nuclear energy

The Solution

- Integrated and competitive turnkey solution for the entire electrical distribution - 200 PV Box RT units
- Turnkey high voltage substation, and monitoring and control using Conext Control with a dedicated power plant controller

The Results

- Significant energy and cost savings through the optimisation of the entire electrical distribution solution from plant to plug

EcoStruxure[®] Grid
Innovation At Every Level

Apps,
analytics,
and services



Conext Control

Edge
control



PACiS

Connected
products



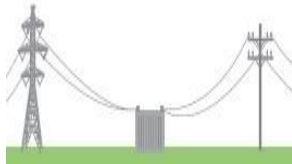
PV Box RT RM6 + Easergy Sepam

Integrating more decentralized Demand side generation

Traditional Power Generation



Transmission & Distribution



Demand/Consumers



New Trends in Power Generation

Microgrids

Energy Storage

Renewable

Generation is coming back to our core through technological evolution

ONCOR T&D SYSTEM

Innovative microgrid improves utility's reliability and optimizes distributed energy resources



The Customer

- Largest regulated T&D system in Texas, 6th in the USA
- 10mn customers depend on Oncor for power

Customer Challenge

- Ensure uninterrupted delivery of power
- Need for a new microgrid solution to diversify its energy generation assets during extreme weather and other emergencies

The Solution

- PowerLogic™ Microgrid controller providing real-time management of distributed generation resources
- StruxureWare Demand-Side Operation, a cloud based platform forecasting & optimizing the production, consumption, and storage of energy in conjunction with external factors

The Results

- Greater grid capacity, reliability, and the optimization of distributed energy resources delivering a dynamic, flexible microgrid solution

EcoStruxure™
Innovation At Every Level

Grid

Apps,
analytics,
and services



StruxureWare
Demand-Side Operation
Cloud Based Microgrid
Analytics



PowerLogic Microgrid
Controllers

Edge
control



StruxureWare PowerSCADA Expert and
system engineering

Connected
products



Third Party Pulse Closer, Energy Storage,
Switching Systems, Underground
Distribution Switchgear

Schneider solutions adopted in...

450 000 systems... delivered with our 9000 integrators....
connecting more than 1 Billion devices to our Edge Control



20 of the largest **Oil and Gas** companies



9 of the 10 largest **Mining, Metals and Minerals**



11 of the top brands w ithin **Food & Beverage**



100+ **water and wastewater** plants



1 in **3 buildings** use our technology



10 of the world's top **electric utilities**



3 of the top 4 biggest **hyper scale cloud** providers



8 the top 10 **packaging machine** builders

And our technology is recognized

Building Management System recognized by Navigant Leaderboard Report for Building Energy Management Systems

Smart  **truxure**
Building Management System



ADMS (Advanced Distribution Management Software) recognized by Gartner® Magic Quadrant



DCIM (Data Center Infrastructure Management) recognized by Gartner® Magic Quadrant for Data Center Infrastructure Management Tools



Altivar Process first services oriented drive on the market, awarded a Top Product of the Year award from “Energy Manager Today.”



Navigant Research Top Asset Performance Management (APM) September 2016
Verdantix Global Energy Leaders Survey, Software Brands, June 2016
Verdantix Global Energy Leaders Survey, Strategy and Implementation Brands, June 2016
Verdantix Green Quadrant for UK Energy Services, May 2016
IDC Mark etscape for Worldwide Process Manufacturing Execution Systems, April 2016
Navigant Leaderboard Report: Smart City Suppliers, March 2016

A focused and integrated company with a robust business model



Our model to deliver value

Based on:

A global presence

A balanced exposure

A technology focus

A culture of partnership

Designed for:

Flexibility

Scale through integration

Efficiency and execution

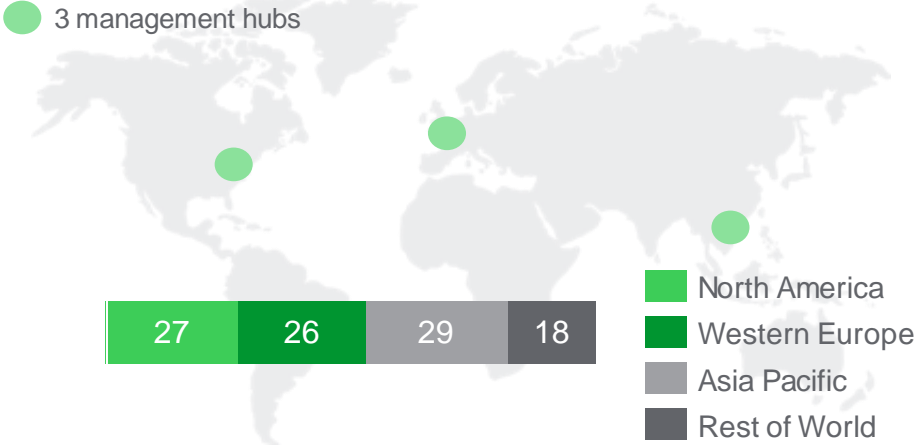
Sustainability



Global and balanced, in geographies and markets with a leading position in new economies

BALANCED GEOGRAPHIES

FY 2015 revenues (%)



BALANCED MARKET EXPOSURE

FY 2015 revenues (%)



STRONG PRESENCE IN NEW ECONOMIES

FY 2015 REVENUES



New Economies Mature Markets



China, India and other new economies will drive all growth in energy demand in the next 25 years¹ and most of industrialization and urbanization

