GROUP FINANCE

Emmanuel Babeau, Deputy CEO and CFO

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.

Strong foundations for value creation

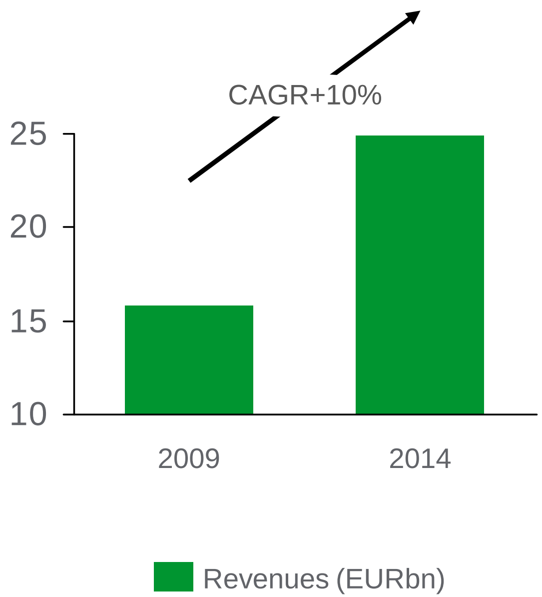
We have developed a business model with strong resilience in profit and cash generation....

SUPPLY-CHAIN		Schneider Electric		CUSTOMERS	
GLOBAL SUPPLY-CHAIN	**53%**[1] of COGS in new economies	LOW CAPITAL INTENSITY	**~3%** capex to sales	DIVERSIFIED MARKETS	4 end-markets
FLEXIBLE BUSINESS MODEL	**70%** COGS variable	PRICING POWER	**More** than offset Raw material inflation since 2005	BALANCED GEOGRAPHIES	4 balanced regions
CONSISTENT HIGH PRODUCTIVITY	**>€3bn** in past 10 years	STRONG FCF GENERATION	**>100%** Net income to FCF conversion over last 3 years	MULTIPLE CHANNELS TO MARKET	Strong global partners network Growing direct business in target segments

