Investor Day

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Group Finance

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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 Reference 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 the 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.

Schneider Electric

Our business model lies on strong fundamentals

Market structure

- Multiple accesses to markets
- Pricing power

Cost structure

- Flexible & resilient
- Cost competitive
- Low capital intensity

Diversified end markets & balanced geographies

Unique positioning

Profitable growth
Strong and sustainable cash generation

We are a company with strong growth drivers

Across the cycle organic growth drivers

Urbanization

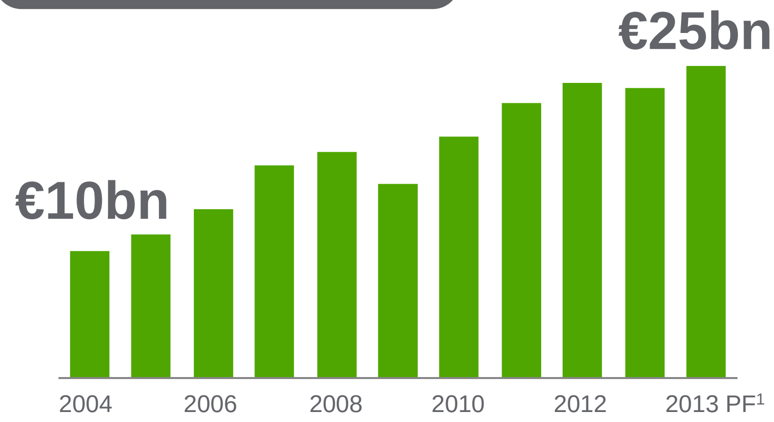
Industrialization

Digitization

World GDP + 3 points

Reference is world real GDP growth at market FX

Targeting growth in 2014



Organic growth in 2014: targeting low single digit growth

Strong demand trends support our growth profile

1 *Proforma including Invensys last 12 months revenue to September 2013*

We will leverage our past investments and focus on efficiency to generate profitable growth

Industrial productivity	Purchasing efficiency, low cost footprint, lean manufacturing, fixed cost leverage
SG&A leverage	Focus on delivering returns on past investments: services, new economies, new activities
R&D efficiency	Deliver more with less, through common platforms, faster time to market, optimized footprint

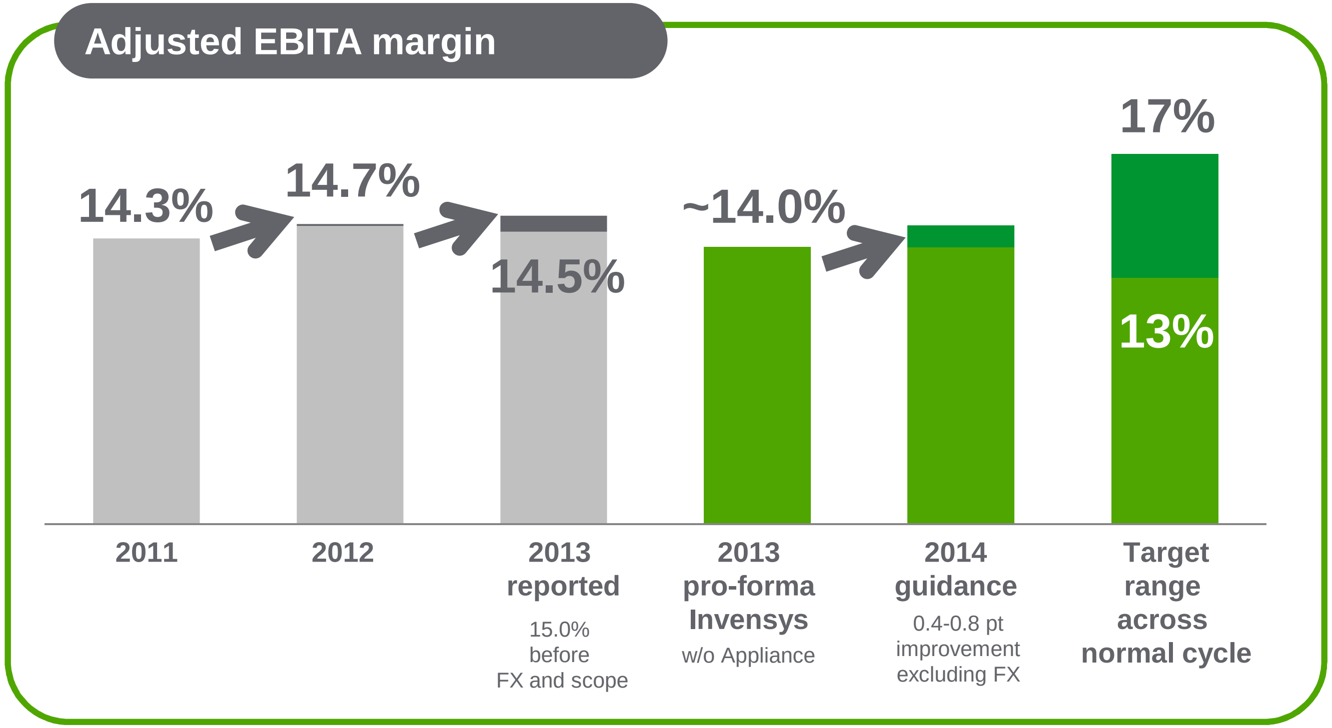
Our performance will also be supported by synergies, in particular with Invensys