1. Source: IEA World Energy Outlook 2015, New Policies Scenario

A technology focus

~ 5%

of revenues devoted to R&D

c. 10,000 people in 25 Countries

Balanced footprint with major R&D sites close to largest markets

OUR FOCUS AREAS:

- Push advantage on core offer
- Specific offers for New economies
- Digitization/ EcoStruxure
- Software/ Analytics
- Cybersecurity
- Decentralized generation/ Storage

EcoStruxure™
Innovation At Every Level



A culture of partnership

Upstream partnerships for supply



Partnership in technology



Partnership in IT



Downstream partnership for integration

~65% revenues sold through partners
Sold through > 100,000 partners

DISTRIBUTORS PANEL-BUILDERS INTEGRATORS

Flexible through an outsourced cost structure leading to solid cash generation

FLEXIBLE AND COMPETITIVE COST STRUCTURE

Flexible business model ~70% COGS variable

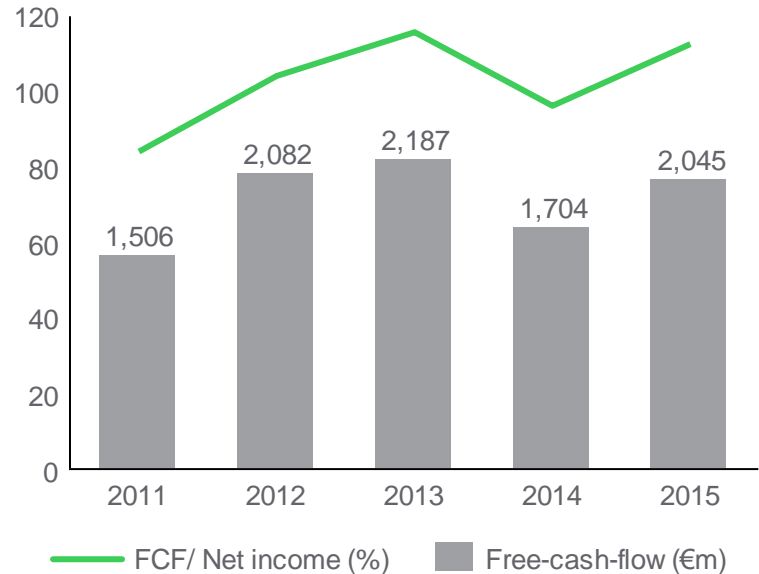
Low capital requirement ~3% CapEx per year

Global Supply-chain ~54%¹ of COGS in new eco.

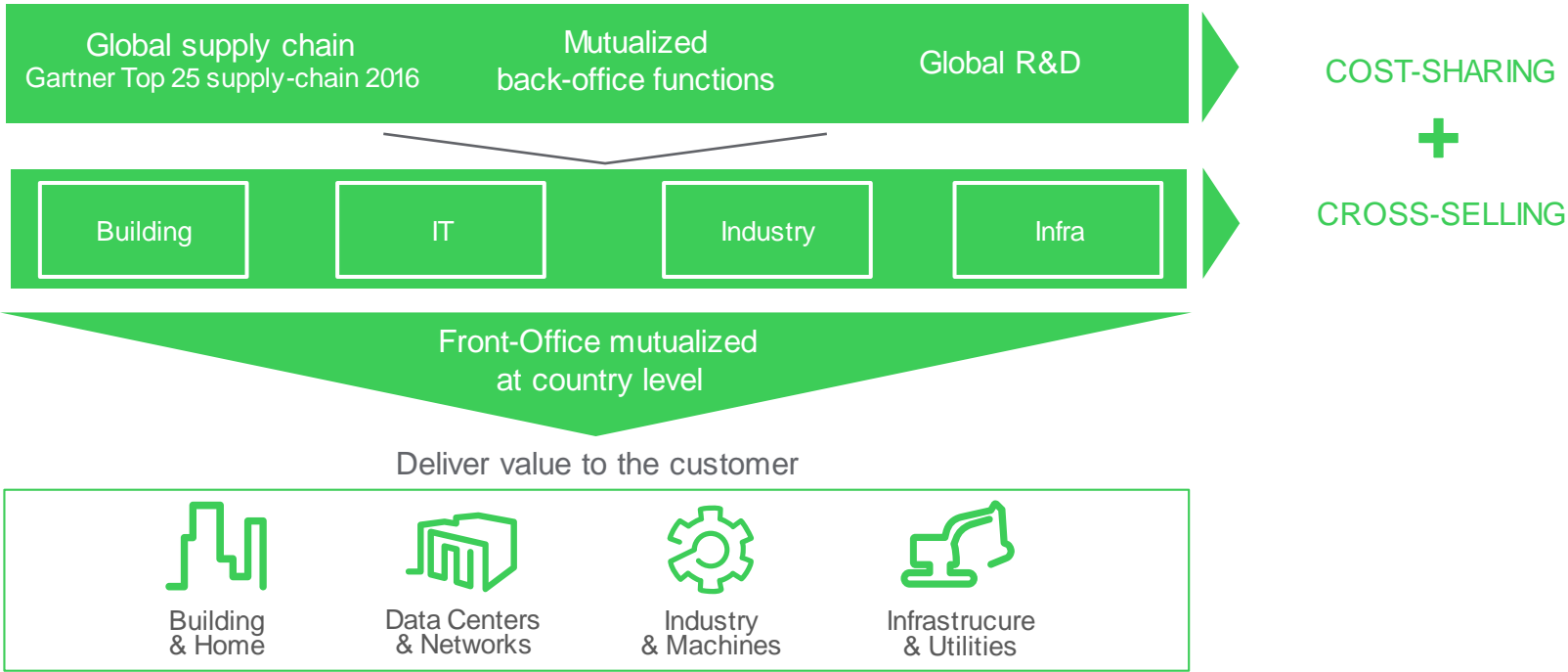
Outsourcing in global functions ~50% IT outsourced
~1/4th Finance & HR outsourced

