

# Goldman Sachs 6th Annual European Industrials Conference

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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 Registration Document (which is available on [www.schneider-electric.com](http://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.

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# Highlights

# Improvement in Q3. Revenues reached €6.3bn, up +7.0% in total, +1.6% org. Invensys on track.

## Revenues up +3.9% org. ex. Infrastructure led by early cycle businesses. IT turned positive

- Industry and Buildings & Partner grew across all regions, revenues up +5.4% and +4.2% organically respectively
- IT revenues up +1.2% organically due to improvement in Russia and the U.S. and growth in Western Europe
- Infrastructure declined by -5.8% organically, while orders up high single digit in Q3 driven by long-cycle projects

## Western Europe showed signs of stabilization, though fragile. All other regions grew

- North America grew +2% organically driven by US and Canada offsetting weakness in Mexico
- Western Europe was up marginally for the first time since Q3 2011, despite continued weakness in Utility market
- Asia Pacific kept its momentum, up +3% organically despite lower growth in China. Rest of the World grew slightly

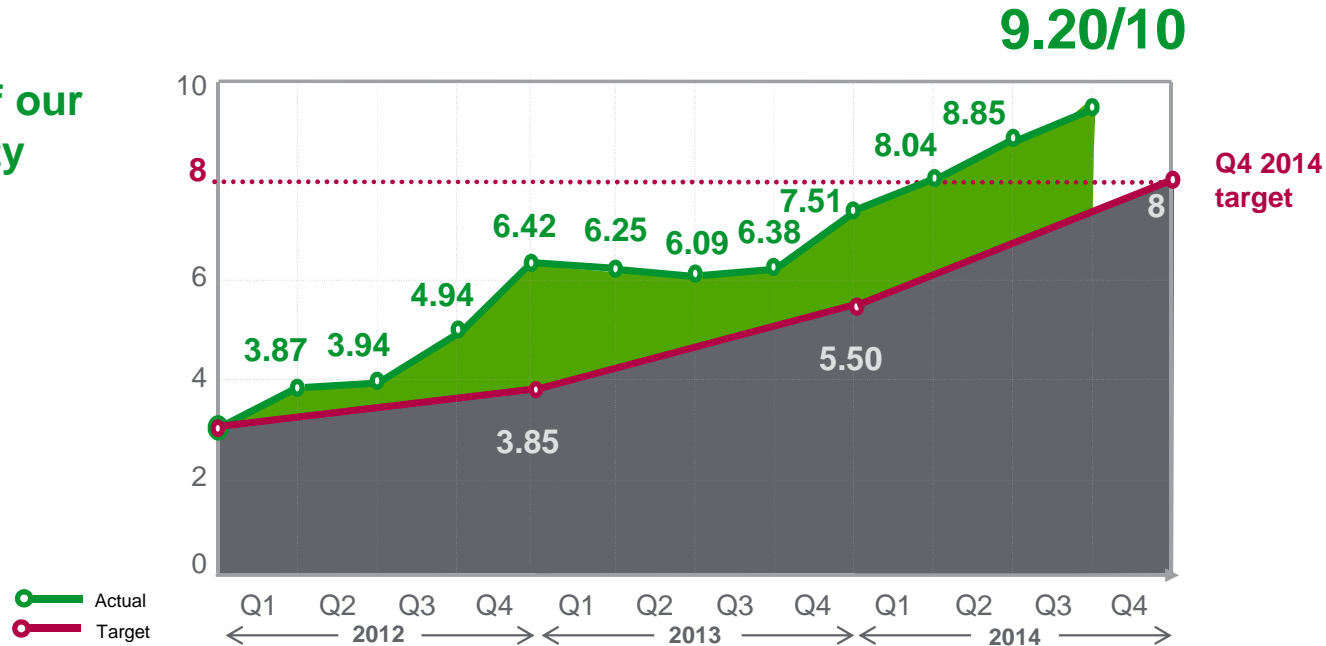
## Invensys integration is on track and FX headwinds easing