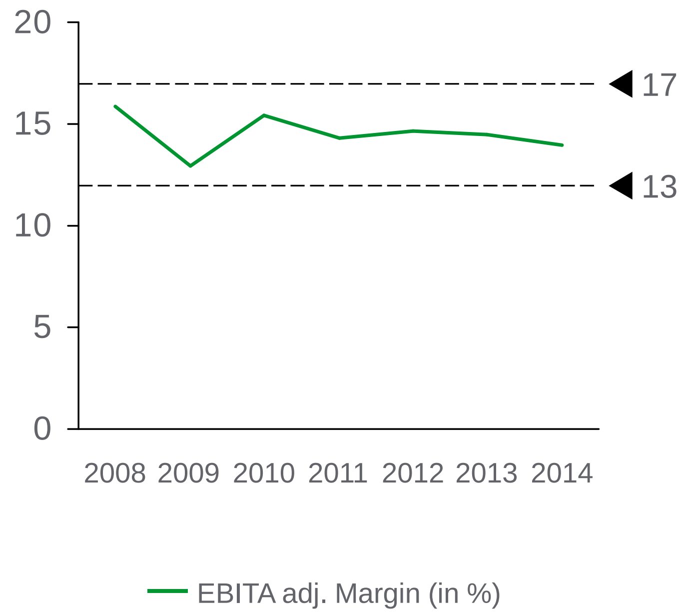
1 estimated at end-2014

… demonstrated by our financial performance over the years

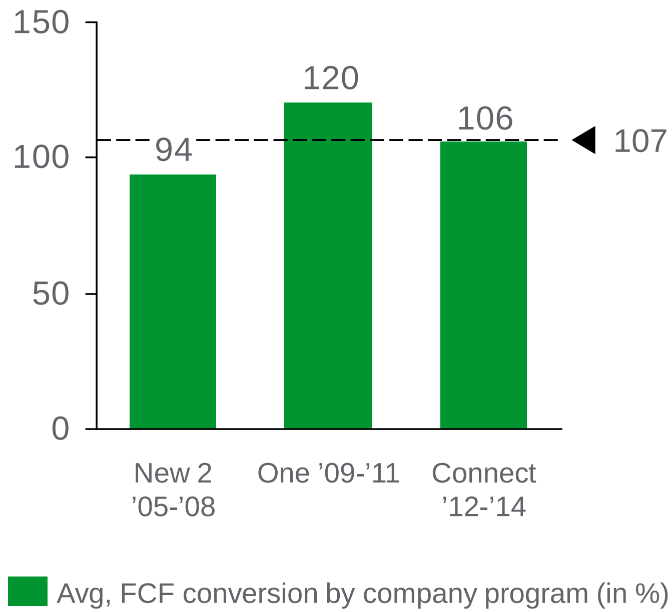
A GROWTH COMPANY



RESILIENT ADJUSTED EBITA MARGIN



STRONG CASH CONVERSION



We will further improve our performance during the next company program

We target 3 to 6% organic growth across the economic cycle

LONG-TERM DRIVERS OF OUR BUSINESS

MATURE MARKETS

- > Renovation
- > Digitization
- > Efficiency

NEW ECONOMIES

- > Urbanization
- > Industrialization
- > Digitization

- > More Energy Management
- > More Digitization
- > More Automation

+

SOME SHORT-TERM UNCERTAINTIES

- > Oil & Gas Capex investments
- > Currency volatility
- > Geopolitical uncertainties

We target
3% to 6% organic
growth across the cycle

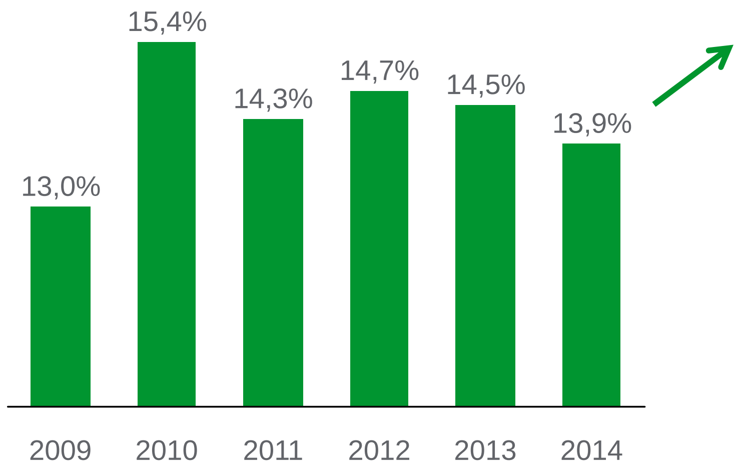
We confirm our 13-17% long-term adjusted EBITA range and target a margin improvement over the next 3 years

GROWTH PROFILE AND EFFICENT BUSINESS MODEL WITH LEVERS ON MARGIN

	POSITIVE IMPACT	NEGATIVE IMPACT
GROSS MARGIN	Organic growth Positive Net pricing[1] Productivity	Negative Mix
SFC	SFC savings	Inflation Reinvestment

1 Net price: Price less raw materials

WE REITERATE OUR TARGETED 13-17% ADJUSTED EBITA RANGE THROUGH THE ECONOMIC CYCLE



We aim for high industrial productivity, improved cash efficiency and increased customer satisfaction

TOTAL c. €1BN PRODUCTIVITY FROM 2015 TO 2017	+	CONTINUE TO IMPROVE CASH EFFICIENCY	+	FURTHER INCREASE CUSTOMER SATISFACTION

We target €400m-500m support function cost savings from simplification initiatives by 2017 before reinvestments