1. Estimated in the end of 2015

STRONG AND PREDICTABLE CASH GENERATION



Scale through integration: cross-selling / cost sharing, leverage of scale



Scale through our Integrated and Global Supply Chain



- > 130 k orders / day
- > 500 k references



- > 90 distribution centers



- > 210 factories
- > 45 countries



- > 45 000 suppliers
- > €12B purchases

25

Gartner

Supply Chain Top 25

2016

Purchasing Efficiency

- Suppliers concentration/grow with strategic suppliers

Lean everywhere

- 10 years of execution of Schneider Production System

Industrial Footprint

- Rebalancing of manufacturing and sourcing
- Streamlining of manufacturing base costs

Logistics Network

- Expertise center in Network modeling with advanced tools

Transportation

- Transport Providers concentrated and divided by 5

Planning/ Orchestration

- Best of breed Technologies in our Distribution Centers
- Sales Inventory & Operations Planning supported by best in class technology

~€1bn productivity targeted for 2015-2017

Efficiency and execution through company programs ...

REVENUES

€10bn
(2005)

€18bn
(2008)

€22bn
(2011)

€25bn
(2014)

€27bn
(2015)

Company Programs


2005-2008

- Execution discipline
- Customer satisfaction
- Global / rebalancing


2009-2011

- One Company
- 5 businesses
- Solutions


2012-2014

- Digital Customer Experience
- Services
- Tailored Supply Chain
- Connected Employees


2015-2020

- Do More for our customer
- Digitize
- Simplify
- Innovate
- Step-up

We transformed the company

- 30% increase in very satisfied customers
- 32% Sales in New eco.
- EBITA margin: 15% in '08

- From 120 to 10 brands
- Global Supply-Chain
- Solutions up 7pts to 37% of revenues

- Services outgrew rest of Group by average +7 points
- €1bn productivity
- ~-2pt in inventory/sales ratio

- ~+20% in connected assets in H1 2016
- ~€900m costs reduction in 18 months
- Systems gross margin +1pt in H1 2016
- +7% org. growth in services over past 18 months

... supported by a system of execution

Digital global platforms

- One Customer Platform - 43,000 users, 10m customers interactions on salesforce.com
- One Digital Engagement Platform - Mobile Experience, Communities,
- One Human Capital Management Platform, One Enterprise Social Network & Collaboration Platform, One Content Platform – available to all connected employees
- Other Global platforms under deployment: Field Services, Project, Pricing, Product, Partner Engagement...

Efficiency for performance

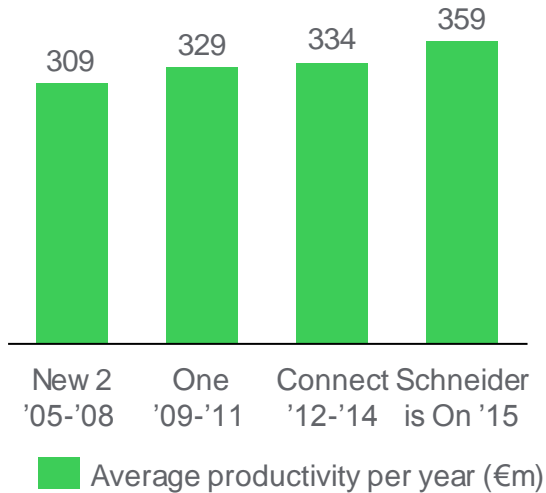
- Finance, HR, IT, Communications as Global Shared Services
- Simplification Programs for productivity
- Schneider Production Systems in supply chain – delivering >5% labor productivity each year
- Launching the Schneider Performance System for continuous improvement beyond Supply Chain

Open Learning Ecosystem

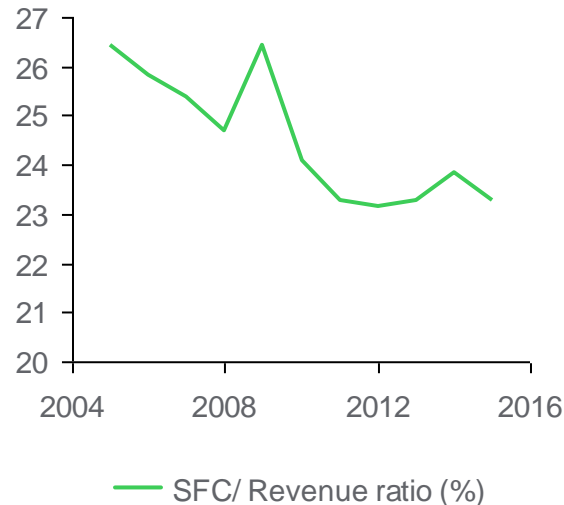
- Energy University - over 500,000 registered users, nearly a million courses taken since its inception; trending annually with 60,000 new users trained with 120,000 courses certification
- 7,000 employees certified on Energy Management and Solutions
- Academies in major specialties and skills of the company