- Invensys revenues grew modestly excluding China nuclear project, driven by Software
- Synergies execution on track. Confirming 2014 targeted cost synergies
- Lower FX impact on revenue in Q3 at -1.4% due to weaker Euro

Full year targets maintained

# This quarter, our Planet & Society Barometer reaches 9.20/10

## Performance of our Planet & Society Barometer

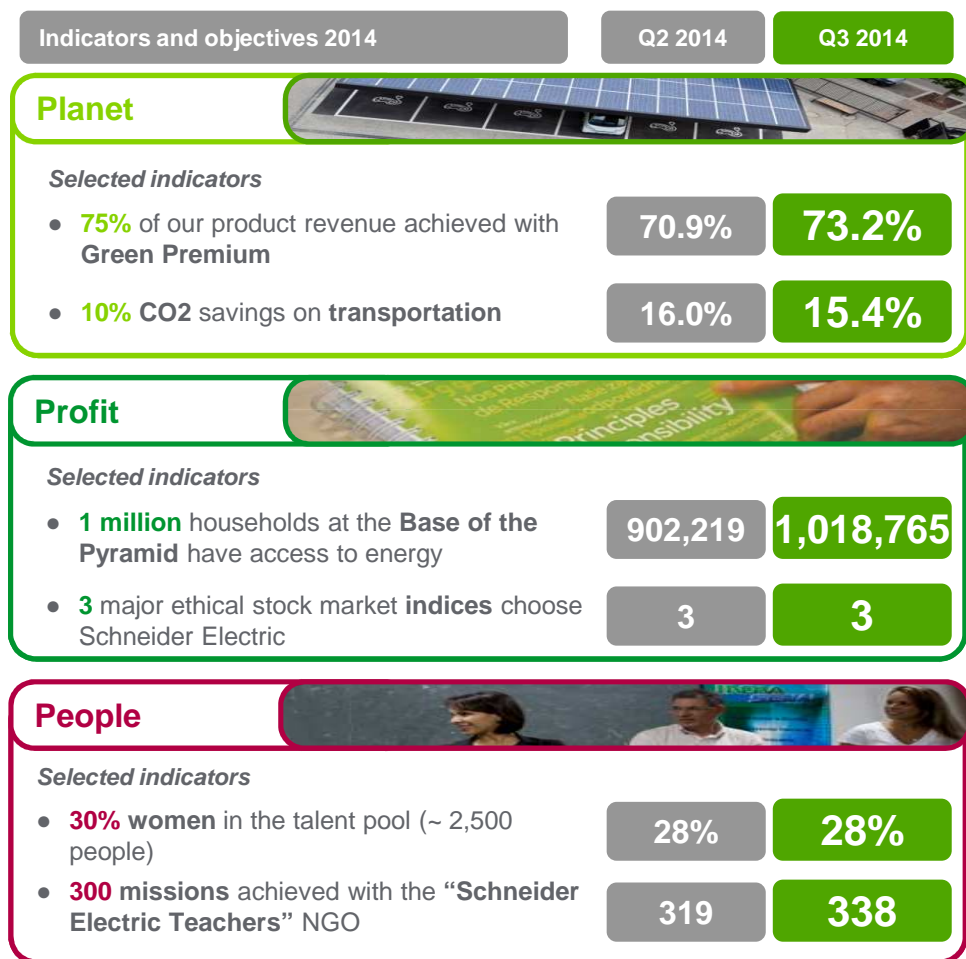


### A performing Planet & Society Barometer

- The Planet & Society Barometer shows improved results in the 3rd quarter of 2014, achieving a score of 9.20/10
- Among the 14 indicators of the Planet & Society Barometer, 8 indicators have reached their 3-year target and 5 other indicators are close to reaching them

See detailed results page 25

# Our performance and commitment are recognized



## Highlights this quarter

MEMBER OF  
**Dow Jones Sustainability Indices**  
 In Collaboration with RobecoSAM

**Dow Jones Sustainability Index (DJSI) World and Europe**  
 For the second year, Schneider Electric is “Industry Leader”



