

Investor Day

February 20, 2014

Global Supply Chain

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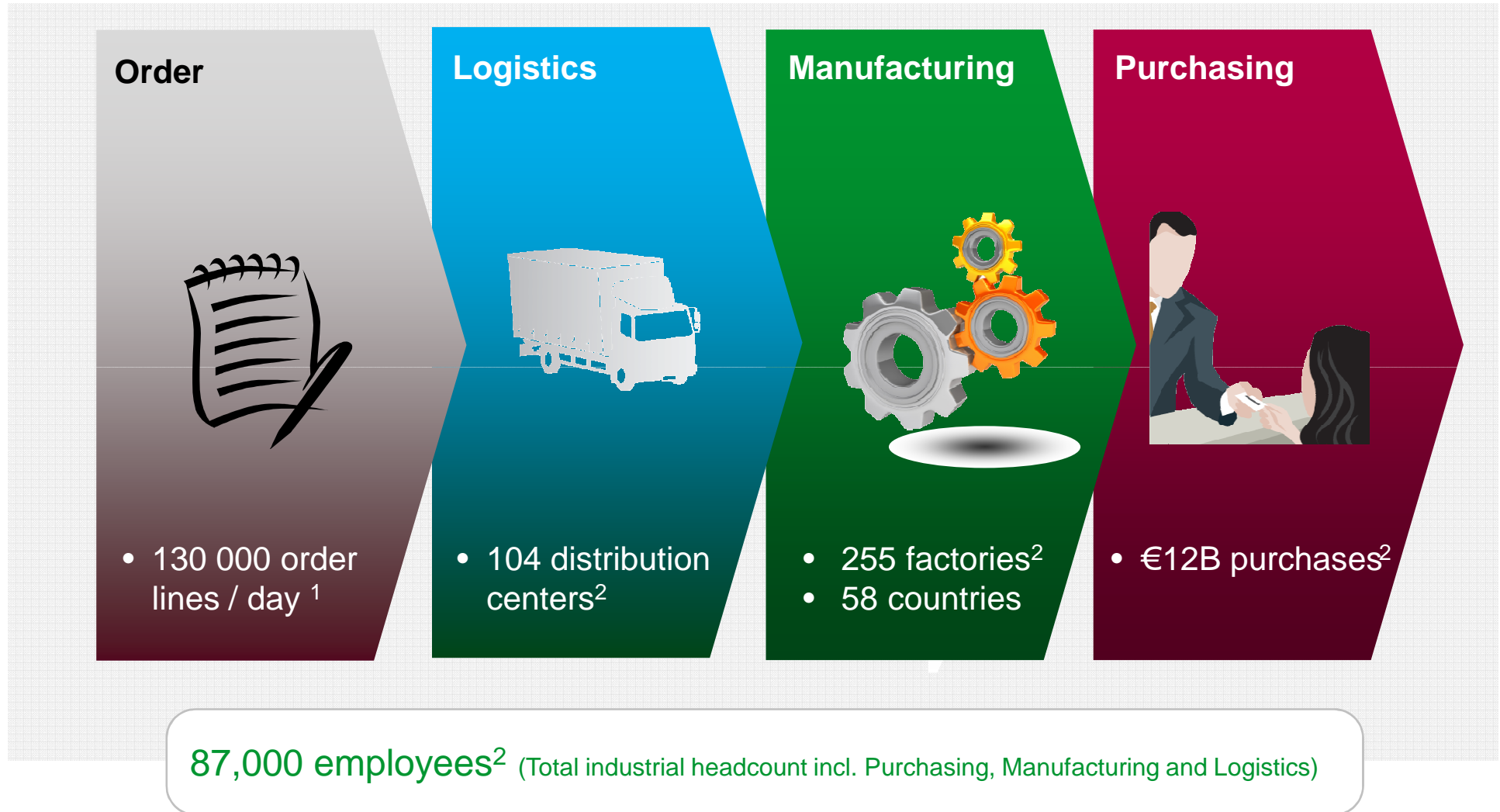
EVP, Global Supply Chain