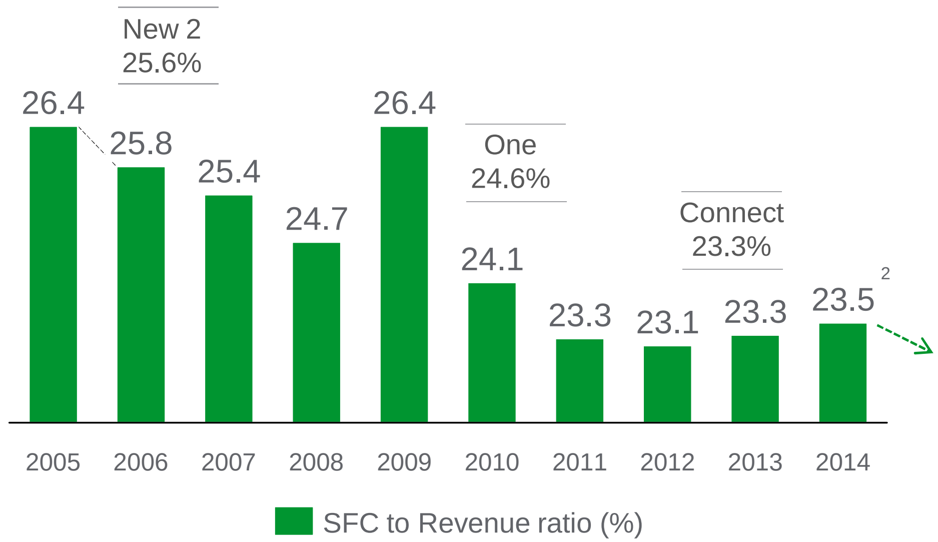
€400-500m SAVINGS[1] THROUGH SIMPLIFICATION AND EFFICENCY

- Optimize R&D efficiency & solution execution
- Mutualize back-office functions
- Simplify our management set-up.
- Increase focus and prioritization
- Increase sales force efficiency

c. €200m SAVINGS REINVESTED ON CORE GROWTH INITIATIVES

- Services and software
- Segment expertise
- Expand coverage in key geographies
- Brand Development
- Digitization

WE TARGET A REDUCTION IN SFC/REVENUES RATIO DURING THE COMPANY PROGRAM



Restructuring costs of c. €700m-900m for 2015-2017
Restructuring costs for Connect (2012-2014) amounted to c. €550m

1 Before inflation and reinvestment

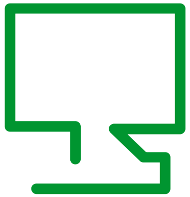
2 SFC excluding Invensys for Connect

TAILORED SUPPLY CHAIN 2.0

Annette Clayton, EVP Global Supply Chain

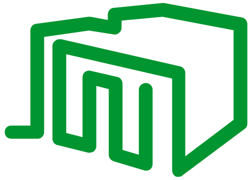
Our Global Supply Chain: Figures at a glance

ORDERS



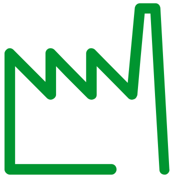
> 130 000 order lines / day
> 500 000 references