**CDP Climate Performance & Disclosure Leadership Indexes**  
 Schneider Electric scored 99/100 in disclosure and A in carbon performance among the 10% best performers



**Schneider Electric became member of Transparency International to promote business integrity**

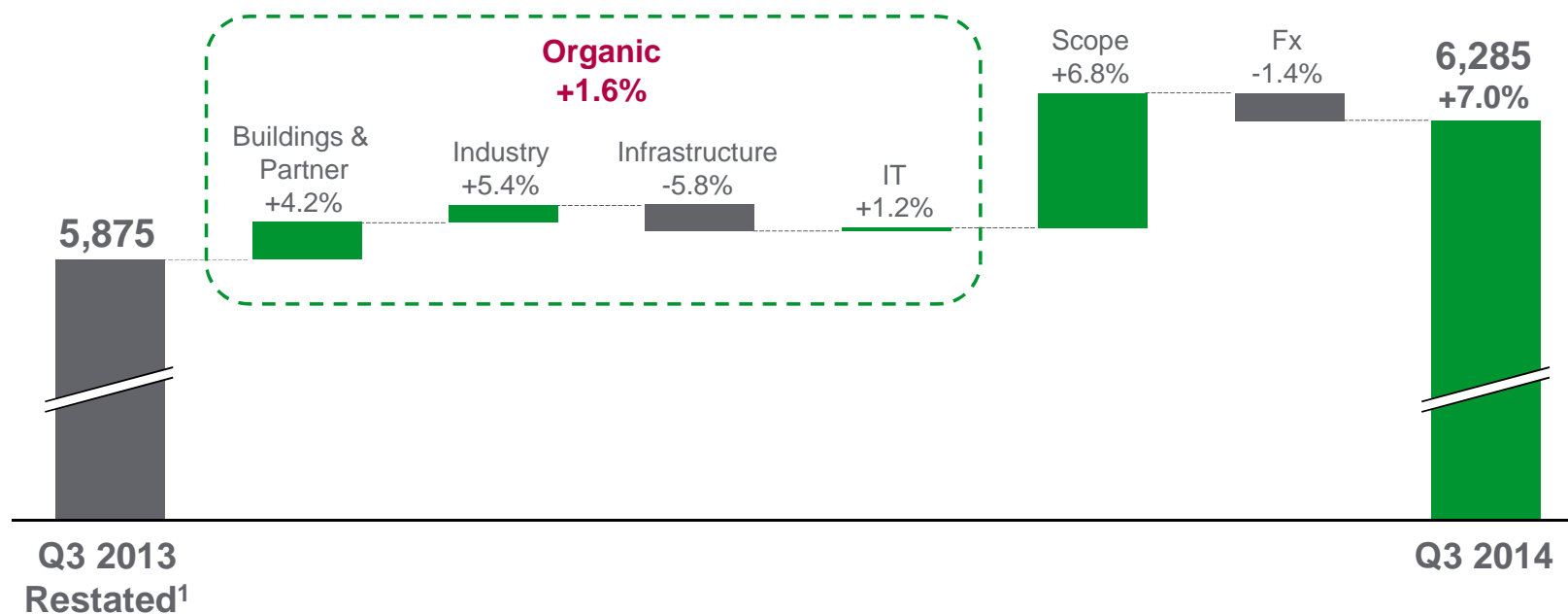
Transparency International is a leading NGO whose mission is to stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society

# Q3 Revenues by business



# Q3 organic growth led by early cycle businesses and IT improved

Analysis of change in Q3 Group revenues (in €m)

