Q1 2018: Strong growth across our portfolio of Energy Management and Industrial Automation
April 19, 2018
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.
Q1 2018 Business Highlights
Organic growth of +6.2% with strong organic growth in both our core businesses

Energy Management
C.+6%
Q1 organic with Delixi

Industrial Automation
+9%
Q1 organic

With an Integrated and Digitized portfolio to step up efficiency for our customers
Strong revenue growth: +6.2% organic in Q1, +7.7% working day adjusted

Strong growth in both Energy Management and Industrial Automation

• Energy Management: +5.2% organic, with strong growth in residential, commercial & industrial buildings, industry, infrastructure and data centers
• Industrial Automation up +9.2% with great performance in discrete and machine automation
• Growth across all regions
  • **Double-digit** growth in Asia Pacific, with a great Q1 in China
  • Solid **mid-single digit** growth in North America
  • Rest of the World up **mid-single digit**
  • Western Europe up working day adjusted
  • New economies growing **double-digit**

Strategic priorities delivering in Q1

• Products up +8% organic, with Wiring Devices & Final Distribution growing **high-single digit**
• AVEVA transaction completed. Good topline growth momentum
  • Industrial Software\(^1\) up **mid-single digit** in sales.
  • For legacy AVEVA, sales are up **double-digit** on a currency neutral basis
• Good growth in Services at +6%, supported by strong orders
• EcoStruxure orders growth **outpacing** Group as digital initiatives continue momentum

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\(^1\) Following the combination of the Group’s Industrial Software Business with AVEVA on March 1\(^{st}\), Industrial Software performance is reported in organic growth for January and February, and in scope from March 1\(^{st}\).
Good progress in strategic priorities - Cross selling as a growth driver
Pull-through technology orders growing faster than lead technology

Leading electronic manufacturer
India
Power reliability & improved monitoring through a full energy management solution, bringing +15% productivity & +5% energy savings

O&G producer
Argentina
Full electrical distribution and process automation solution for a shale gas field

European colocation service provider
France
Providing 99.999% reliability and power monitoring through a complete, turnkey solution delivered in 2 months, 3x faster than usual

Desalination
Northern Africa
A complete integrated solution from shop to top floor at large desalination plant in Africa

- Medium Voltage
- Low Voltage
- Secure Power
- Industrial Automation
Good progress in strategic priorities: EcoStruxure continues momentum
Selected EcoStruxure wins in Q1

Critical facilities operation for global IT company in India
- Ecostruxure Asset advisor & Ecostruxure IT Expert
- -15% in projected CAPEX
- Significant Opex savings and productivity gains estimated

Leading Cloud services provider in Ireland
- EcoStruxure Power Scada Operations with Power Monitoring Expert
- More than 10% efficiency gains and reduction in Opex

World famous food manufacturer in U.K.
- EcoStruxure Power with IoT and SMART Factory 4.0 technology
- 20% Capex savings
- Significant reduction of Energy
- Increased safety and compliance

Grid construction project in China
- EcoStruxure Grid
- Up to 30% efficiency gains with reduction of maintenance costs and with full-cycle asset management
Recent key events

- Factory Visit in Wuhan (China) - Global Supply Chain Strategy for Investors
- Signing ceremony of Beijing CITIC-Schneider Smart Building Tech Ltd.,
- Inauguration of our Innovation Hub in East Asia and Japan HQ in Singapore
- Inauguration of Le Vaudreuil, Digital Factory
- Joined forces with Danfoss and Somfy to create a Connectivity Ecosystem
- Innovation Summit Paris, 4,000+ visitors, 13M+ social media impressions
- Launch of EcoStruxure ADMS 3.8 at DistribuTECH 2018
- Light & Building Fair Frankfurt
- Multiple local and regionals Innovation Summits 4,000+ Customers
- Innovation Day Chicago, USA
- Innovation Summit Mexico

And many more to come…
Good progress in strategic priorities
This quarter, our Schneider Sustainability Impact reaches 3.56/10