LOGISTICS



> 103 distribution centers

MANUFACTURING



> 232 factories
> 44 countries

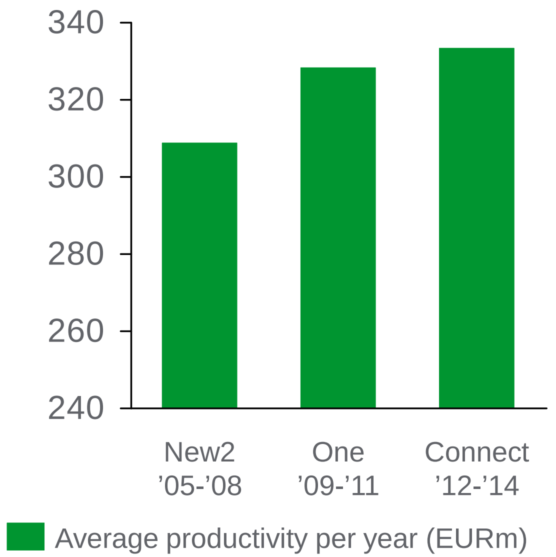
PURCHASING

> 45 000 suppliers
> €12B purchases

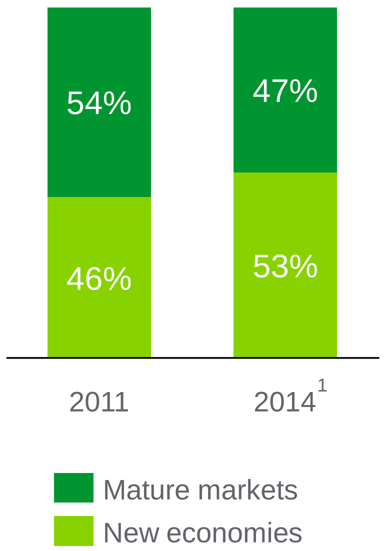
90,000 employees (Total industrial headcount incl. Purchasing, Manufacturing and Logistics)

Our supply chain became one of our competitive advantages through focused execution

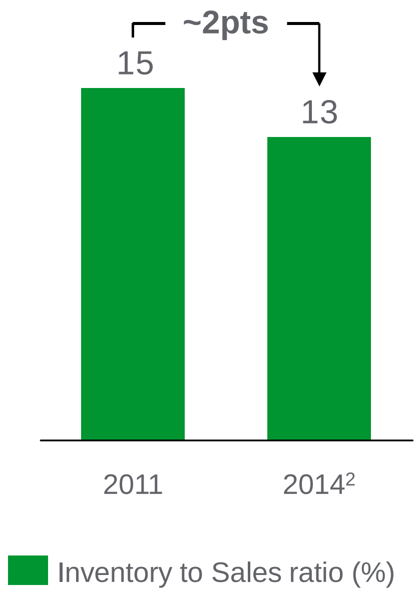
INCREASING INDUSTRIAL PRODUCTIVITY



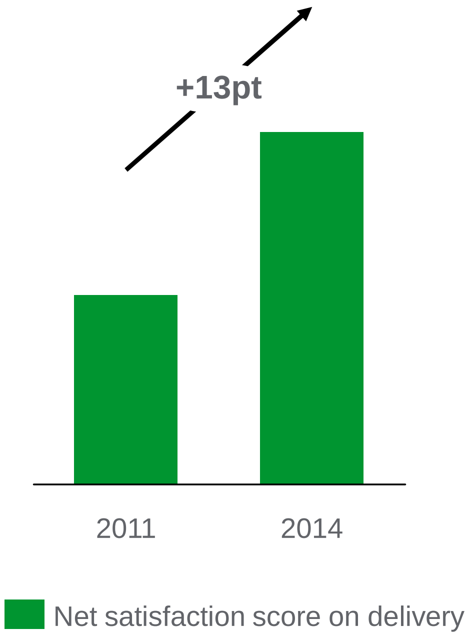
FURTHER REBALANCED INDUSTRIAL COSTS



IMPROVED INVENTORY EFFICIENCY



INCREASED CUSTOMER SATISFACTION



1 2014 estimated
2 Excluding Invensys

We will improve further speed and responsiveness for higher customer satisfaction and growth…

IMPROVE END-TO-END LEAD TIME	> Supply-chain adapted to 5 models > Reinforce standardization and offer simplification > Flow design optimization (mathematical modeling for network optimization) > Distribution centers footprint
SHORTER TIME TO MARKET AND NEW PRODUCT INTRODUCTION	> Embed purchasing principles more systematically during offer creation > Strengthen Project Management Process for new products
"SPECIAL CARE UNITS" FOR SMALL ENTERPRISES	> Improve SIOP[1] planning for activities with higher volume variation > Allocate more resources to small enterprises > Stronger performance tracking

Increase speed and responsiveness

Strengthen Global supply-chain as a competitive advantage

1 Sales, Inventory, Operations Planning

…enabled by further digitization in the supply chain to improve efficiency and customer experience

KEY ACTIONS

IMPLEMENT BEST OF BREED DIGITAL TOOLS

> Accelerate best-of-breed tool approach
> Targeted implementation in purchasing, logistics, control tower and predictive analytics.

