Schneider Electric 2018 Third Quarter Results
Strong growth: Both businesses and all regions growing
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.
Q3 2018 Business Highlights
Revenues up +8% reported, with growth in both our core businesses

Energy Management
+7.4% Q3 organic sales growth

Industrial Automation
+6.6% Q3 organic sales growth

Energy Transition
Data Centers & Edge Computing
Electrification
Energy Efficiency
Distributed Energy

Integrated in EcoStruxure
Apps, Analytics & Digital Services
Edge Control
Connected Products

Serving
Buildings Data Centers Infrastructure Industry

Industry 4.0
Software IIoT Automation

Investor Relations - Schneider Electric
Strong revenue growth: +7.2% organic in Q3; Full year target revised upward

Q3 Performance

- Organic growth across all regions
- **Double-digit** growth across Asia Pacific including double-digit growth in China
- North America accelerating with **high single-digit** growth
- Rest of the World up **mid single-digit**
- New Economies up **high single-digit**
- Systems growing +9% org. benefitting from end-user demand in mid- to late-cycle industries

Strategic priorities

- More **Products** up +5% organic in Q3
- More **Services** up +11% organic in Q3
- More **Software** up double-digit in Q3
- **EcoStruxure** – Assets under management up c.+25%
- Contribute to **sustainability** targets of customers/society – Energy & Sustainability Services Q3 growth +12% org.
- **Shareholder Value:** The Group may elect to accelerate its c.€1bn buyback program to be completed 6 months ahead of plan

For 2018, the Group targets an **organic growth of Adjusted EBITA between +8% and +9%** (previously +7% and +9%)
Focused execution of growth strategy

INNOVATION
- EcoStruxure Power Advisor reinforcing Apps, Analytics and Digital Services offer
- Easergy P3 Connected Product
- Investment in Sense- digital solutions for intelligent energy monitoring

DIGITAL DEPLOYMENT
- Assets under management up c.25% year on year
- EcoStruxure offers continue to add value to customers across end-markets
- Digital Customer Experience to maximize partner engagement and commercial coverage

SEGMENT FOCUS
- Strong domain expertise to serve customer needs across segments
- Dedicated resources allocated to key targeted growth segments
- Best in class delivery & execution

CROSS SELLING
- Strong positioning in data center led by Secure Power and with pull through of MV, LV, BMS
- c.90% of MV transactional sold packaged together with LV offers
- Energy Management & Industrial Automation portfolio focused on electro-intensive industries
Selection of Q3 customer successes

NORTH AMERICA

- Global financial institution headquarters (USA)
- Retirement System of Alabama (data center)
- Advanced Distribution Management System for electric utility

ASIA PACIFIC

- Huashan Hospital (China)
- University in Australia
- DTS data center (Vietnam)
- Ningbo Olympic Sport Center (China)
- Osaka Institute of Technology (Japan)
- Qingdao International Airport (China)
- Aavin Dairy (India)

WESTERN EUROPE

- Evolution Lisboa Hotel, (Portugal)
- High power e-vehicle charging station (Germany)
- Dynasol Group (Spain)
- Leading Packaging Company for F&B (Germany)

REST OF WORLD

- Full EcoStruxure building solution for 20,000m² co-working facility (Brazil)
- TeleCentro data center (Argentina)
- Global automotive manufacturing plant (S. Africa)
- Mega-port construction (Middle-East)
Innovation Summit World Tour 2018 – H2 Summits
14 Summits in 2018 reaching 18,000+ customers
This quarter, the Schneider Sustainability Impact reaches 5.25/10

Indicators & objectives 2020 - selection

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q3 2018</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLIMATE 80% renewable electricity</td>
<td>25%</td>
<td>6%</td>
</tr>
<tr>
<td>CIRCULAR ECONOMY 100% cardboard and pallets for transport packing from recycled or certified sources</td>
<td>60%</td>
<td>50%</td>
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<td>HEALTH &amp; EQUITY 100% of workers received 12 hours of learning in the year with 30% digital learning</td>
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<td>+1.47</td>
<td>+0.50</td>
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<tr>
<td>DEVELOPMENT x4 turnover of our Access to Energy program</td>
<td>x1.33</td>
<td>x1.30</td>
</tr>
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</table>

As part of RE100*, Schneider Electric commits to source 80% renewable electricity by 2020.