### Indicators & objectives 2020 - selection

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Objective</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLIMATE</strong></td>
<td>25% increase in turnover for our Energy &amp; Sustainability Services</td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>CIRCULAR ECONOMY</strong></td>
<td>100,000 metric tons of primary resource consumption avoided</td>
<td>5,743</td>
</tr>
<tr>
<td><strong>HEALTH &amp; EQUITY</strong></td>
<td>&lt;1 medical incident per million hours worked</td>
<td>0.79</td>
</tr>
<tr>
<td><strong>ETHICS</strong></td>
<td>5 pts /100 increase in average score of ISO26000 assessment for our strategic suppliers</td>
<td>+0.5</td>
</tr>
<tr>
<td><strong>DEVELOPMENT</strong></td>
<td>350,000 underprivileged people trained in energy management (already 148,145 trained over 2009-2017)</td>
<td>156,027</td>
</tr>
</tbody>
</table>

### Highlights of the quarter

The Planet & Society barometer 2015-2017 now becomes Schneider Sustainability Impact 2018-2020

Schneider Electric is:

- listed for the 8th consecutive year among 135 companies in the Ethisphere world's most ethical companies
- again 3rd company globally for clean-energy in Q1 2018 in the Carbon Clean 200 List
- ranked 45th and listed for the 6th consecutive year in the Global 100 most sustainable corporations
- included among 104 companies in the Bloomberg Gender-Equality Index
Recognition and Continuous Commitment in multiple areas

Our People

- Gender equality performance index
  January 2018

One of the 2018 World’s Most Ethical Companies by the Ethisphere Institute for the 8th year.

Our Business & Products

- For our supply chain efforts in customer-oriented solutions and platforms

One of the most respected companies (in its industry) in the world by Fortune.

- Triconex #1 Safety System in the 2018 Readers’ Choice Awards

EcoStruxure wins “The most efficient ship solution” Award at the International Green Shipping & Maritime Technology Summit, in Athens, Greece

Our Sustainable Model

- Number 3 worldwide for its revenue devoted to the energy transition

45th place among the 100 Most Sustainable Companies in the World, for the 6th year.
Q1 2018 Business Performance
### Key macro drivers are positive

<table>
<thead>
<tr>
<th>End Market</th>
<th>Resi. &amp; Non-resi. Buildings</th>
<th>Industry &amp; Infrastructure</th>
<th>Data Center &amp; Networks</th>
<th>Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Positive demand on CIB(^1) overall, with increasing focus on efficiency</td>
<td>• Favorable Industry &amp; Infrastructure demand overall</td>
<td>• Continued capital investment in Data centers across regions, especially in the U.S., on all segments: Large cloud &amp; service providers, colocation, micro datacentre…</td>
<td>• Utilities challenged by decentralized grid creating opportunities in digital in Europe, with continued investments in Asia Pacific</td>
</tr>
<tr>
<td></td>
<td>• Good demand in residential markets across regions</td>
<td>• Very strong OEM demand across regions</td>
<td>• Good trends in hybrid and discrete industries, with opportunities in semiconductors in Asia</td>
<td>• Microgrids activity ramping up in new economies and North America</td>
</tr>
<tr>
<td></td>
<td>• Critical buildings focus on digitization for more reliability and efficiency</td>
<td>• Investment in Process industries continues to focus on productivity and efficiency</td>
<td>• Business to IT channels and non-IT markets evolved favorably, with good market trends in North America, Europe and Rest of the World</td>
<td></td>
</tr>
</tbody>
</table>

1. Commercial & Industrial Buildings
Focused execution of strategy leading to faster growth

Strong positioning in fast growing segments, businesses and markets

- Wiring devices and final distribution (residential/CIB)
- Machine Solutions
- Water & Waste Water (WWW) Segment
- Data centers
- Commercial & Industrial buildings

Some actions to outperform the market

With illustrative examples

Innovation
- Recent launches: AvatarOn customizable wiring devices range delivers strong growth in China

Segment Focus
- Numerous wins in WWW segment in the U.S.
- Success across multiple OEM segments in China

Digital Deployment
- EcoStruxure driving greater share of wallet at European university adding Power Management to Building Management System

Cross-selling
- Double-digit growth in data centers worldwide
Strong organic growth of +6.2%

Based on current rates, the FX impact on FY 2018 revenues is estimated to be between -€1.0 and -€1.1bn.