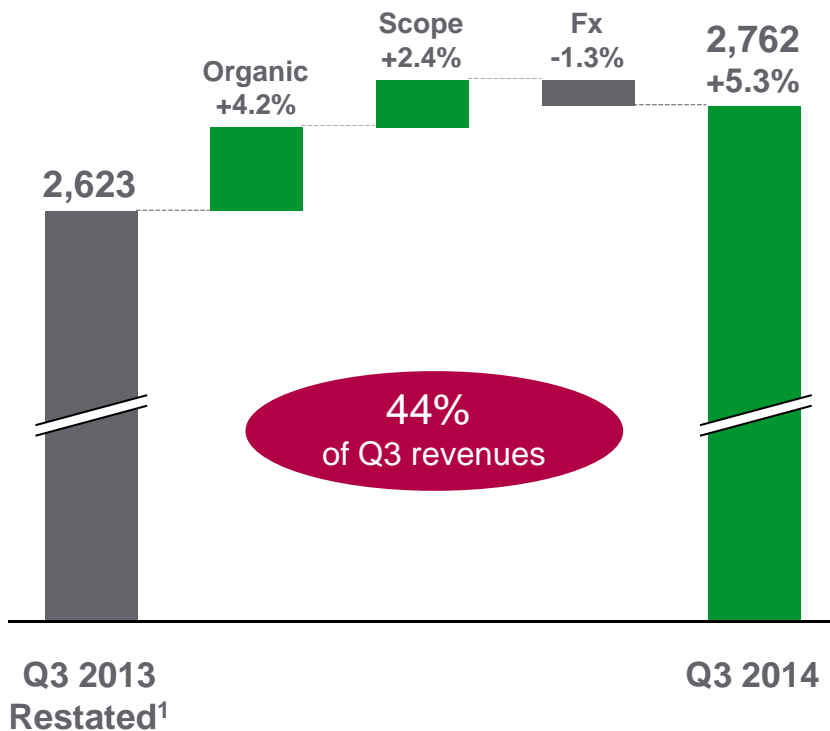


Given the recent depreciation of the euro against the dollar, the Group now expects a neutral to marginally positive impact on H2 2014 revenues and adjusted EBITA.

1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes

# Buildings & Partner kept its momentum, growing in all regions

Analysis of change in Q3 Revenues (€m)

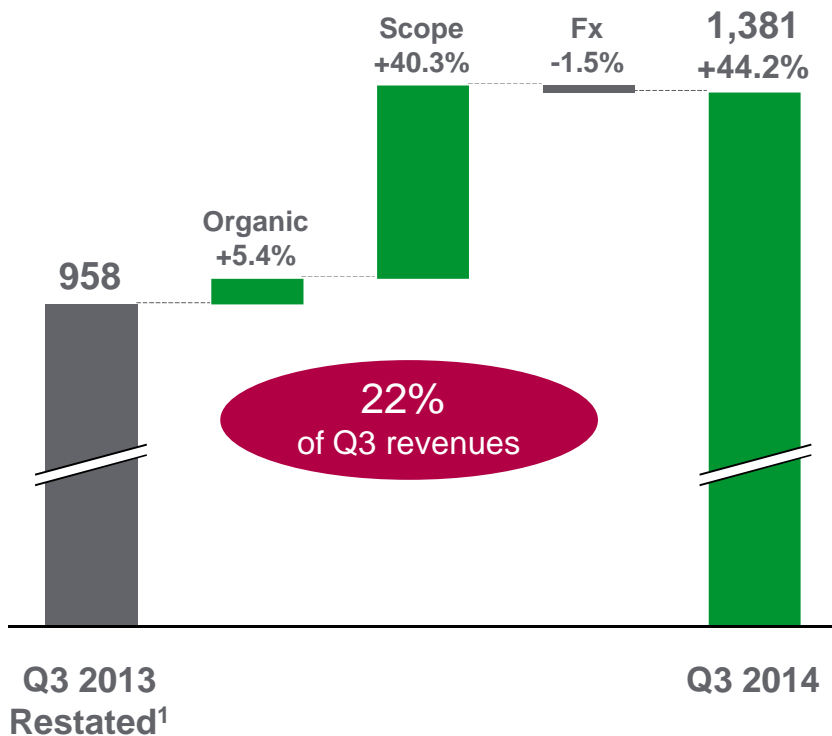


- ✓ North America was up, driven by the U.S. thanks to continued investment in the residential market and data centers and a slow recovery of non-residential construction, while Mexico remained difficult.
- ✓ Most countries grew in Asia-Pacific, with Australia turning positive thanks to a slight improvement in residential construction and project execution. China slowed down as construction market remained soft.
- ✓ Western Europe was slightly positive, as growth in Germany and the U.K. offset the softness in other countries.
- ✓ Rest of the World was solid, driven by growth in South America and continued investment in Russia and the Middle East.

