

Services

Growth ambition

Investor Day, June 2019

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Services Business

Life Is On

Schneider
Electric

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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.


Presenter



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Services in an increasingly electric and digital world

Customers needs evolve...

Efficiency

Sustainability

Safety

Cybersecurity

CapEx to OpEx

... technology is available...

Sensing technology

Real-time AI engines

Software-driven analytics

Sustainability platforms

Technology as a Service

... and we have a unique position

EcoStruxure digital platform

Deep domain expertise
in Energy Management, Industrial Automation

Strong capabilities
in asset performance management, cybersecurity,
energy efficiency, Power quality, sustainability

Unparalleled installed base,
with local reach and presence

Services snapshot...

~ €3 B

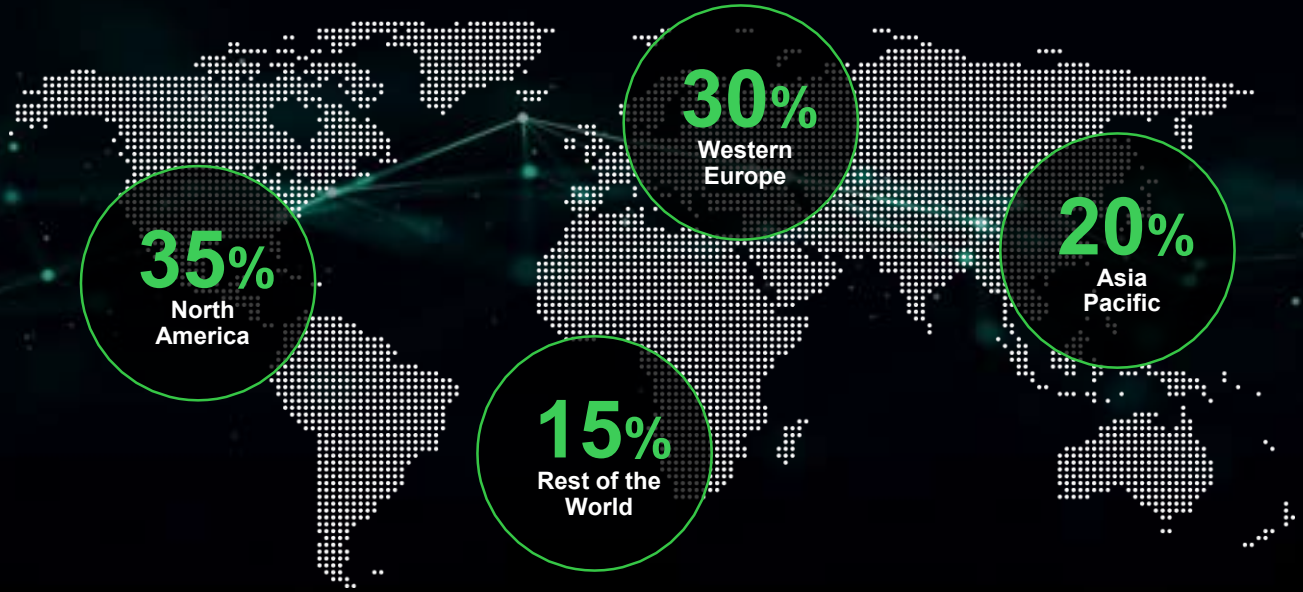
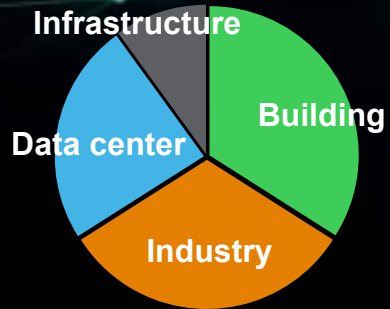
2018 revenues