ENHANCE DIGITAL CUSTOMER EXPERIENCE

> Expand co-planning with customers on digital platform
> Improve digital customer delivery experience
> Provide digital product information to our Customers

Extract customer insights from “data lake” to maximize value

Simple and intuitive Customer experience

In parallel, we keep working on our foundations to deliver a high level of productivity and cash efficiency

Sales Inventory & Operations Planning maturity

+

Enhance Purchasing

+

Transportation and Network optimization

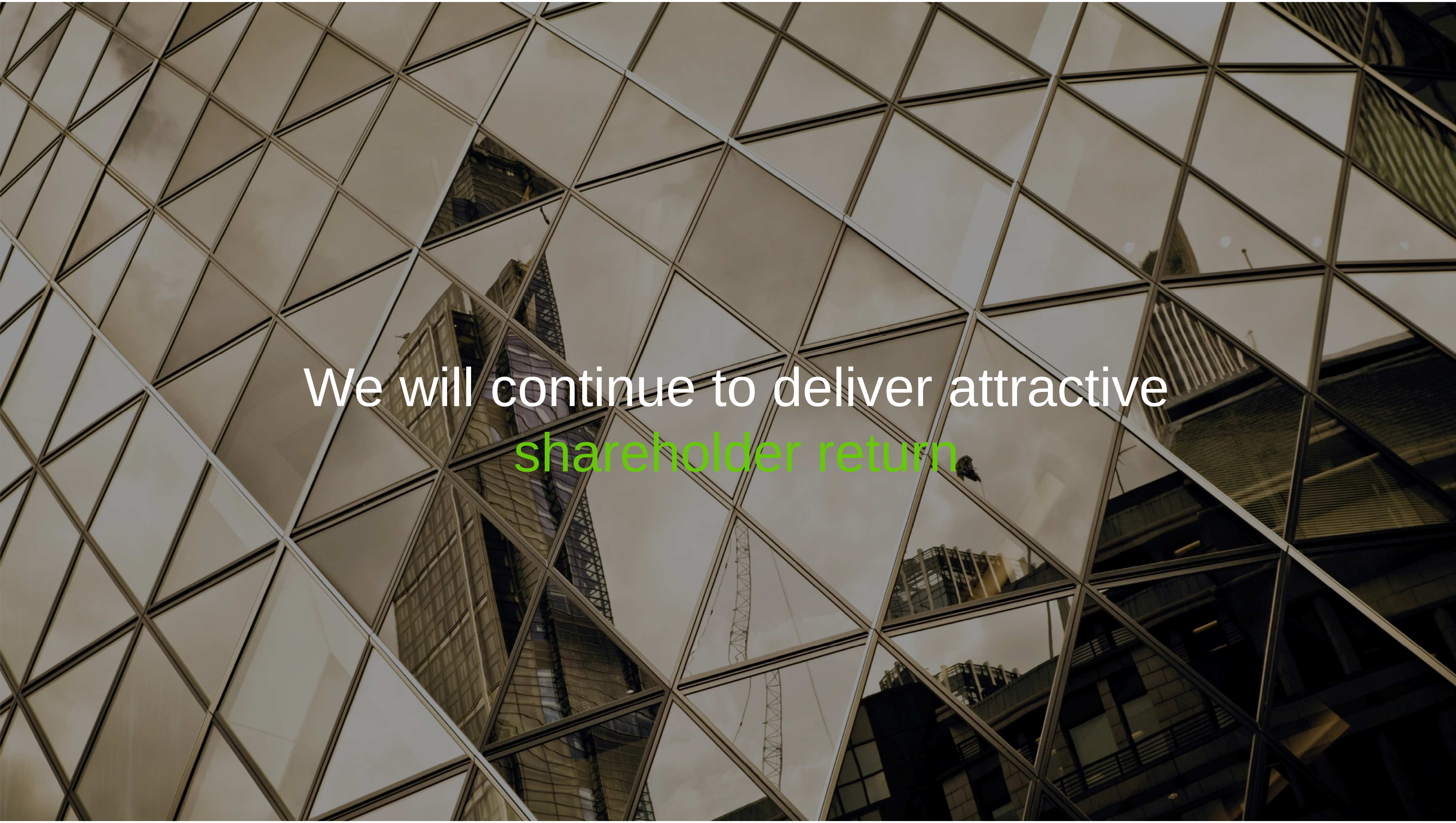
+

Footprint rebalancing

+

Quality Value Engineering

- c. €1bn productivity targeted in 2015-2017
- Further increase cash efficiency


We will continue to deliver attractive
shareholder return