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*RE100 is a collaborative, global initiative uniting more than 100 influential businesses committed to 100% renewable electricity.
Recognition and continuous commitment in multiple areas

- Recognized as a Global Compact LEAD company for commitment to achieve the UN Sustainable Development Goals
- Le Vaudreuil selected one of nine best Factories of the Future from survey of >1k global manufacturing sites at World Economic Forum Tianjin
- Ranked #1 in sector by CDP in Driving Low Carbon Transition
- Included in the Dow Jones Sustainability Index, World and Europe, ranking 2nd in its industry
- #5 globally in ESG Leaders Index of Most Favored by Socially Responsible Investors
- Ranked #5 in Top European Supply Chain by Gartner
- #3 in Les Echo’s rankings of CAC40 companies Leading Digital Transformation
- #15 Globally (#1 Industrial) in Equileap 2018 Gender Equality Ranking
- Ranked #1 in sector by CDP in Driving Low Carbon Transition
ANALYSIS OF CHANGE IN GROUP REVENUES (in €m)

Q3 2017: 5,904

Q3 2018: 6,377 (+8.0%)

Energy Management: +7.4% org.
Industrial Automation: +6.6% org.
Scope: +3.2%
FX: -2.4%

Group: +7.2% organic

Based on current rates, the FX impact on FY 2018 revenues is estimated to be around -€1.1bn, with an expected impact on Adj. EBITA margin of c. -20bps
### Energy Management: Good dynamic continues in Q3 with Org. Growth +7.4%

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q3 2018 Revenue (€bn)</th>
<th>Growth Org. (%)</th>
<th>Scope (%)</th>
<th>FX (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Management</td>
<td>4,846</td>
<td>+7.4%</td>
<td>+2.5%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Low Voltage</td>
<td>4,846</td>
<td>+7.5%</td>
<td>+2.5%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Secure Power</td>
<td>4,846</td>
<td>+7.5%</td>
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**€4.8bn**

76% of Group Q3 2018 revenues

### Key Highlights:

- **Energy Management**: Good dynamic continues in Q3 with Org. Growth +7.4%
  - Accelerate in targeted segments
- **Low Voltage**: Continued strong performance, up +7.4% org. - all regions contributing
  - Maximize cross-selling
- **Secure Power**: Growth accelerated, up +6.4% org. - across segments and regions
  - Develop EcoStruxure

**Life Is On**

Investor Relations - Schneider Electric
Energy Management: Medium Voltage up +8.3% organic in Q3

Q3 Performance Highlights

- Growth across regions, on a low base
- Growth in targeted end-markets, notably data centers
- Transactional product sales (sold together with LV) were up
- Services up double-digit
- EcoStruxure Grid - strong traction with customers
- Systems continue to grow though slower than transactional
Energy Management: Low Voltage- Strong performance, up +7.4%¹ organic in Q3

*Q3 Performance Highlights*

- All regions growing
- Residential & Small Buildings - continued strong growth across regions with double digit growth in China & India
- CIB - Continued success with LV offer
- Data center - Continued demand for LV systems and full Energy Management offer
- Services up strongly
- Energy & Sustainability offers up **double-digit**

<table>
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<tr>
<th><strong>Energy Management</strong></th>
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**Low Voltage**

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**Medium Voltage**

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<tr>
<td>€1.1bn</td>
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**Secure Power**

<table>
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<td>€0.9bn</td>
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¹ Low Voltage c.+7.6% including Delixi, reported under equity method since 2016
Energy Management: Secure Power growth accelerated, up +6.4% org. in Q3 across segments and regions

Q3 Performance Highlights

- **Distributed Secure Power** positive, though still impacted by shortages

- **Data center:**
  - Secure Power accelerated to **double-digit**, including new UPS offer launches
  - Secure Power generated pull-through for entire Group portfolio
  - MV/LV/BMS sales up **strong double-digit**, leading to Data Center segment growing double digit at Group level

- **Non-IT market** grew boosted by Edge computing & New Eco's

- Services up **mid single-digit**

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**Energy Management**

€4.8bn

76% of Group Q3 2018 revenues

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<tr>
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Industrial Automation growing across regions, up +6.6% organic in Q3 on a high base

€1.5bn
24% of Group Q3 2018 revenues

Industrial Automation

#2 worldwide

discrete

#4 worldwide

process

Q3 performance highlights

- Benefitting from balanced portfolio in Discrete, Hybrid & Process industries
- Targeted OEM approach drives positive performance in discrete
- EcoStruxure Machine gaining traction, with several wins
- Process Automation saw increasing demand from efficiency driven investments and brownfield projects

AVEVA delivered double-digit org. growth\(^1\) on its Industrial Software portfolio. AVEVA benefitted from sales in conjunction with Schneider Electric’s automation offers through a coordinated go-to-market approach.