A more flexible supply
chain with strong
fundamentals



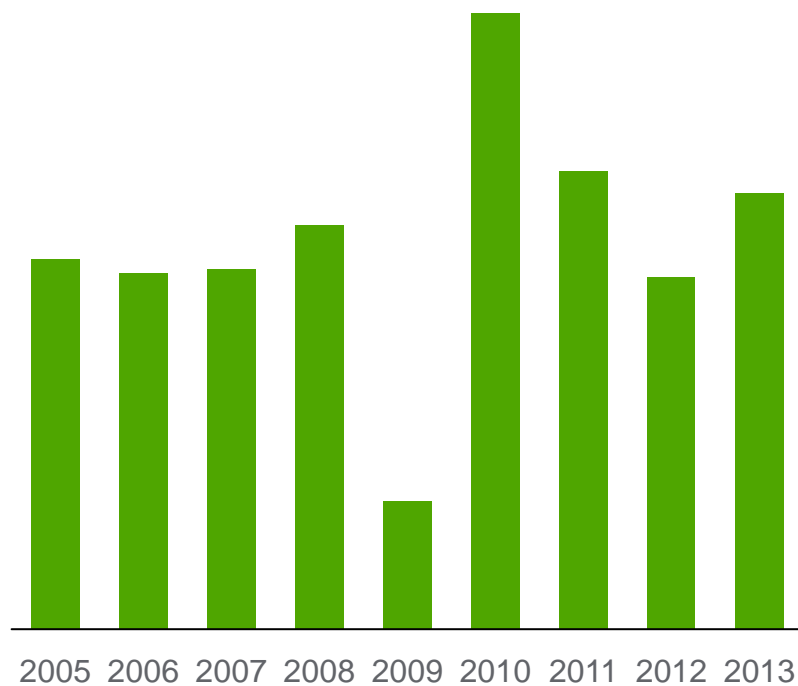
Our Global Supply Chain figures at a glance



1 Order lines excluding Invensys
2 Pro-forma figures (including Delixi and Invensys)

We demonstrated our ability to continuously drive industrial productivity

Gross industrial productivity



Plant efficiency

From end 2008 to end 2013:

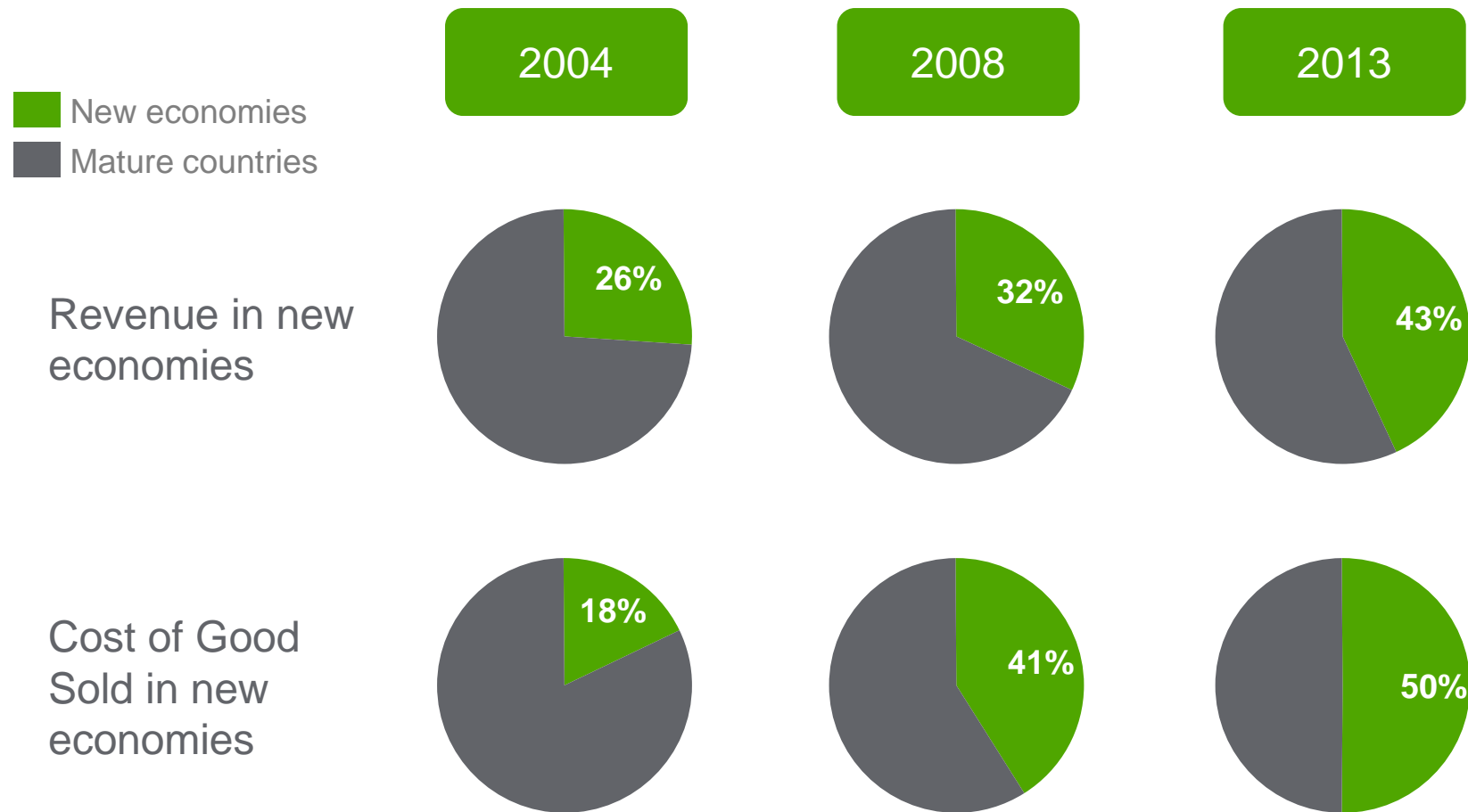
× 1.3 Revenues

× 1.1 Number of plants

+87 plants (acquisitions & construction)

- 61 plants (rationalization & divestment)

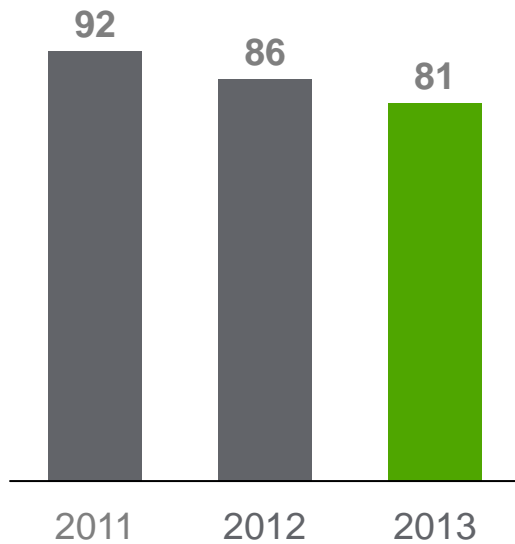
We continue to rebalance our manufacturing footprint



We are generating higher cash efficiency while improving our customer delivery service level

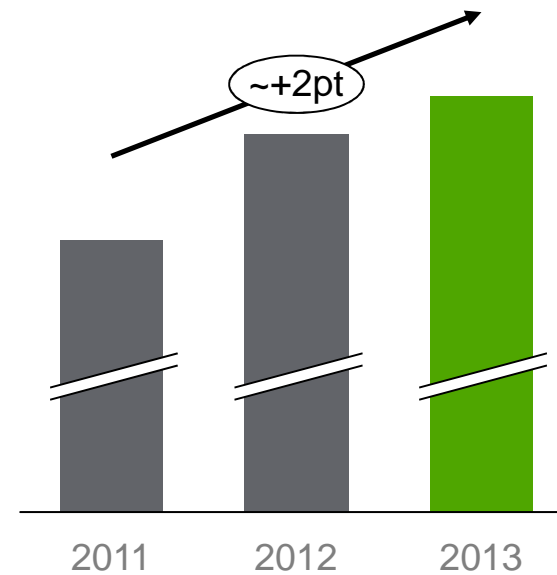
Inventory efficiency

■ Average Days of Inventory (DIN)