Translating in continuous progress through our programs

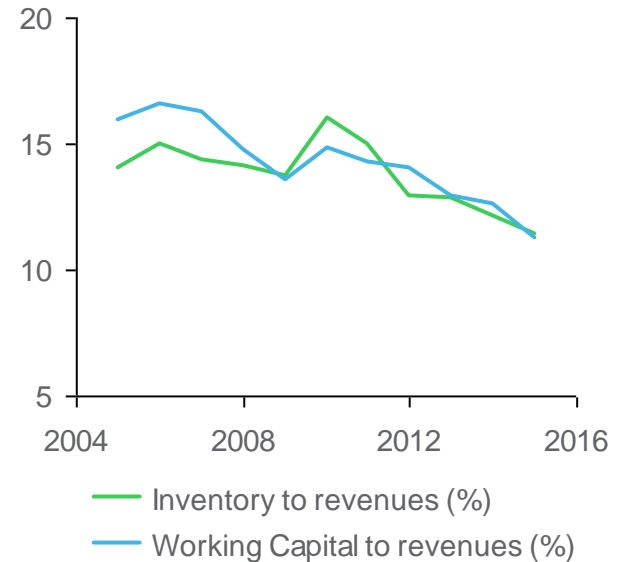
CONSISTENT HIGH PRODUCTIVITY THOUGH THE YEARS



GRADUALLY LOWER SFC/ REVENUES RATIO



WORKING CAPITAL AND INVENTORY EFFICIENCY



Sustainability at the core of everything we do

Climate

- Carbon neutrality by 2030
- CO2 impact quantification of large customer projects
- Investment in R&D for sustainability (EUR10 billion over 10 years)

Ethics

- Human Rights policy
- UN Guiding Principles on Business & Human Rights (Ruggie framework)

Circular economy

- Zero Waste to Landfill
- Maintenance, retrofit and end-of-life services
- Schneider ecoDesign Way to all new offers

Health & Equity

- Employee Well-being
- Gender pay equity
- One day training for every employee per year

Development

- Low carbon solutions for access to electricity (for 50 million people over 10 years)
- Fighting fuel poverty in mature countries

FORTUNE

Fortune Magazine: #24 / 50 Companies that are changing the world



DJSI Industry Leader

for the 4th consecutive year



CDP Climate Leader

part of the "Climate A list" for the 6th consecutive year

Ethisphere, world's most ethical companies

listed for the 6th consecutive year

FTSE4Good: listed for the 1st time since inception in 2001



FTSE4Good

4th company globally for clean-energy in Carbon Clean 200 List

12th most sustainable company in the world in Global 100 most sustainable corporations



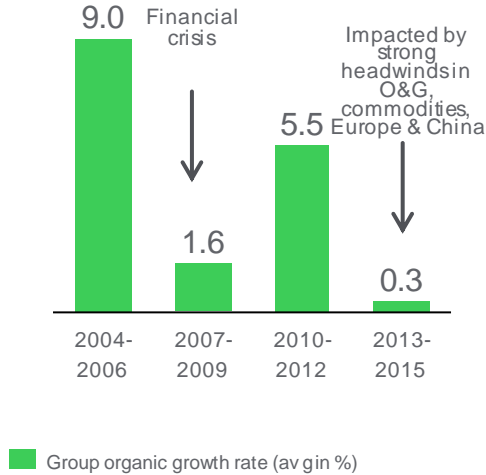
2nd best French company for the integration of environmental factors in the supply chain (Vigeo Eiris)