1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes

# Industry led the Group growth in Q3, up +5.4% organically

Analysis of change in Q3 Revenues (€m)

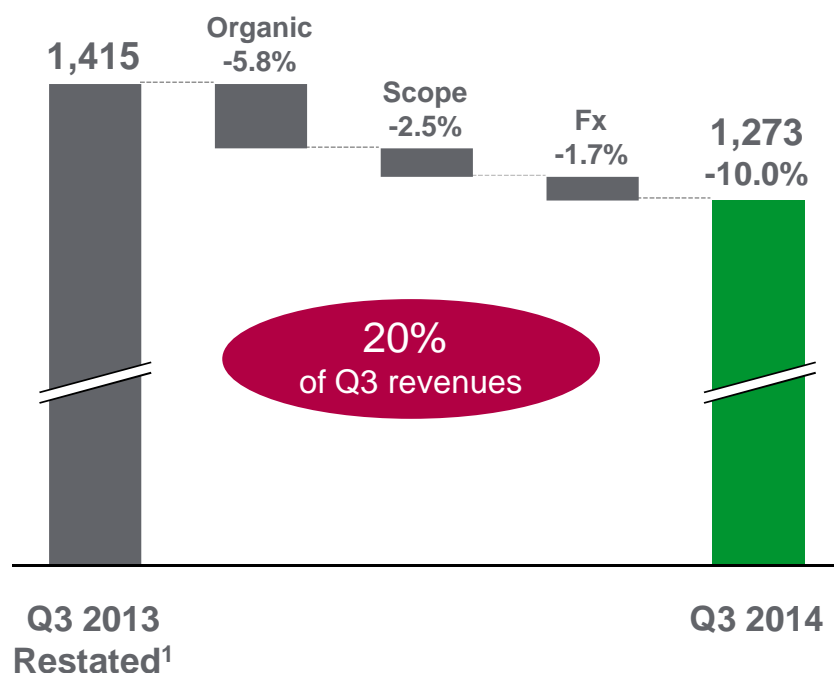


- ✓ Western Europe achieved strong growth thanks to demand from export-oriented OEMs and commercial initiatives, despite slowing industry indicators.
- ✓ North America continued to benefit from OEM demand in some segments and investments in Oil & gas projects.
- ✓ Asia-Pacific continued to grow, with China growing at a lower pace due to weak industrial activity while India and Japan performed well.
- ✓ Rest of the World performed well, thanks to strong OEM demand in Turkey, and growth in South America and Russia.