We will continue to optimize our portfolio and consider the disposal of non-core/ non-strategic businesses

WE HAVE OPTIMIZED OUR PORTFOLIO IN 2014 WITH THE DIVESTMENTS OF NON-CORE BUSINESSES

CST
CUSTOM SENSORS & TECHNOLOGIES

invensys
APPLIANCE BUSINESS

c. €900m cash
generated through disposals

> We will continue to review the portfolio and contemplate potential disposal of non-core / non-strategic businesses

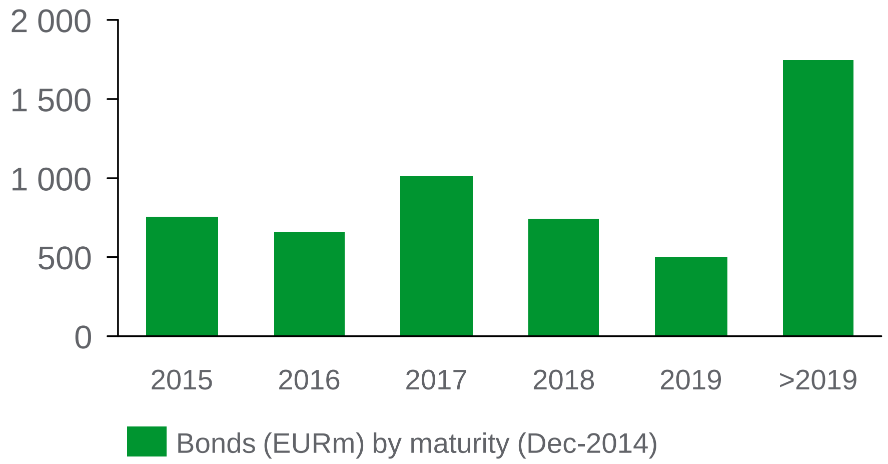
> The disposal of potential non-core/ non-strategic assets might generate a capital loss or asset impairment of up to several hundred millions Euros

> Potential capital losses or asset impairments if any would be adjusted in the dividend calculation

We reaffirm our long-term capital structure target of A- with flexibility to move to BBB+ on a temporary basis