~+6%

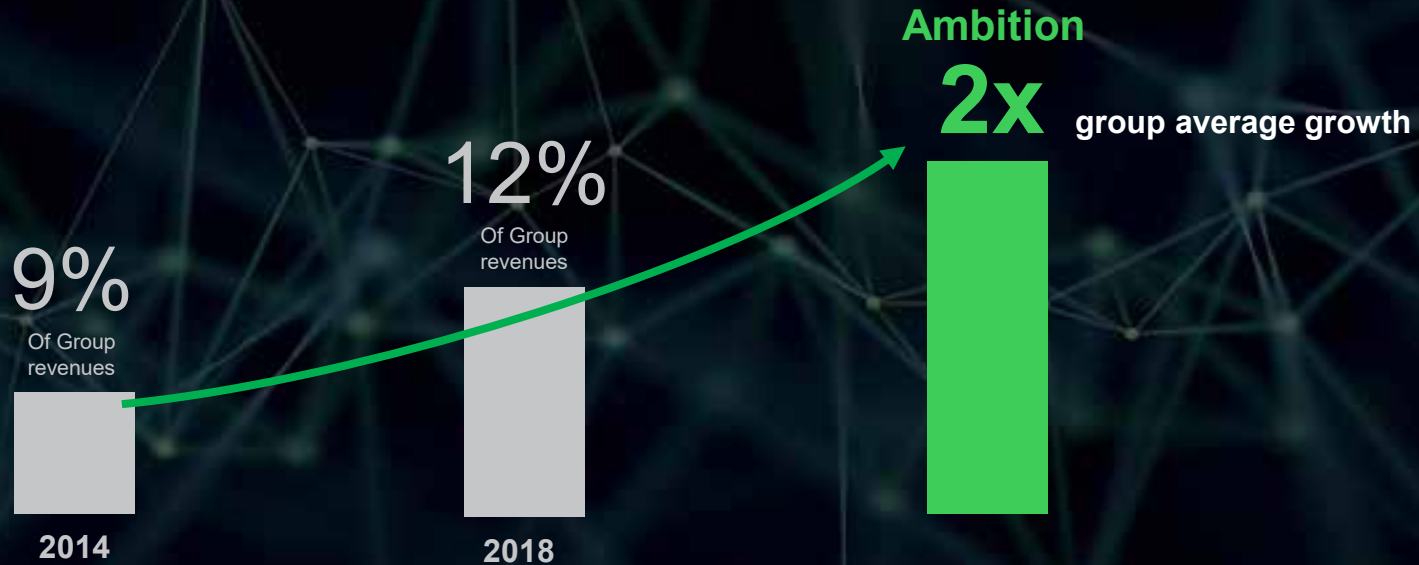
CAGR org. growth since 2015

15,000+

people in 90 countries



Ambition to consistently grow services 2x faster than group revenues

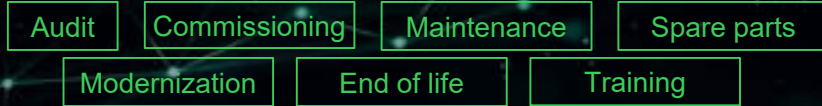


Contribute to ambition of Software and Services to be 20% of group revenue

Two models of adding value through services

Servicing our assets and installed base

Field Services

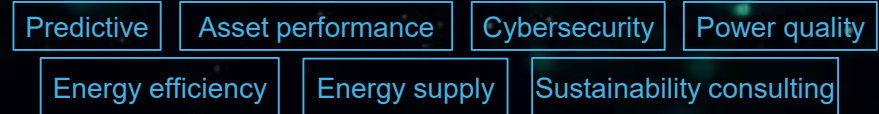


Services all along the asset lifecycle

Reliability Safety Increased efficiency Reduced downtime

New efficiency enabled through Digital Services

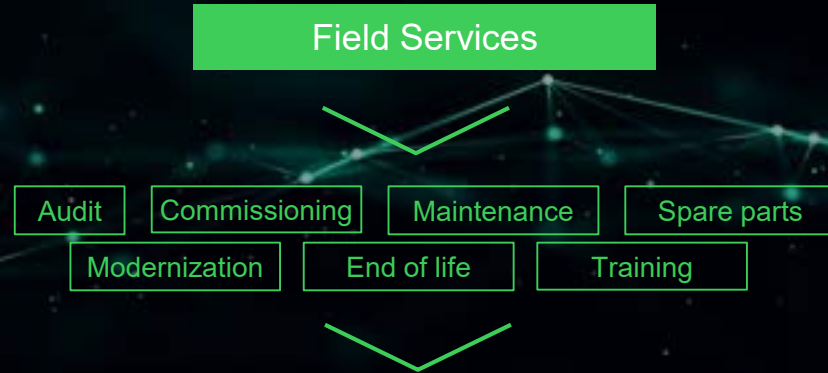
Digital Enabled Services



Not limited to Schneider assets

Effectiveness Availability TCO Sustainability Security

Servicing our assets and installed base



Services all along the asset lifecycle

Reliability

Safety

Increased efficiency

Reduced downtime

We have an unparalleled installed base

Field Services

Our leadership and global presence in mission critical applications drives a high needs for Services

#1 in Low Voltage
#1 in Medium Voltage
#1 in Secure Power