On-Time Delivery

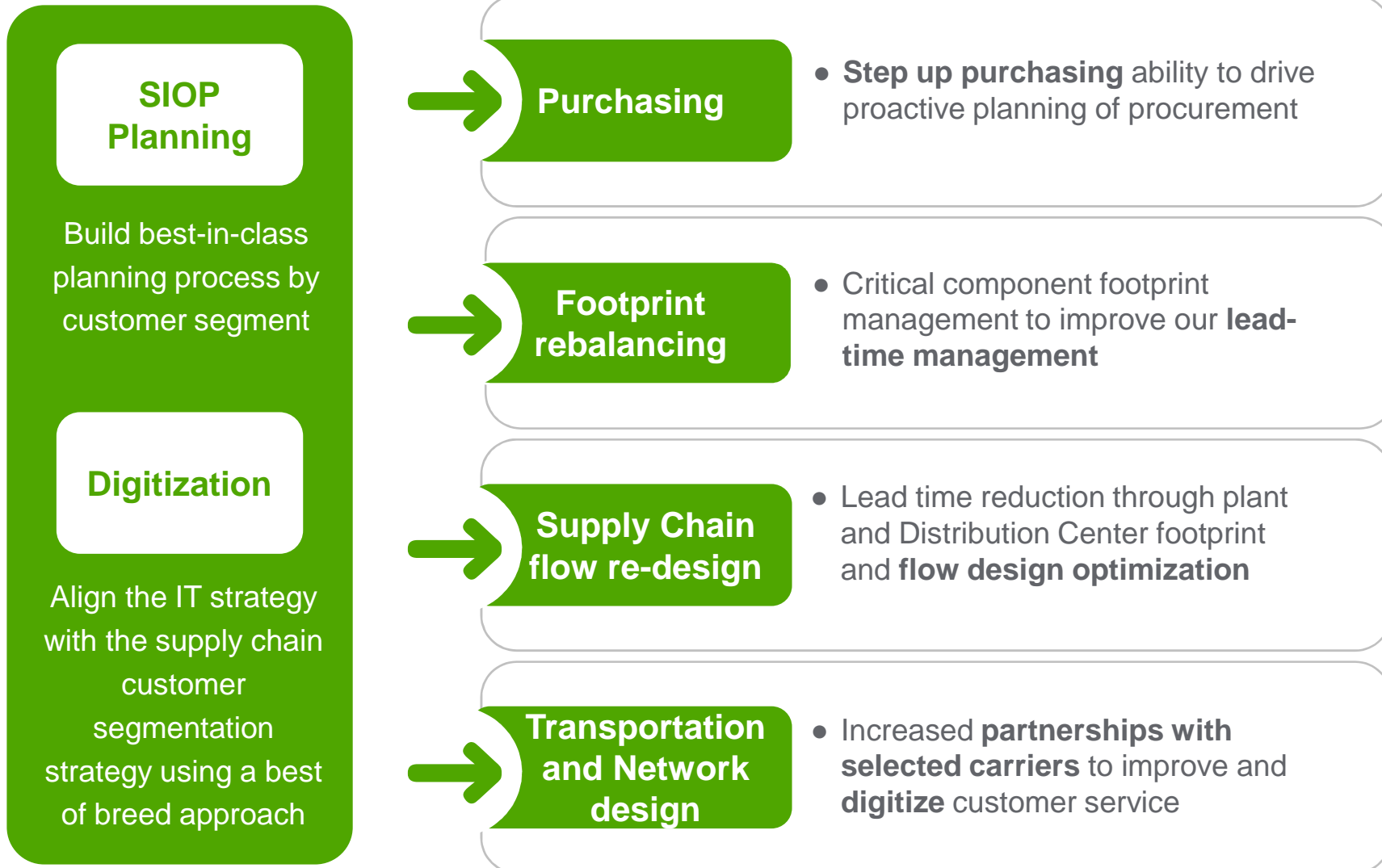
■ On-Time Delivery to Customer door (OTDC)