A predictable earnings growth and a strong shareholder focus

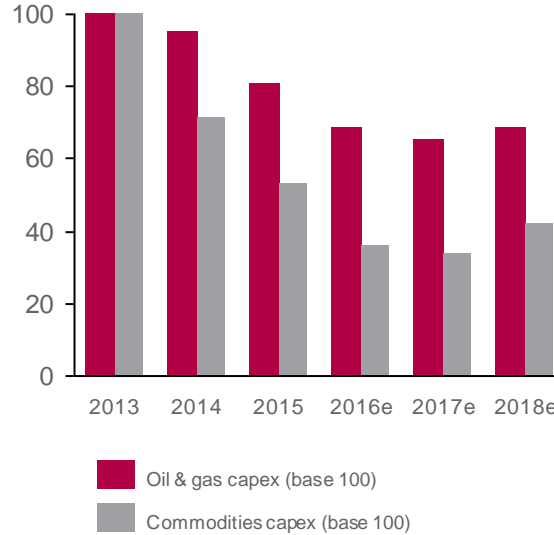


Major headwinds impacting growth are set to ease in coming years

OUR ORGANIC GROWTH HAS BEEN IMPACTED BY STRONG HEADWINDS

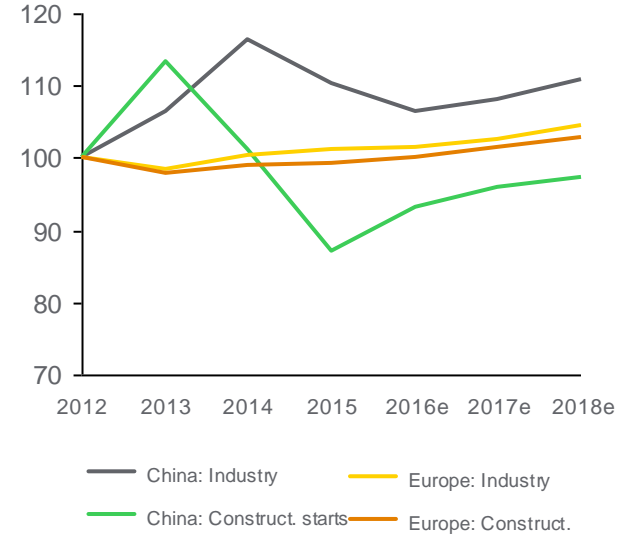


O&G & COMMODITIES CAPEX EXPECTED RECOVERY POST-2018



Source: Morgan Stanley, Credit Suisse, JP Morgan estimates

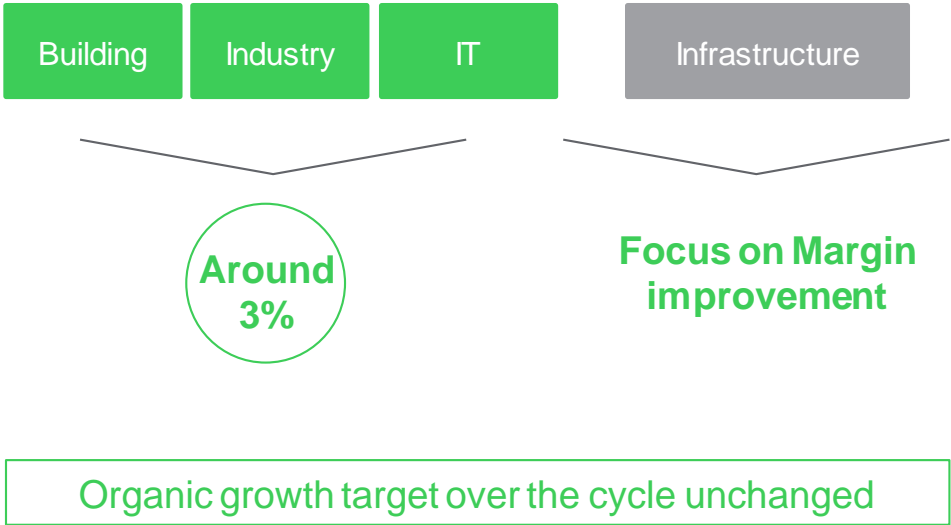
EUROPE AND CHINA ACTIVITY EXPECTED TO IMPROVE



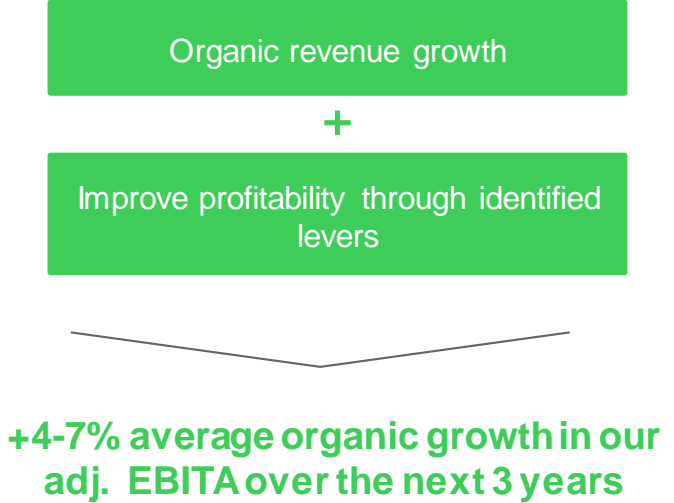
Source: NBS, Euroconstruct, Oxford economics, UBS & Credit Suisse estimates

Solid org. growth in our adj. EBITA driven by revenue growth in 3 divisions and from increased profitability in Infrastructure

AVERAGE ORGANIC GROWTH TARGET OVER THE NEXT 3 YEARS...



...RESULTING IN ORGANIC GROWTH IN OUR ADJ. EBITA IN THE NEXT 3 YEARS



A simplified strategy of accelerated growth of our profitable business and improvement in our systems

A DIFFERENTIATED EXECUTION STRATEGY (Percentage based on 2015 revenues)



Create value with our #1 partner network

WE HAVE THE LARGEST NETWORK OF PARTNERS IN 190 COUNTRIES



- Distributors
- Panel builders
- Electricians
- Specialists
- Contractors
- Systems integrators
- IT Channel Partners

WE PROVIDE CONNECTED OFFERS FOR THEIR CUSTOMERS

Industry



Altivar Process
The first range of variable speed drives for process environments



M580
Achieves better and earlier ROI with built-in Ethernet capability and best-in-class processing power and memory

Data Center



Galaxy VX™
3-phase power protection with efficiency up to 99% providing the lowest operational costs



Smart Bunker Xpress
Prefabricated and tested data center, ready for IT equipment

Power Distribution Redefined



Masterpact MTZ
Combines performance & reliability with new digital capabilities



Easergy P5
Protection relay with major step forward in safety, cybersecurity, & reliability

Accelerate our development in services

OUR PRIORITIES

Increase our tracked asset based

- +80% on tracked installed based on critical assets since 2014
- Connected assets up +50% since 2014

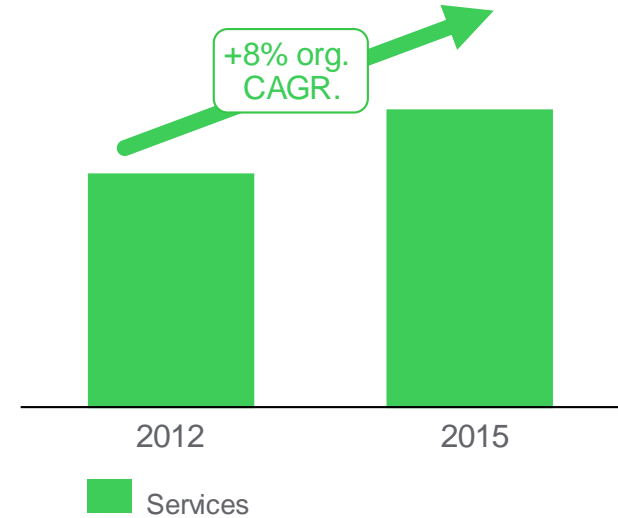
Keep deploying our model

- Capacity to execute consistently in a global base
- Single customer experience (country mutualization) across all our technologies and for all ranges