1. Included as scope movement in the Group results
Organic growth across regions in Q3

- **NORTH AMERICA**
  - United States: 29%
  - Canada: +9%
  - Mexico: +5%

- **WESTERN EUROPE**
  - France: 26%
  - Germany: +3%
  - United Kingdom: 26%
  - Spain: +11%
  - Italy: 26%

- **REST OF WORLD**
  - Russia: 16%
  - South America: +5%
  - Middle East: +5%
  - Africa: +5%

- **ASIA PACIFIC**
  - China: 29%
  - India: +11%
  - Australia: +11%
  - Indonesia: +11%
  - Japan: +11%
Full Year 2018 Target
In the current environment, the Group expects its key market dynamics to remain positive in Q4 and following months

- In North America, the Group anticipates a continuing favorable environment
- China faces a high base of comparison but remains a growth market with dynamism in many end-markets including construction, infrastructure and parts of industry
- Other large countries in Asia Pacific continue good momentum
- The Group expects Western Europe to grow at a moderate pace and the Rest of World economies to benefit from improved energy pricing
Based on the strong sales performance of Q3 and expectation of continuing growth in Q4, while facing a high base of comparison, the Group revises upward its objective for 2018.

For 2018, the Group now targets an organic growth of Adjusted EBITA between +8% and +9% (previously between +7% and +9%)

This would be generated by a combination of top line growth and margin expansion. The Group targets:

- Organic sales growth for 2018 at close to +6% (previously between +5% to +6%)
- +30 to +50 bps organic improvement of the adj. EBITA margin, taking into account investments needed to drive long term top line growth as well as some increase in costs such as currently anticipated tariff impacts
2018 additional notes

- **Exchange rates impact:** Based on current rates, the FX impact on FY 2018 revenues is estimated to be around -€1.1bn. The FX impact at current rates on FY 2018 adjusted EBITA margin is expected to be around -20bps.

- **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.

- **Industrial productivity:** In an environment of increased freight costs and tariffs, the Group expects a good level of productivity for 2018, though not at 2017 levels.
Investor Relations ready to engage

✓ Upcoming events:

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

13 November    Schneider Electric Innovation Summit, Atlanta, U.S.
28 November    Societe Generale Conference, Paris

### Schneider Sustainability Impact 2018 – 2020, Results as of Q3 2018

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

<table>
<thead>
<tr>
<th>Objective 12/2018</th>
<th>Beginning 01/2018</th>
<th>Results Q2 2018</th>
<th>Results Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Score of 10</td>
<td>5/10</td>
<td>3</td>
<td>4.55</td>
</tr>
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</table>

#### CLIMATE
- **80%** renewable electricity
- **10%** CO₂ efficiency in transportation
- **100 million metric tons** CO₂ saved on our customers’ end thanks to our EcoStruxure offers
- **25%** increase in turnover for our Energy & Sustainability Services

<table>
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<tbody>
<tr>
<td></td>
<td>6%</td>
<td>25%</td>
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<td></td>
<td>19</td>
<td>31</td>
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<td></td>
<td>12.1%</td>
<td>12.2%</td>
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#### CIRCULAR ECONOMY
- **75%** of sales under our new Green Premium program
- **200 sites** labeled towards zero waste to landfill
- **100%** cardboard and pallets for transport packing from recycled or certified sources
- **100,000 metric tons** of avoided primary resource consumption through EcoFit™, recycling and take-back programs

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<th>Results Q3 2018</th>
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<tr>
<td></td>
<td>41.4%</td>
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<td>167</td>
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<td>60%</td>
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<td></td>
<td>17,694</td>
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</table>

#### HEALTH & EQUITY
- **70%** scored in our Employee Engagement Index
- **1 medical incident** per million hours worked
- **90%** of employees have access to a comprehensive well-being at work program
- **100%** of employees are working in countries that have fully deployed our Family Leave policy
- **100%** of workers received 12 hours of learning in the year with 30% digital learning
- **95%** of employees are working in a country with commitment and process in place to achieve gender pay equity

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<tr>
<td></td>
<td>65%</td>
<td>67%</td>
<td>67%</td>
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<tr>
<td></td>
<td>1.15</td>
<td>0.90</td>
<td>0.94</td>
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<td></td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
<td></td>
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<tr>
<td></td>
<td>35%</td>
<td>78%</td>
<td>78%</td>
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<tr>
<td></td>
<td>89%</td>
<td>89%</td>
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#### ETHICS
- **5 pts /100** increase in average score of ISO26000 assessment for our strategic suppliers
- **300 suppliers** under Human Rights & Environment vigilance received specific on-site assessment
- **100%** of sales, procurement, and finance employees trained every year on anti-corruption

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<tr>
<td></td>
<td>+0.5</td>
<td>+1.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37</td>
<td>104</td>
<td></td>
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<tr>
<td></td>
<td>37%</td>
<td>47.4%</td>
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#### DEVELOPMENT
- **x4 turnover** of our Access to Energy program
- **350,000 underprivileged people** trained in energy management
- **12,000 volunteering days** thanks to our VolunteerIn global platform

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<tr>
<td></td>
<td>x1.30</td>
<td>x1.33</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>148,145</td>
<td>169,440</td>
<td>190,836</td>
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</tr>
<tr>
<td></td>
<td>1,665</td>
<td>3,657</td>
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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.
Contact

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