Revenue synergies	~€400m revenues by 2018, ~€65m impact on EBITA
Cost synergies	~€140m savings by 2016
Tax synergies	Confirmed €500m tax shield, of which ~€300m cash impact[1] by 2016

Invensys to be high-single digit accretive on cash EPS[2] in 2014

1 Phasing and P&L impact to be confirmed later this year
2 EPS excluding Acquisition costs of €60m, Integration costs of ~€150m over 2014-2015 and Amortization of purchase price accounting intangibles

We will continue to generate organic improvement of our margins



We confirm our 13%-17% margin range across the cycle

Our reporting is adjusted for the integration of Invensys and repositioning of Buildings

2011-2013 reporting structure	Invensys acquisition impact	2014 reporting structure	Estimated 2013 proforma[1] revenues
Partner Buildings	- Energy Controls / Residential part of the business	Buildings & Partner	€10.2bn
Infrastructure		Infrastructure	€5.7bn
Industry	- Ind. Automation - Software - Energy Controls / Commercial & Industrial	Industry	€6.0bn
IT		IT	€3.4bn

1 *Including Invensys reported revenue for last 12 months to September 2013*

After a decade of building and improving our portfolio of businesses, we now intend to focus on organic growth…

Invensys	Fills a key gap in our business portfolio Now a unique player in efficiency technologies
Focus	Focus on ROCE improvement and EPS growth
M&A policy	Small acquisitions on a opportunistic basis especially in the new economies, in solutions and software

Organic growth will be the main driver of our development

… and allocate more of our cash flows directly to shareholders

Capital structure

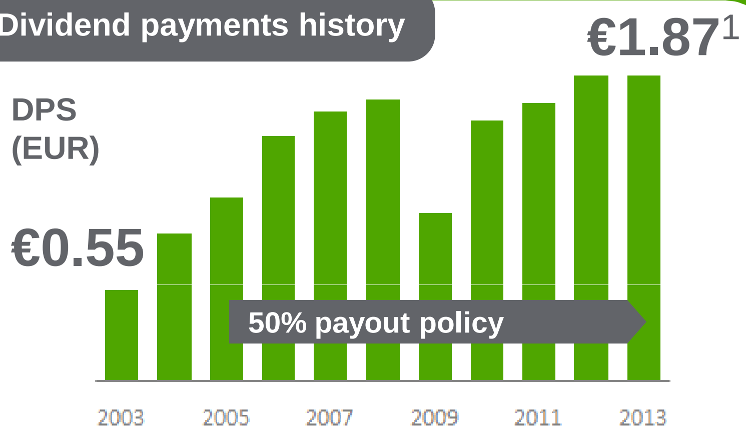
Target: maintain a solid balance sheet

Keep a strong credit rating
Long-term target A-

Neutralization of dilution from employee and management share plans through share buy back

Committing to stability of share capital

Dividend payments history



Attractive and sustainable dividend policy

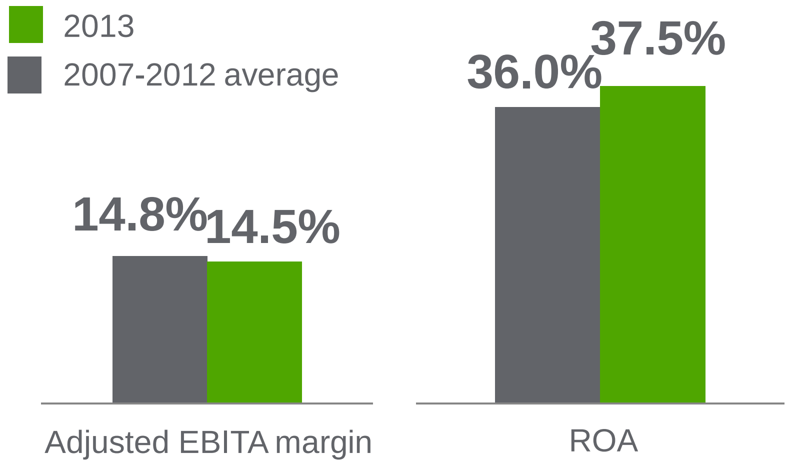
1 *Subject to shareholder approval on May 6, 2014*

Profitable growth and capital efficiency to drive strong EPS and ROA performance

EPS growth opportunities

- **Organic growth**
- **Deal synergies**
- **Operational efficiency**
- **Stability of share count**