Enrich our service value to customers

- Expanded digital asset perf. management offer
- Specific energy efficiency service packages leveraging our segment expertise
- Digitizing our operations (connected technicians)

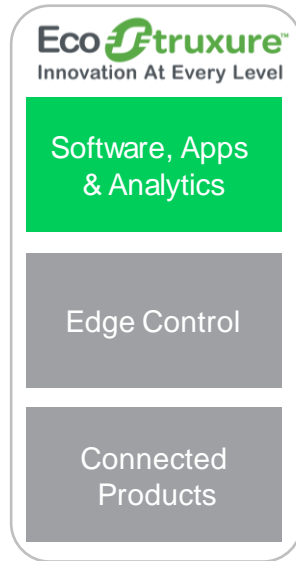
SERVICES STRONG ORGANIC REVENUE GROWTH



Grow highly differentiated software

SOFTWARE:
~€1bn revenues









**FOCUSING ON OUR PRIORITIES
TO DELIVER GROWTH**








Software outgrew by c. +3% org. rest of the Group in past 12 months to H1 2016

Leveraging the large offer we have already built







Industry

-  Process Engineering
-  Planning & Scheduling
-  Operations Management
-  Information Management
-  Asset Management
-  Operations Control
-  Line & Unit Performance Optimization
-  Supply, Demand, Sustainability





Building

-  Customizable App Studio
-  HVAC Asset Management
-  Power Asset Management
-  Workplace Efficiency
-  Supply, Demand, Sustainability

Grid

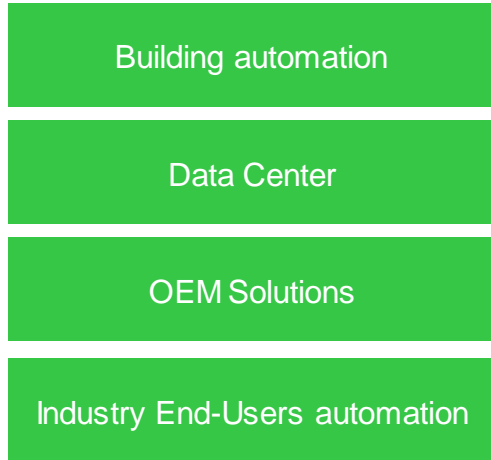
-  Renewables Exchange
-  Monitoring and Control for Renewables
-  ADMS / GIS
-  Advanced Cyber Security Services
-  Cloud Based Microgrid Analytics
-  Supply, Demand, Sustainability

Data Center

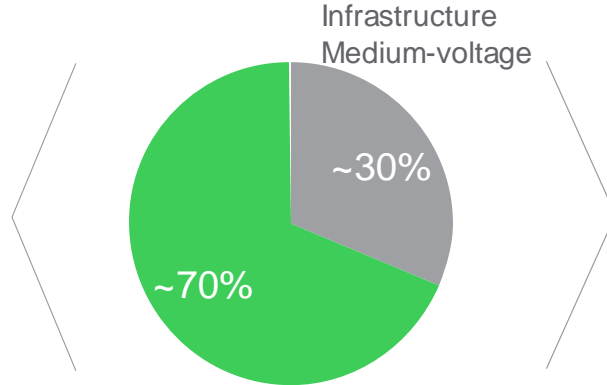
-  Predictive Analytics and Maintenance
-  Life cycle services
-  Colocation Cloud Portal
-  Supply, Demand, Sustainability

Improve our systems

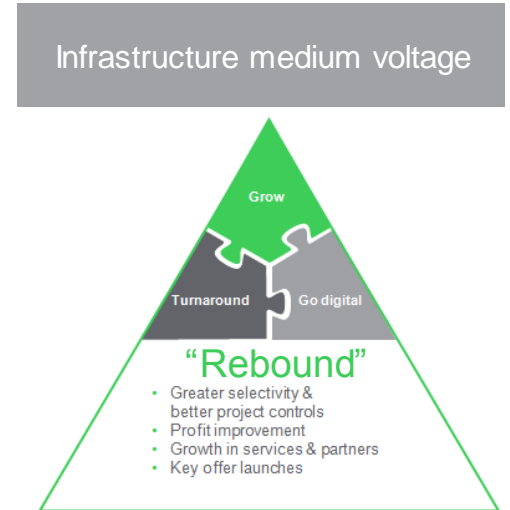
GROW DIFFERENTIATED SYSTEMS



GROUP SYSTEMS (Projects + Equipment) ~€8bn Revenues FY15



IMPROVE PROFITABILITY: MAIN FOCUS IN INFRASTRUCTURE MV



Predictable margin expansion through enhanced project execution

CENTRALIZATION OF CONTROL

+

INCREASED SELECTIVITY

+

IMPROVED PROJECT EXECUTION

- Project review at pre-defined level: Corporate/ Regional level
- Regional Solution Opportunities Committees: go/ no go
- Reinforced customer intimacy during tendering phase
- « Lean scoping » approach for targeted projects
- Margin Thresholds at booking
- Reinforced risks assessment & early mitigation plans
- Strengthened Contract Management
- Reinforced lessons learnt approach
- Talent assessment of key functions