After two years, our
Tailored Supply Chain
transformation is
producing results



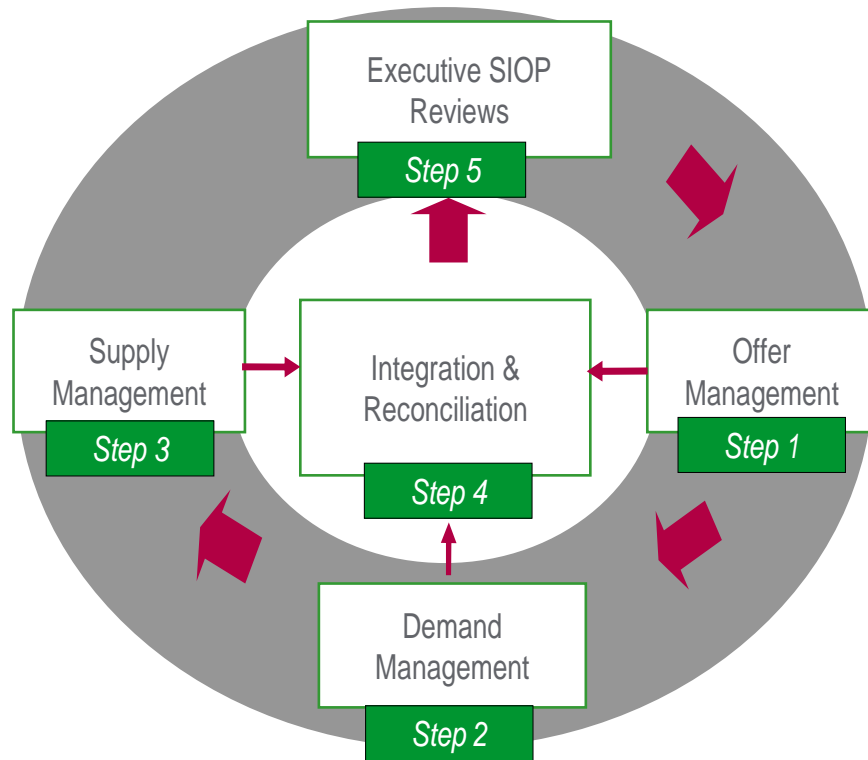
6 initiatives to support our Tailored Supply Chain transformation



Tailored planning capability (SIOP¹) is the nervous system of our supply chain and sets us up for execution success

3 SIOP¹ models designed

Products, Equipment and Services



1 Sales Inventory Operation Planning

Success stories

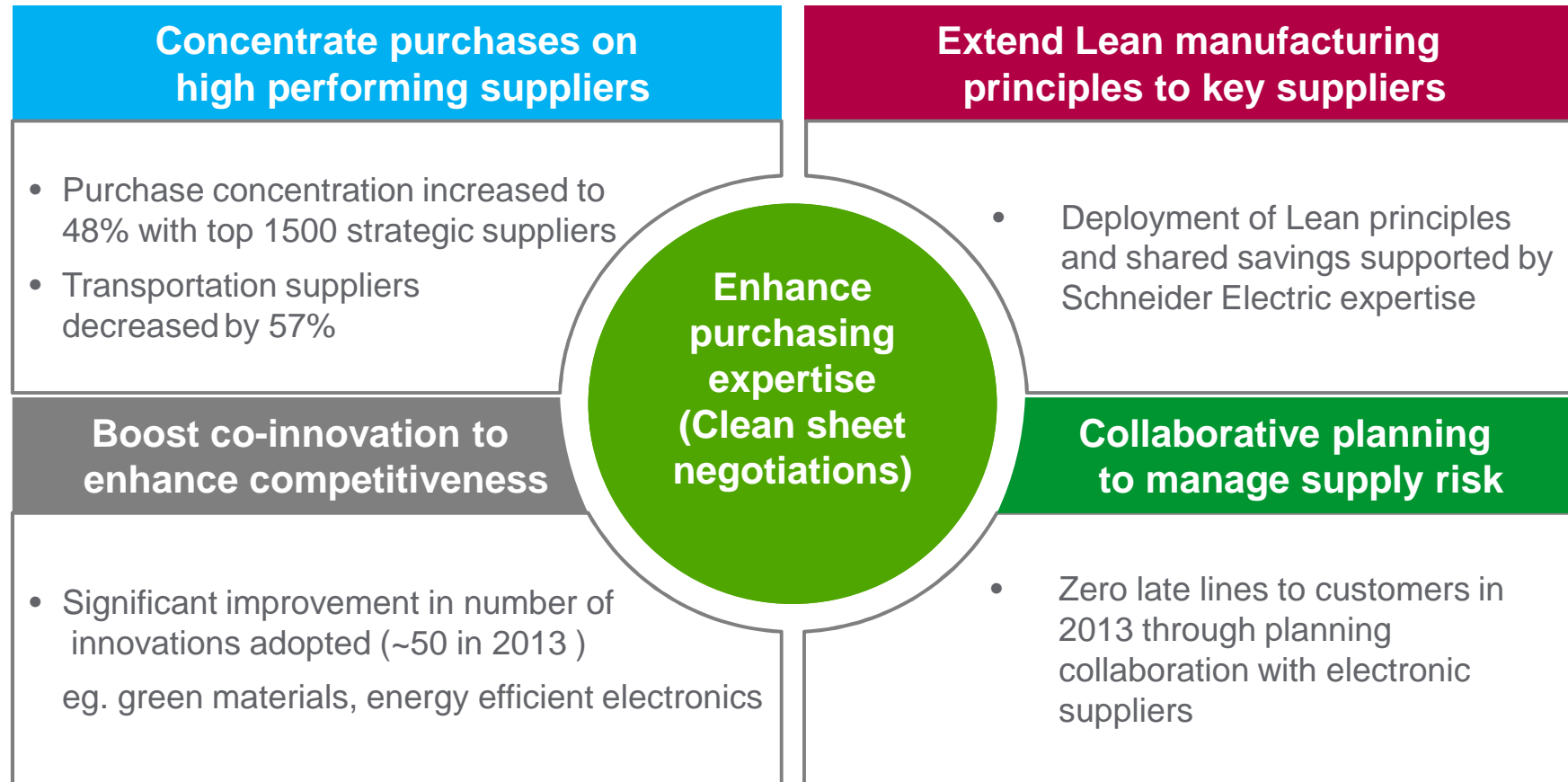
778k€ of excess inventory turned into extra revenues (Russia)