Unplanned shutdown of Oil & Gas refinery equipment **COST** an average of more than **\$40 million**



Mining companies sustain a **LOSS** of **\$3,000 per hour** for every equipment failure incident.



Proper monitoring of Food & Beverage equipment conditions could **REDUCE** CO₂ emissions by **460 tonnes** per year, per site.



Preventive maintenance can **SAVE** building operators **18%** in maintenance costs



2017's Hurricane Harvey resulted in estimated **LOSSES** of **\$125 B** across the U.S. economy and knocked out 10,000 MW of generation capacity.



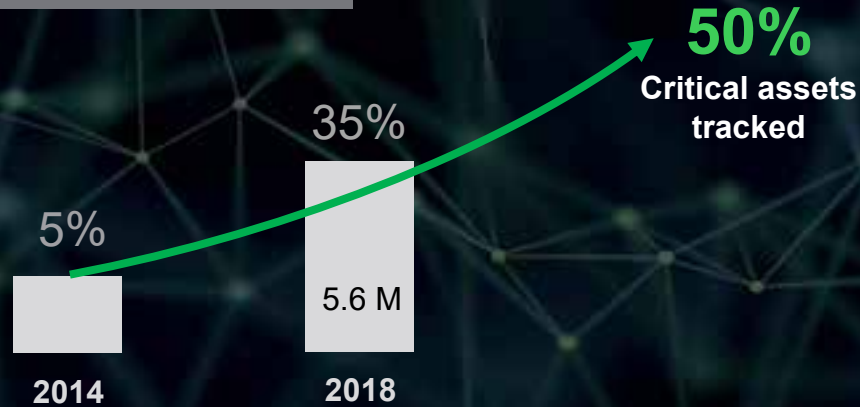
A failure of one of Delta Airlines' data centers, in 2016, forced the airline to **CANCEL** about **2,000 flights** and cost Delta \$150M.

Our opportunity lies in increased tracking of our customer base through all touch points

Field Services

Tracking of critical assets base

2018
16 M
critical
assets base



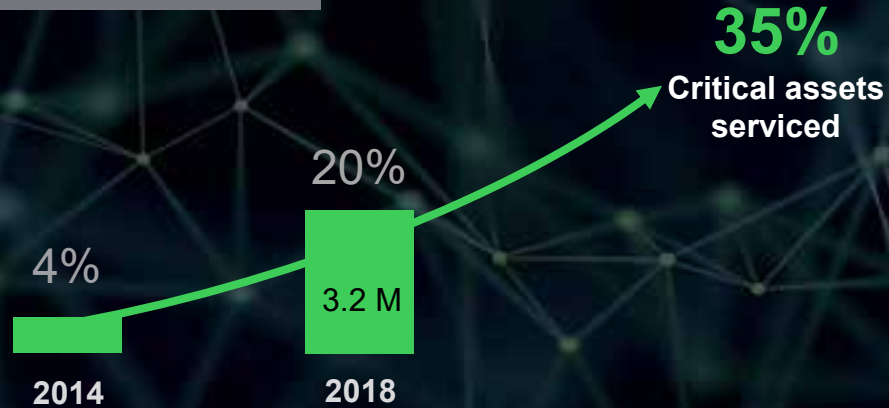
- Track new installed base by default, automatically targeting green fields
- Leverage all customer touchpoints to collect structured brown field information