~+1pt
improvement in
Systems Gross
margin in H1 2016

Predictable margin expansion through constant cost trimming

SIMPLIFY OUR OPERATIONS FOR GREATER EFFICIENCY

TAILORED SUPPLY CHAIN

- Keep delivering industrial productivity
- Keep increasing cash efficiency

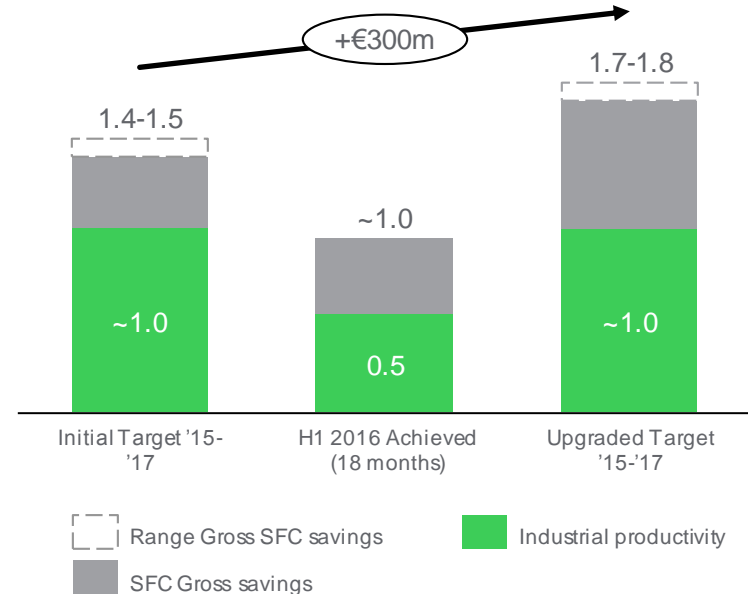
SIMPLIFY FOR EFFICIENCY

- Simplify management set-up
- Make company leaner
- Optimize R&D efficiency
- Increase sales force efficiency

REALLOCATE RESOURCES ON PRIORITIES

- Develop benchmarking culture
- Focus priorities

WE REVISE UP BY ~€300m OUR TARGETED 2015-2017 COST-SAVINGS (EUR bn)



We constantly optimize our portfolio to strengthen the competitiveness of our core business for higher performance

ACQUISITIONS TO STRENGTHEN OUR CORE



- Portfolio has a solid organic growth story, M&A not mandatory
- Focused on disciplined and value-accretive M&A in core of the core business

DISPOSAL OF NON-CORE BUSINESSES



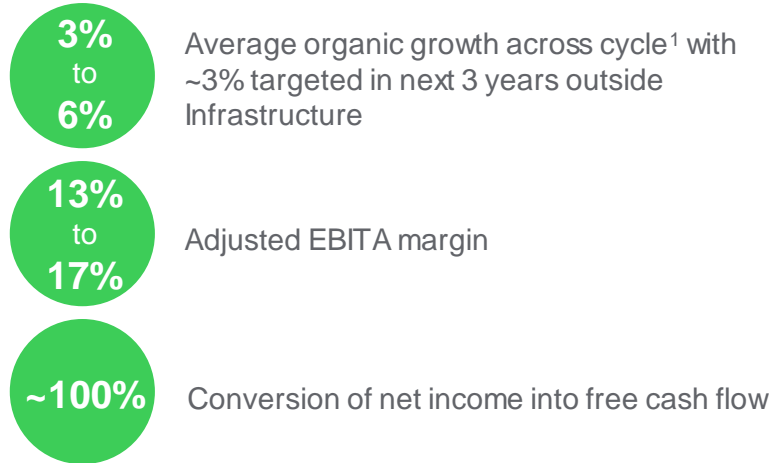
JUNO LIGHTING GROUP



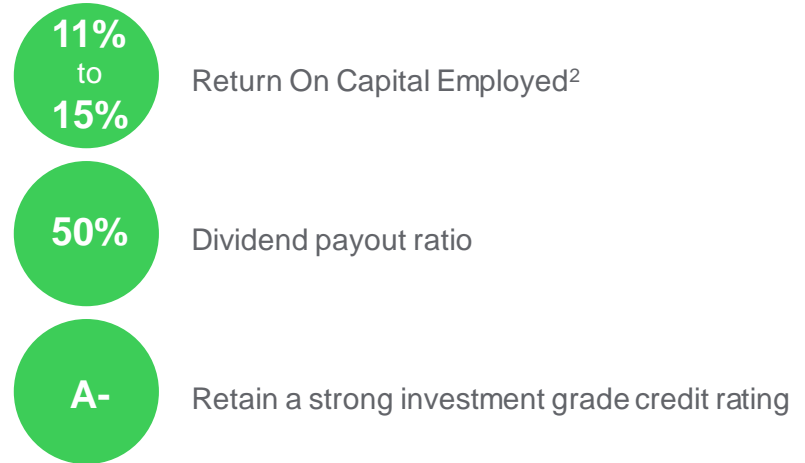
- Continuing efforts on pruning the portfolio to focus on the core
- ~€1.4bn cash generated from disposals since 2014

We confirm our long-term financial objectives

PERFORMANCE TARGET



CAPITAL EFFICIENCY TARGET

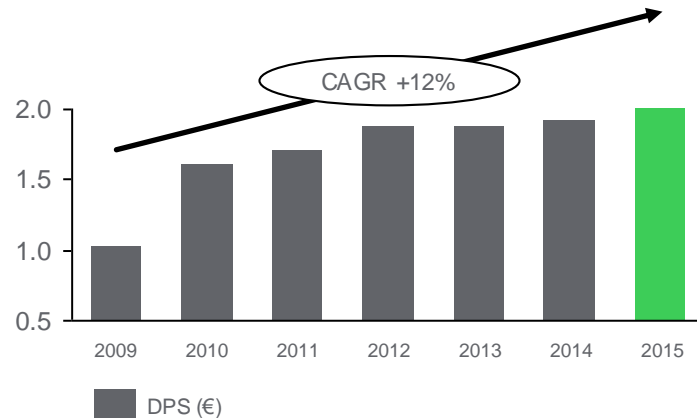


1: Growth across economic cycle. The reference is the world GDP growth on actual base and market exchange rates
2: Return On Capital Employed (ROCE) is Adjusted EBITA after tax / average capital employed. Capital Employed is defined as shareholders' equity + Net financial debt + Adjustment for associates and financial assets.