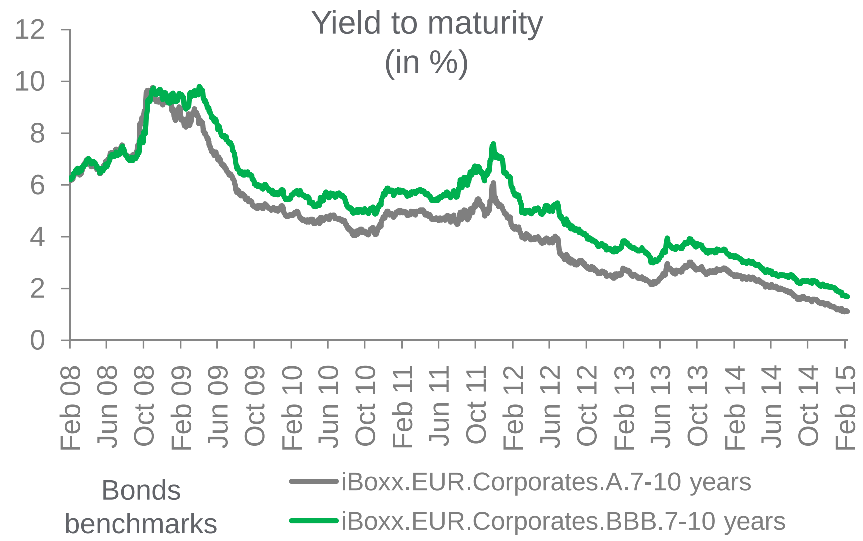
OBJECTIVE TO INCREASE THE DEBT MATURITY

> Current bonds duration stands at c. 4 years



TAKING ADVANTAGE OF LOW COST OF FINANCING

> Attractive financing market conditions



We take opportunity of historical low financing conditions to increase debt maturity and lower average cost of debt

Confirming c.100% FCF conversion target[1], FCF to be used in dividend, share buybacks and value-creating bolt-on M&A

STRONG FCF CONVERSION

+

FLEXIBILITY TO BENEFIT FROM LOW COST OF FINANCING

- Progressive dividend
- €1.0-1.5bn share buyback in next 2 years[2]
- Bolt-on M&A in our core businesses with strong EPS accretion and return on investment

1 Net income conversion in FCF across the cycle target
2 Including share buyback for neutralization of employees share plans

We target strong EPS growth in the next company program

ORGANIC GROWTH
AND EFFICIENCY INITIATIVES → EBITA growth

+

SHARE BUYBACKS
(€1.0 to 1.5bn in next 2 years) → Reduce share count

+

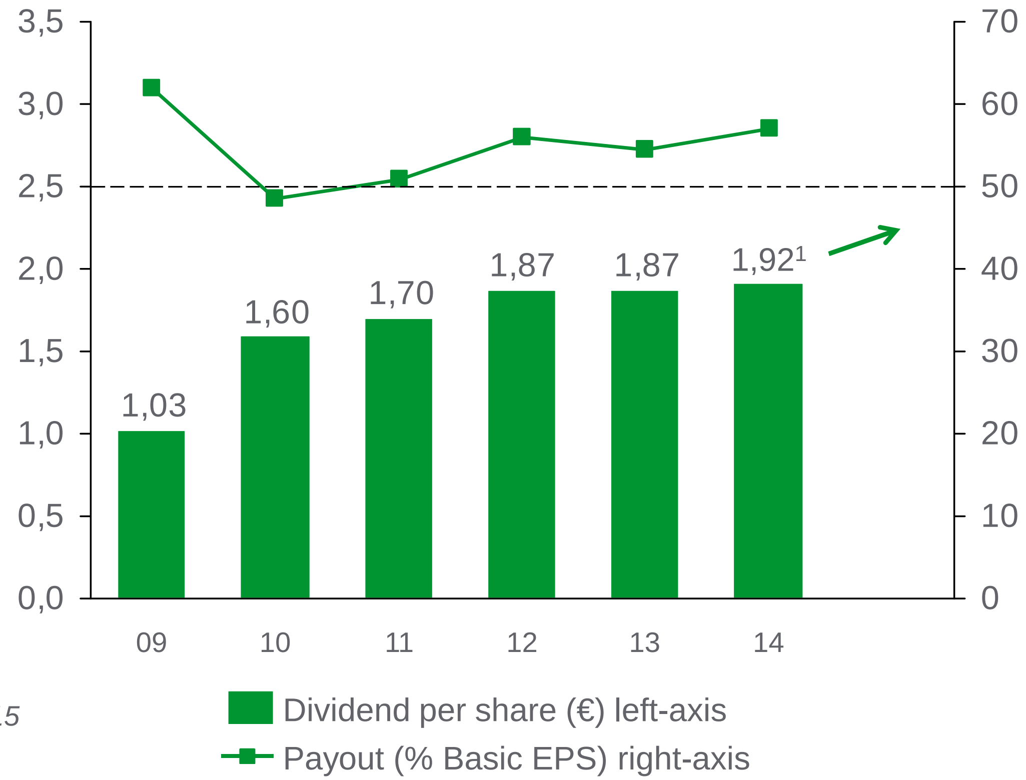
ACCRETIVE BOLT-ONS → Strong EPS accretion