We have developed an AI-based tool to optimize servicing coverage

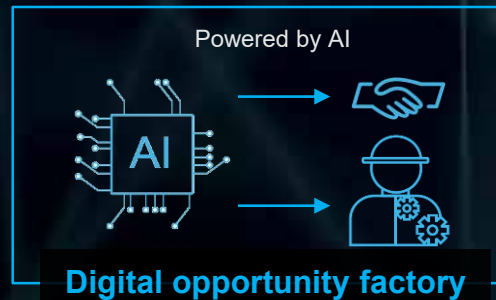
Field Services

Serviced critical asset base

2018
16 M
critical
assets base



- Big data analytics engine
- Automatic lead generation
- Automatic lead allocation



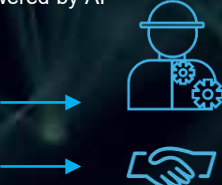
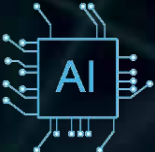
We prioritize opportunities based on criticality for customers

Field Services

Cover our installed base leveraging channels vs criticality of assets

Assets tracked

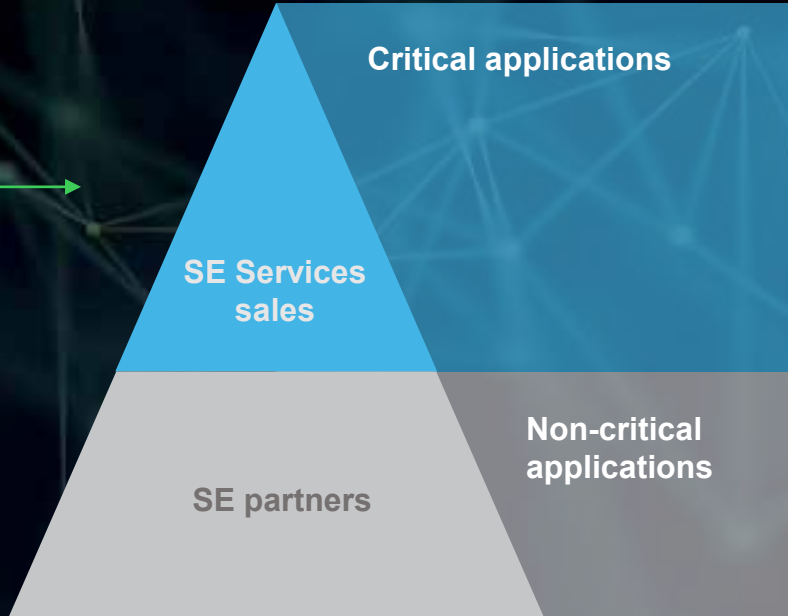
Powered by AI



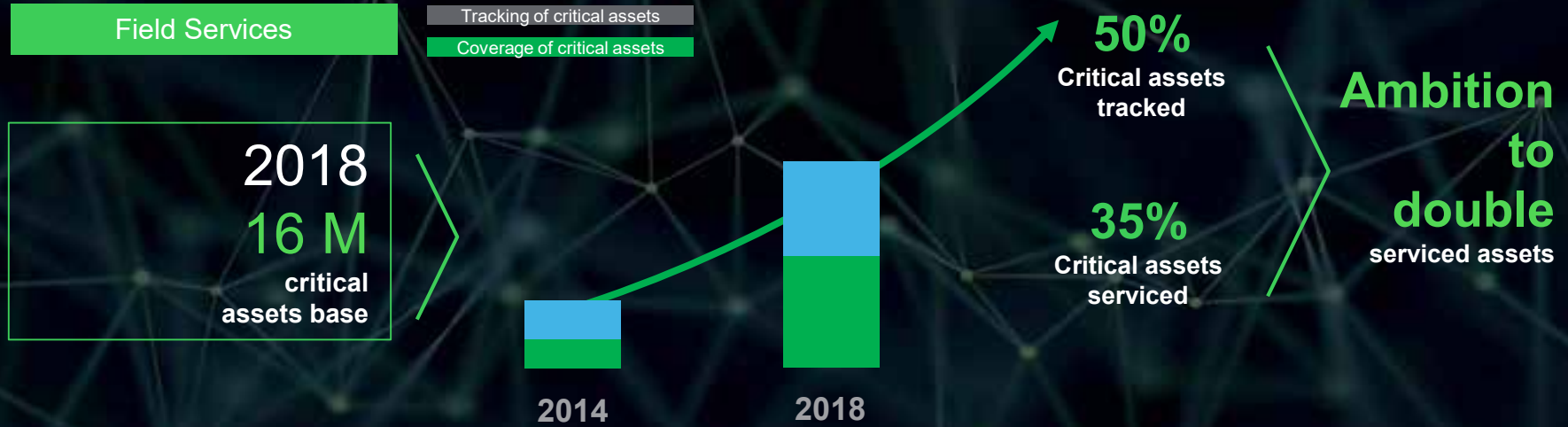
Digital opportunity factory

SE Services sales

SE partners



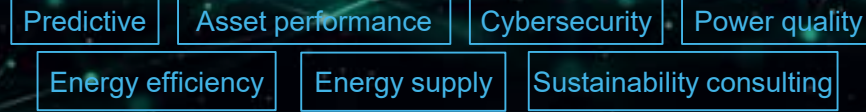
Our ambition for growing services on our installed base



- 1 Improve our installed base knowledge to reach >50% of critical assets tracked