... and our strong focus on shareholders returns

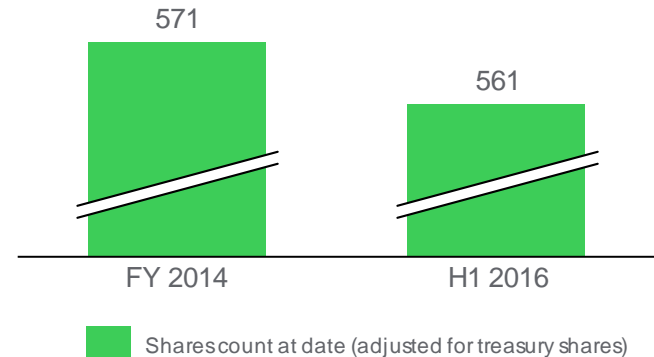
PROGRESSIVE DIVIDEND

- Dividend targeted at c.50% of net income
- Progressive dividend policy with no year-on-year decline

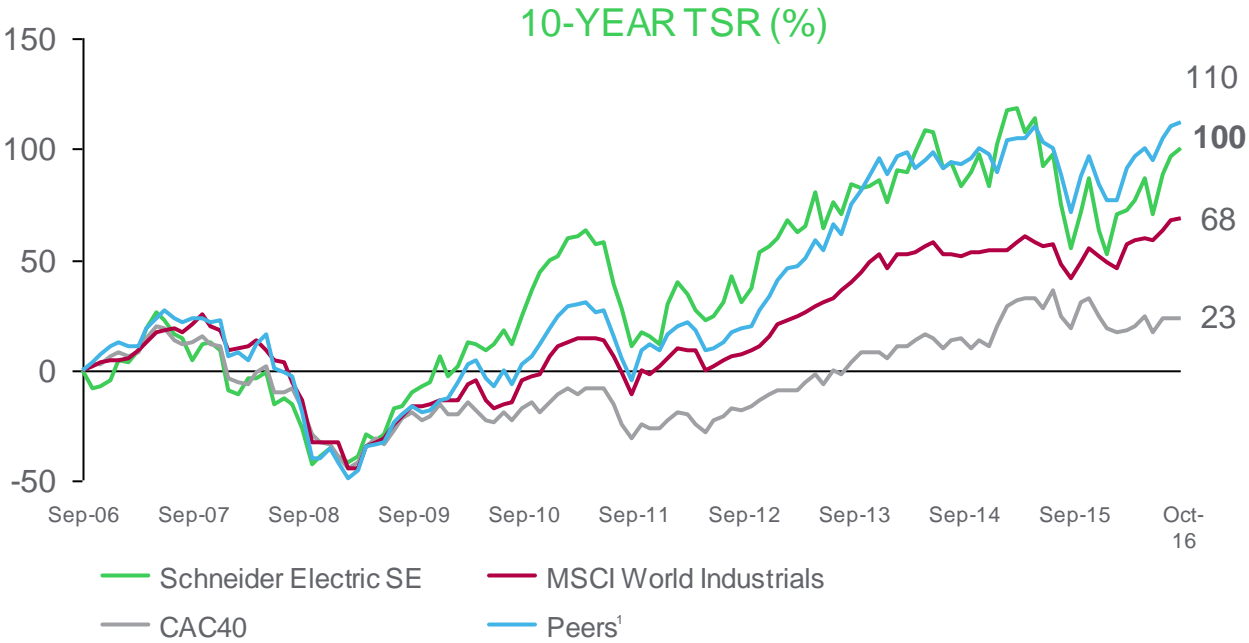


SHARE BUYBACK

- From 2015 to H1 2016, ~17m shares bought back for ~€0.9bn
- Confirming ~€1.5bn share buy back by 2016
- Post 2016, Neutralization share employee plans and potential for additional share buybacks or special dividends



We are continuing to focus on generating attractive returns for our shareholders



¹ Peers index made of average TSR performance of ABB, Siemens, Legrand, Eaton, Emerson, Honeywell, JCI, Rockwell, Omron, Fuji Electric, Yokogawa

TSR performance relative to peers: New criteria included in 2016 in the Long-term incentive plan of the Group

A leading global company with attractive returns

A pure play in Energy and Efficiency connected solutions

- Positioned strategically on **the Demand and efficiency side**.
- Set to benefit from **Energy, efficiency and connectivity transformations**.
- A unique portfolio of synergetic solutions enabled through **EcoStruxure**

A focused company, an integrated model, a system for execution

- **Global & balanced exposure** with leading position in new economies
- A **technology company**, innovative, agile, with strong partnerships
- **Flexible** cost structure, with relentless focus on efficiency and productivity
- **Structured execution** plan to enhance performance and value to customers
- **Sustainability** at the core of everything we do

An attractive earnings growth and a strong shareholder focus

- **Earnings growth** thanks to a focused and simple strategy.
- Multiple identified levers for **margin expansion**
- Optimized portfolio with **constant refocus on the core**
- **Progressive dividend** with ~50% payout ratio
- **Share buybacks** to neutralize employee share issuance and beyond

Life Is On

Schneider
Electric