ROA



Our model delivers high and sustainable ROA

ROA = $\frac{\text{Adjusted EBITA after tax}}{\text{Average Operational Assets}^{1}}$

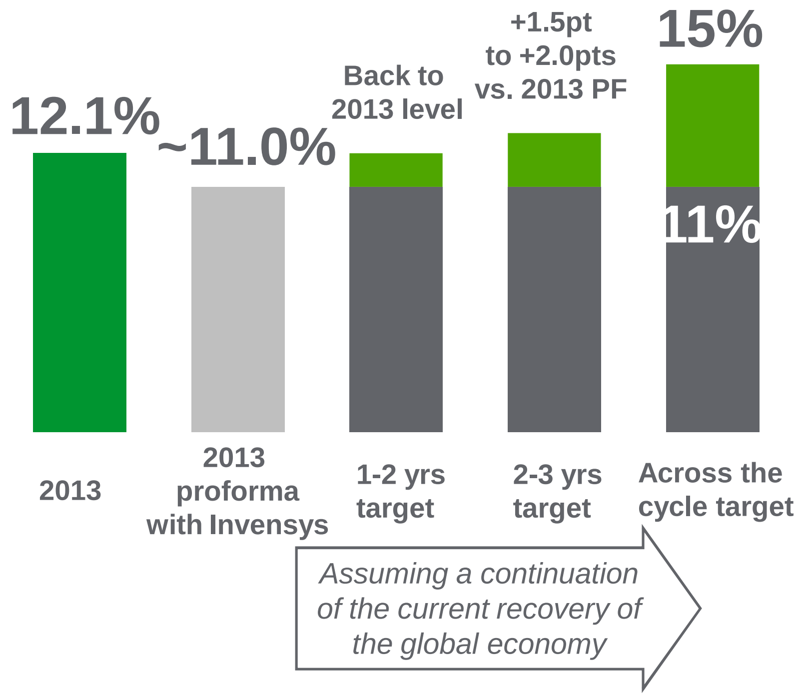
1 *Operational Assets = Property, Plant and Equipment + Inventories + Trade receivables – Trade payables*
Average of 31.12.N, 30.06.N, 31.12.N-1 balance sheet positions

We focus on returns and target significant improvement of ROCE in the next 2-3 years

ROCE

$$= \frac{\text{Adjusted EBITA after tax}^1}{\text{Average Capital Employed}^2}$$

ROCE target range of 11%-15% reaffirmed



- **We target to be back to pre-Invensys level in 1 to 2 years**
- **We target a 1.5 to 2.0 points improvement in 2 to 3 years**
- **ROCE will be a criterion of management compensation**

1 *Tax rate = Effective tax rate adjusted for any benefits of Invensys-related tax shield that would not be captured in the P&L*
2 *Capital Employed = Shareholders' equity + net financial debt – associates & financial investments – See appendix for full definitions*

Solid potential for long term profitable growth and attractive returns

A business with strong fundamentals and unique positioning

A growth story

Efficiency and synergies supporting organic margin improvement

Outlook for EPS growth and ROCE improvement

Capital allocation strategy supporting direct shareholder returns

Help people make the most of their energy

Appendices

Definitions

• Adjusted EBITA:	EBITA before restructuring and other operating income and expenses *See reconciliation to EBITA and information relating to prior periods in the 2011 annual results financial release*
• EBITA:	EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill
• Cash conversion:	Free cash flow / net income
• Free cash flow:	Operating cash flow – change in working capital – net capital expenditures
• ROCE:	Return On Capital Employed *See definition and calculation on the next page*

ROCE definition

$$\frac{\textbf{After-tax}^{1}\textbf{ adjusted EBITA}}{\textbf{Average Capital Employed}}$$

ROCE calculation		
P&L items		**2013 reported**
EBITA	(1)	3,309
Restructuring costs	(2)	-176
Other operating income & expenses	(3)	73
= Adjusted EBITA	(4) = (1)-(2)-(3)	3,412
x Effective tax rate of the period	(5)	25.0%
= After-tax Adjusted EBITA	(A) = (4) x (1-(5))	2,558
Balance sheet items		**2013 Avg of 4 quarters**
Shareholders' equity	(B)	16,963
Net financial debt	(C)	4,532
Adjustment for Associates and Financial assets (at historical value)	(D)	-346
- Electroshield Samara (50% stake)		67
- Sunten Electric Equipment (40% stake)		80
- Fuji Electric FA Components & Systems (36.8% stake)		84
- NVC Lighting (9.2% stake)		115
- AXA (0.5% stake)		
= Capital Employed	(E) = (B)+(C)+(D)	21,149
= ROCE	(A) / (E)	**12.1%**

[1] *Tax rate will be adjusted for any benefits of Invensys-related tax shield that would not be captured in the P&L*

Help people make the most of their energy