- Scrap risk due to inventory obsolescence was turned into a commercial promotion opportunity

Inventory level reduced by 20% (Saudi Arabia)

- Production optimized to generate additional capacity, leading to backlog reduction of 800 units

Purchasing step-up increases our productivity and the added-value for our customers



Our legacy of acquisitions provides opportunity to simplify our logistics network

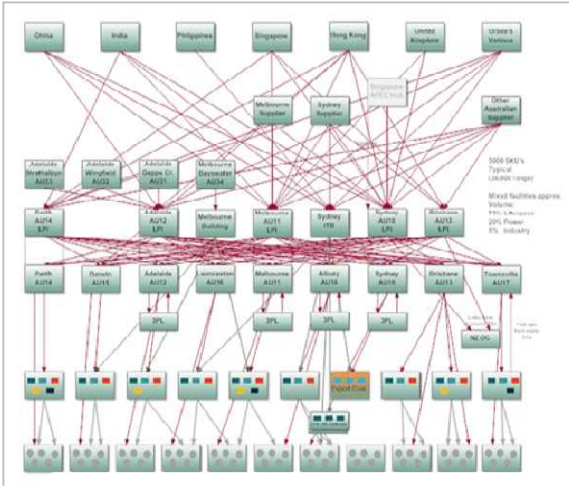
Objective

- Shorten the supply chain and lead time
- Optimize warehousing and transportation costs

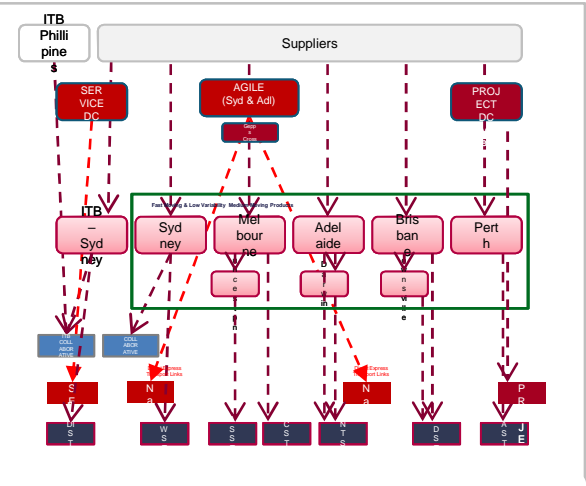
Transformation

- In-house ability to run mathematical modeling to improve logistic flows and simulate scenarios
- Customer interfaces provide accurate and tailored service level requirements