STRONG EPS GROWTH

We set a progressive dividend

> Dividend payout targeted at c.50%, based on the Net income excluding one-offs such as capital gains or losses and, or asset impairments

> Progressive dividend policy with no year-on-year decline



1 Dividend proposed and to be approved in Annual General meeting on Apr 21,2015

We confirm our goal of improving ROCE but move targets by one year due to FX impact in 2014

KEY DRIVERS FOR ROCE IMPROVEMENT

Organic growth

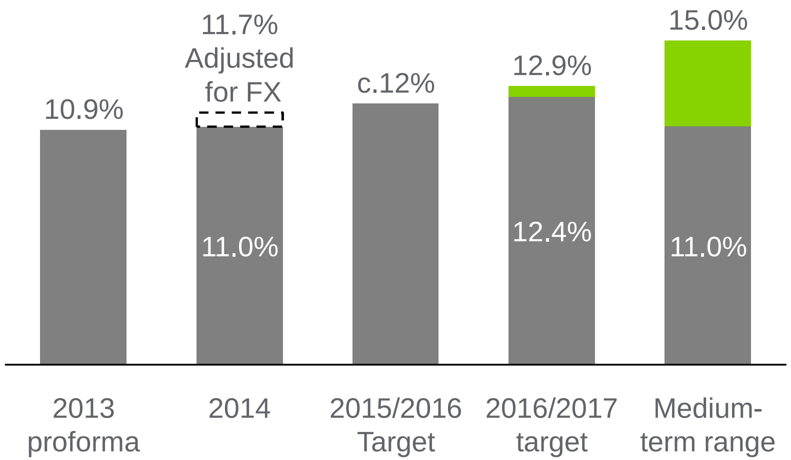
×

Efficiency

×

Capital optimization

WE FOCUS ON ROCE IMPROVEMENT



- We aim to come back to ROCE pre-Invensys level (c. 12%) by 2015/2016
- 1.5-2pt[1] improvement in ROCE by 2016/2017
- Medium-term target range confirmed

1 From 2013 proforma level of 10.9%

We focus on improving performance and deliver attractive shareholder returns

A COMPANY WITH STRONG FOUNDATIONS

> A leading technology company with strong growth potential

> Business model with strong resilience in profit

> Strong cash generation

FOCUSED ON PERFORMANCE

> 3% to 6% organic growth across the cycle

> Targeted c. €1.4-1.5bn[1] cost efficiency by 2017

> Goal of c.100% Net income conversion in FCF

CONTINUE DELIVERING ATTRACTIVE SHAREHOLDER RETURN

> Strong EPS growth targeted

> Share buyback[2] €1.0-1.5bn in next 2 years

> Progressive dividend policy

> ROCE improvement targeted of 1.5 to 2pts by 2016/2017

1 Includes Industrial productivity and gross SFC savings
2 Including share buyback for neutralization of employees share plans

HELP PEOPLE MAKE THE MOST OF THEIR ENERGY