- 2 Increase our coverage leveraging AI to cover 35% of critical assets
- 3 Leverage multi-channel models to optimize critical assets serviced

New efficiency enabled through Digital Services

Digital Enabled Services



Not limited to Schneider assets and beyond assets

Effectiveness Availability TCO Sustainability Security

Digital Services to create additional value

Digital Enabled Services

Connect a customer's assets to improve their business outcome

Practice capabilities...

(solving customer pain points)

Asset performance management

Cybersecurity

Energy efficiency

Process efficiency

Workforce performance

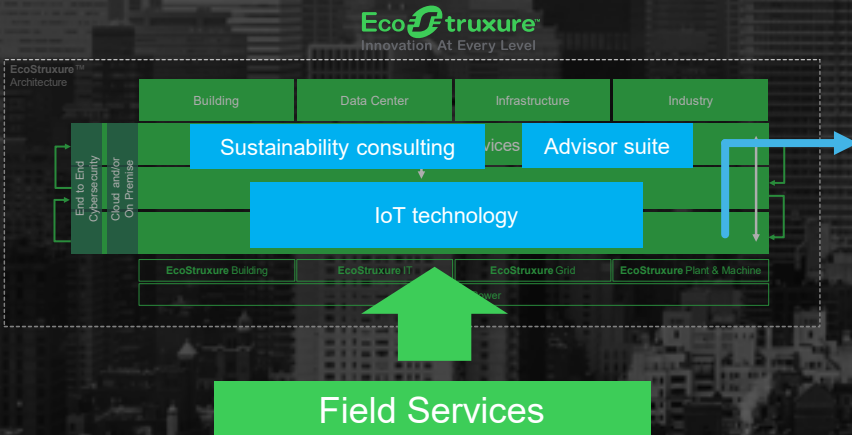
Power quality

Model management

Sustainability consulting

...to value creation

- 24/7 customer connection
- Sticky relationship
- Outcome value creation
- New go to market model
- Cross/up sell Schneider Electric hardware and software
- Subscription-based revenue