1. Energy Management organic growth including Delixi: c.+6%
Energy Management: Strong growth in offers for residential, commercial & industrial buildings, industry, infrastructure and data centers

Energy Management

#1 worldwide

<table>
<thead>
<tr>
<th>Organic</th>
<th>Scope</th>
<th>Fx</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
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<tbody>
<tr>
<td>+5.2%</td>
<td>+1.1%</td>
<td>-8.5%</td>
<td>4,424</td>
<td>4,325</td>
</tr>
</tbody>
</table>

4,325 -2.2%

75% of Q1 Revenues

Medium Voltage Business - Performance highlights

- -2.7%, with strong order growth over last 6 months
- Sales performance impacted by low backlog from the beginning of 2017, especially in Western Europe
- India and Russia performance challenged
- Medium Voltage expected to be back to growth in Q2 2018
- Good results from its strategic initiatives:
  - More products through partners,
  - More services
  - More digital, with additional wins in ADMS
- Traditional utility segment and O&G sector remained difficult
- Power Systems Update: The Group continues to implement new organization (to be fully operational at end-H1) and to strategically evaluate the performance across geographies
Energy Management: Strong growth in offers for residential, commercial & industrial buildings, industry, infrastructure and data centers

Low Voltage Business - Performance highlights

- +9.1%, c.10.3% including Delixi
- Strong growth across all regions and across offers
  - Double-digit growth in Asia Pacific in favorable markets
  - High-single digit growth in North America, with particular success in the data center segment
  - Double-digit growth in Rest of the World
  - Western Europe up mid single digit (working day adjusted) with good results in both resi and non-resi markets
- Strategic initiatives and recent innovative offers continuing to drive growth of strong portfolio
- Strong focus on digital through EcoStruxure value proposition
- Connectivity ecosystem through partnership with Danfoss & Somfy
- Strong growth in both residential and CIB offers, with acceleration in Final Distribution and Wiring Devices, up high-single digit
- IGE+XAO transaction completed with effect from February 1

Energy Management

#1 worldwide

<table>
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<tr>
<th></th>
<th>Organic</th>
<th>Scope</th>
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<td>4,424</td>
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75% of Q1 Revenues

4,424  2.2%
4,325  8.5%

Organic +5.2% Scope +1.1% Fx -8.5%
Energy Management: Strong growth in offers for residential, commercial & industrial buildings, industry, infrastructure and data centers

Secure Power Business - Performance highlights

• +2.7% organic growth, growing in all regions

• Good growth in data centers benefitting the entire Group’s portfolio; One of the fastest growing end-markets for the Group with double-digit growth over the quarter

• Secure Power activity sold through IT Channels and non-IT channels posted growth, despite impact of negative working days
Industrial Automation at +9.2%: great performance in discrete and machine automation

Industrial Automation Business - Performance highlights

- Growth in all four regions driven by strong OEM demand and continued success in the execution of the Group’s strategy.
- Process Automation was slightly down with mixed results: North America and Asia Pacific saw growth, while Europe continued to be impacted by a sluggish O&G market.
- Industrial Software revenues were up mid-single digit in the quarter. For legacy AVEVA, sales are up double-digit in Q1 on a currency neutral basis.