Achievement



Pre network optimization



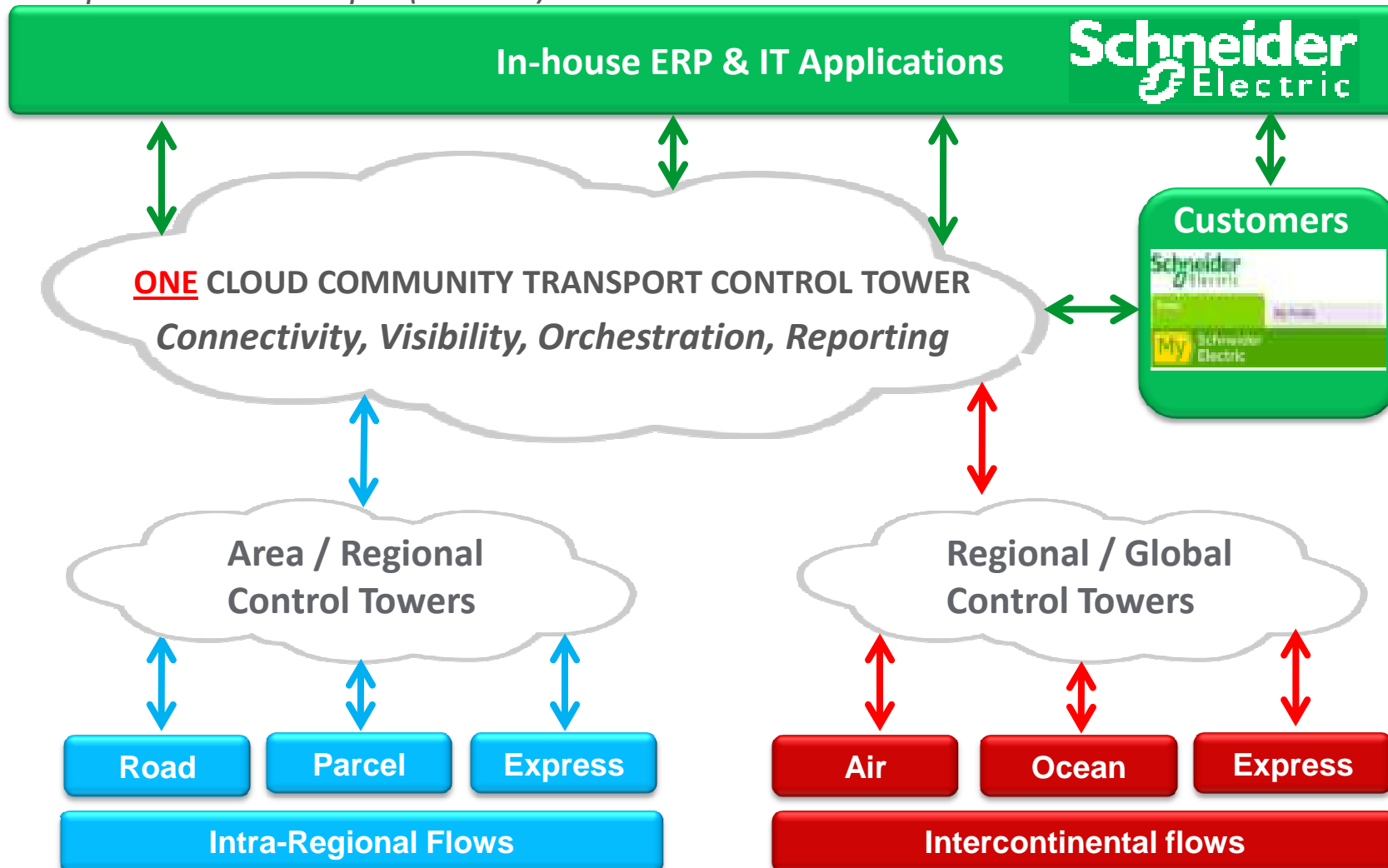
Post network optimization

First network modeling in Australia

- Shorter and more reliable lead time
- Significant logistics savings
- More strategic inventory positioning

Our Transportation Control Tower fully digitizes our customer delivery

Transport Control Tower Blueprint (Illustrative)



We are achieving results



A flexible supply chain with strong fundamentals

	Customer satisfaction	Inventory efficiency	Productivity
Revised Target	Increase net customer promoter score	Reduce inventory by 2 points of revenue by 2014	Industrial productivity savings of €1.0bn to €1.1bn by 2014
December 2013	+5.9 pts vs 2011	- 1.5 pts vs 2011	€0.65bn cumulative 2012-2013

We will continue to improve with our Tailored Supply Chain transformation

**Help people make the
most of their energy**