Customer cases



Energy efficiency



Asset management



Asset performance

Pain point	<ul style="list-style-type: none"> High cost of energy High ratio cost/space usage 	<ul style="list-style-type: none"> Parts of the plant are >40 years old Unplanned fix and repair activity 	<ul style="list-style-type: none"> Low machines productivity and output ratio vs. competition
Value proposition	<ul style="list-style-type: none"> Improve efficiency of building usage 	<ul style="list-style-type: none"> Reduce unplanned downtime 	<ul style="list-style-type: none"> Improve machine global performance
Practice	<ul style="list-style-type: none"> Energy efficiency Workforce performance 	<ul style="list-style-type: none"> Asset Performance Management Process Efficiency and Uptime 	<ul style="list-style-type: none"> Asset performance management Process efficiency
Solution	<ul style="list-style-type: none"> Ecostruxure Building Advisor Ecostruxure Workplace Advisor 	<ul style="list-style-type: none"> EcoStruxure Asset Advisor Power Monitor Expert Edge Gateway 	<ul style="list-style-type: none"> Ecostruxure Machine Advisor Augmented Operator Advisor
Outcome	<ul style="list-style-type: none"> 20% energy saving Improvement of rental gain from space use optimization 	<ul style="list-style-type: none"> Asset efficiency and optimization Uptime & consistent plant operations 	<ul style="list-style-type: none"> Maintenance time reduced by 50% Machine productivity increased

Helping customers achieve their sustainability ambitions

Digital Enabled Services

Sustainability consulting

Trusted advisor for customers' sustainability transformation

€30 B+

energy spend under management

80 GW

power under management

1,800

dedicated employees across 30+ offices

500 K+

energy invoices managed monthly

430 K+

clean sites managed globally

120+

countries with active sites managed

- Presence in renewable sourcing
- New top-down, go to market
- C-suite access driven by sustainability target
- Sticky and long term relationship
- Cross/up sell Schneider portfolio
- Subscription based revenue

Customer cases



Energy and sustainability strategy



Enterprise efficiency and data strategy

Pain point	<ul style="list-style-type: none"> Achieve 2020 sustainability targets Save energy cost and consumption 	<ul style="list-style-type: none"> Enable consistent action across global portfolio Improve energy use by 15% by 2020
Value proposition	<ul style="list-style-type: none"> Strategic, coordinated approach to meeting energy and sustainability goals 	<ul style="list-style-type: none"> Drive organizational alignment to maximize ROI and meet savings goal
Practice	<ul style="list-style-type: none"> Strategic energy procurement Data collection and analysis Resource efficiency 	<ul style="list-style-type: none"> Develop shared, internal goals Standardize and centralize data systems Implement energy conservation measures
Solution	<ul style="list-style-type: none"> EcoStruxure™ Resource Advisor 	<ul style="list-style-type: none"> EcoStruxure™ Resource Advisor
Outcome	<ul style="list-style-type: none"> \$1 M saved from recyclable waste Zero-waste goal achieved for three Brazil sites Largest on-site wind power users in F500 	<ul style="list-style-type: none"> €1.3 M total savings achieved 20% savings achieved 12% energy savings, 1.4-year ROI

In a nutshell

A growth ambition

A resilient growth engine

Growth rate: **x2** vs. group average

Customer stickiness driving innovation close to customer needs

Supported by increased focus on installed base conversion

Increased tracking of the global installed base

Focusing on critical assets and **x2** number of assets serviced

Leveraging AI and our partner network

Innovative digital offer

Connecting customer assets to improve their business outcome

Innovative business models developing across group portfolio

Accelerate development of sustainability consulting services

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