1. Following the combination of the Group’s Industrial Software Business with AVEVA on March 1st, Industrial Software performance is reported in organic growth for January and February, and in scope from March 1st.
Strong growth across most regions, with double-digit growth in Asia Pacific

- **North America**: 27% growth, +5% organic growth in Q1
  - United States
  - Canada
  - Mexico

- **Western Europe**: 28% of Group revenues in Q1, 0% organic growth in Q1
  - France
  - Germany
  - United Kingdom
  - Spain
  - Italy

- **Rest of the World**: 17% growth, +5% organic growth in Q1
  - Russia
  - South America
  - Middle East
  - Africa

- **Asia-Pacific**: 28% of Group revenues in Q1, +14% organic growth in Q1
  - China
  - India
  - Australia
  - Indonesia
  - Vietnam
Full Year 2018 Targets
The Group re-affirms its 2018 Targets

The Group continues to successfully implement its strategy in a positive market environment in Q1 with strong growth in Products, Services and Digital offers, leveraging cross-selling of the full portfolio. The strong performance in Q1 bodes well for the organic top line growth for the year.

In this context, the Group re-affirms its target to deliver strong organic growth of Adjusted EBITA in 2018, around the high-end of the +4% to +7% bracket earlier communicated as the average yearly objective for 2017-2019.

To deliver this strong performance the Group will maximize its organic top line growth and will make the necessary investments to capture growth in developing digital markets. Therefore, for 2018, the Group will target:

• An organic top line growth to the higher half of the +3% to +5% range; and

• An organic Adj. EBITA margin expansion towards the upper end of the +20bps to +50bps range targeted as yearly average improvement for 2017-2019.
2018 additional notes

• **Exchange rates impact:** Based on current rates, the FX impact on FY 2018 revenues is estimated to be between -€1.0bn to -€1.1bn. The FX impact at current rates on adjusted EBITA margin is expected to be c.-20bps. Based on current rates, the Group expects c.80% of the full year impact to both top line and margin to occur in the first half of the year.

• **Scope:** Based on the most recent fiscal years for acquisitions, scope impact is currently estimated around +€400 million in revenues and expected to be around +10bps at the level of the Group Adj. EBITA margin. This includes AVEVA which would be fully consolidated for 10 months starting with March 2018.

• **Tax rate:** Thanks to the positive evolution of the corporate income tax rates in several countries where the Group operates, the ETR is expected to be in a 22-24% range in 2018 and in the medium term.

• **Restructuring:** Restructuring costs are expected in the foreseeable future to be back to a normative recurring amount of €150m to €200m corresponding in majority to the costs required to generate the manufacturing productivity and to continue to drive simplification.
<table>
<thead>
<tr>
<th><strong>Definitions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITA</strong></td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
</tr>
<tr>
<td><strong>Cash Conversion</strong></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
</tr>
</tbody>
</table>
## Schneider Sustainability Impact 2018 – 2020, Results as of Q1 2018

### Our megatrends 2015 – 2020 and targets 2018 – 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Start 01/2018</th>
<th>Result Q1/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLIMATE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80% renewable electricity</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>10% CO₂ efficiency in transportation</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>100 million metric tons avoided CO₂ on our customers’ end thanks to our EcoStruxure offers</td>
<td></td>
<td>4.2</td>
</tr>
<tr>
<td>25% increase in turnover for our Energy &amp; Sustainability Services</td>
<td></td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>CIRCULAR ECONOMY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75% of sales under our new Green Premium program</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>200 sites labeled towards zero waste to landfill</td>
<td>140</td>
<td>152</td>
</tr>
<tr>
<td>100% cardboard and pallets for transport packing from recycled or certified sources</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>100,000 metric tons of avoided primary resource consumption through EcoFit™, recycling and take-back programs</td>
<td></td>
<td>5,743</td>
</tr>
<tr>
<td><strong>HEALTH &amp; EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70% scored in our Employee Engagement Index</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>1 medical incident per million hours worked</td>
<td>1.15</td>
<td>0.79</td>
</tr>
<tr>
<td>90% of employees have access to a comprehensive well-being at work program</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>100% of employees are working in countries that have fully deployed our Family Leave policy</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>100% of workers received 12 hours of learning in the year with 30% digital learning</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>90% of white collar workers have individual development plans</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>95% of employees are working in a country with commitment and process in place to achieve gender pay equity</td>
<td>89%</td>
<td>89%</td>
</tr>
<tr>
<td><strong>ETHICS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 pts /100 increase in average score of ISO26000 assessment for our strategic suppliers</td>
<td></td>
<td>+0.5</td>
</tr>
<tr>
<td>300 suppliers under Human Rights &amp; Environment vigilance received specific on-site assessment</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>100% of sales, procurement, and finance employees trained every year on anti-corruption</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td><strong>DEVELOPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x4 turnover of our Access to Energy program</td>
<td></td>
<td>x0.91</td>
</tr>
<tr>
<td>350,000 underprivileged people trained in energy management</td>
<td>148,145</td>
<td>156,027</td>
</tr>
<tr>
<td>12,000 volunteering days thanks to our VolunteerIn global platform</td>
<td></td>
<td>236</td>
</tr>
</tbody>
</table>

The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter. The color shows if the indicator is above or below the objective of 5/10.
We believe climate change can be overcome through innovation and collaboration

1.5 × Energy consumption will grow by 50%

2 ÷ CO₂ emissions need to be halved

3 × We have to become 3 times more efficient

Our ambition is to prove ‘More Schneider is a better climate’:

3 years

to help our customers avoid more than 100M tons CO₂ through our EcoStruxure offers

A worldwide innovative methodology designed by Schneider Electric to quantify CO₂ savings delivered to our customers

- Rigorous
- Transversal
- Forward-looking
- Detailed per technology
- Conservative assumptions

e.g. our 2017 variable speed drives sales allow our customer to reach a saving of 10M tons CO₂

EcoStruxure offers

Q1 2018

Altivar
Energy Management
Complete end-to-end offering addressing customer needs across segments

Delivering higher reliability and efficiency combining Medium & Low Voltage, Secure Power powered by EcoStruxure

… driving strong cross-sell in segments
c.90% of MV packaged with LV outside of utilities

MV  LV  Secure Power

Building on Floor Space
- Building Mgt system
- HVAC & Light controls
- Sensors
- Wiring devices

IT in Data Center
- IT racks, IT pods
- UPS
- Access floor
- PDU’s, rack PDUs
- CRAC and Air Containment
- Panels
- Breakers
- Environmental and power sensors
- Physical security

Power in Electrical Room
- UPS
- Switchboards & Switchgear (MV, LV)
- Busway
- Power Meters and Sensors
- Breakers
- Transformers
- Automatic Transfer Switch

Extract from FY 2017 results
Industrial Automation – Growth at the Core

Application knowledge for greater conversion of machines

EcoStruxure Machine is growing 4x faster than the market*

We lead at the Edge w/ EcoStruxure Plant & differentiated software

The customer
• The largest silicone materials production facilities in the world

The solution
• EcoStruxure Plant deployed, incl. Foxboro DCS and modernization services
• Deployment of renewed Edge Control portfolio

The results
• Reduced project risk and cost due to preservation of infrastructure
• Executed jobs 50% faster than expected
• Reduced CAPEX by 50%
• Added 2 extra days of production, leading to a faster time to profit

Conversion of machines from packaging to hoisting to HVAC

Synergies w/ Energy Management driving customer value in Industry & Infrastructure end-markets

Selected segments

(*) Machine CAGR = 4.1% (source IHS)
Investor Relations ready to engage – H1 2018 calendar

✓ Proposing quarterly interaction with investors showcasing specific businesses, geographies or functions

✓ Recent events:

- 15 February  FY 2017 Results
- 26 March  Smart Supply Chain site visit in Wuhan (China)
- 5/6 April  Innovation Summit, Paris
- 19 April  Q1 2018 Revenues

✓ Upcoming events:

- 24 April  Shareholders’ meeting, Paris La Défense
- 25 April  Hannover Automation Fair
- 31 May  Digital conference, Paris, BoAML
- 07/08 June  ESG/SRI conference, Paris, ODDO
- 14/15 June  CEO Conference London, JP Morgan
- 26 July  H1 2018 Results

✓ Information on www.schneider-electric.com/finance
✓ 2018 Extel Survey is an important survey for us and we would appreciate your support - voting has opened and is available here: https://app.extelsurveys.com/Voting/Voting.aspx?ID=1613
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