1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes

# Infrastructure revenues still impacted by weak utilities. Orders were up high single digit

## Analysis of change in Q3 Revenues (€m)

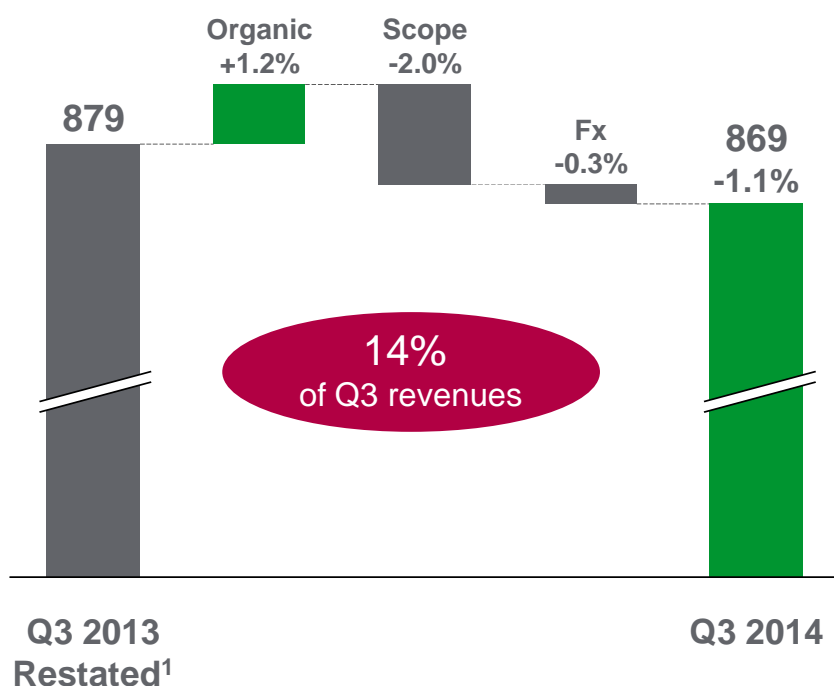


- ✓ Orders were up high single digit in the quarter, driven by long-cycle projects. The Group also sees some project delivery delays by customers due to the uncertain economic environment.
- ✓ Revenues in Western Europe continued to decline, reflecting persistent weakness in the utility market.
- ✓ North America was up. The U.S. benefited from data center and oil & gas investments. Canada was driven by oil & gas investments.
- ✓ Asia-Pacific grew thanks to project execution in Australia and South Korea. China was slightly down.
- ✓ Rest of the World declined, due to investment delays in Africa, slowdown in South America and high base in Saudi Arabia.
- ✓ Services were up double-digit.

1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes

# IT showed sequential improvement, turning positive year on year organically

## Analysis of change in Q3 Revenues (€m)



- ✓ Distributor destocking eased in Russia.
- ✓ Western Europe observed solid growth, driven by IT investments.
- ✓ In North America, revenues were down but order intake was up high-single digit. The negative impact due to investments in extra-large data centers, benefiting the Group's low and medium voltage offer, was increasingly offset by the improvement in small to mid-sized data centers.
- ✓ Asia-Pacific was flat, as the slowdown in China was offset by the growth in India and East Asia.
- ✓ Installed base services continued to grow.

1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes

# Q3 Revenues by region

# Western Europe showed signs of stabilization, though fragile. All other regions grew

% % of Group revenues in Q3  
+x% Organic growth in Q3  
+x% Total growth in Q3

✓ **North America:** The U.S. accelerated thanks to continued investments in residential construction, Oil & gas, data centers and OEM demand. Non-residential construction continued to recover at a slow pace. Canada was up, driven by investment in oil & gas offsetting the weaknesses in the residential market. Mexico was down double digit as government policy concerns continued to weigh down business confidence.

26% +2% +10%

✓ **Western Europe** showed signs of stabilization, though fragile, up marginally for the first time since Q3 2011 despite the continued weakness of the utility market. Italy posted good growth, driven by demand from OEM export. In France, industry performed well while other businesses remained weak. Germany was flat despite softening economic indicators. All other countries were about flat year-on-year.

26% 0% +8%

✓ **Rest of the World:** The region presented a mixed picture. South America posted growth thanks to successful mid-markets offers. Middle East grew benefiting from OEM and construction demand in Turkey and investment in UAE and Qatar. Russia was flat as the easing of IT distributor destocking and resilient construction markets were offset by large utility project delays due to limited financing. Africa was still impacted by investment delays in Infrastructure.

19% +1% +3%

✓ **Asia-Pacific:** The region grew at a similar pace as in the previous quarter, yet seeing mixed trends. China posted low single digit growth, experiencing a slowdown notably due to the continued soft construction market, weakness in some industry markets and a decrease of the IT business due to high comparison basis. India and South East Asia saw a pick-up in growth, reflecting an improvement in the business confidence. Australia continued to grow thanks to a slight improvement in the residential construction market and project execution in commercial buildings and oil & gas. Japan posted good growth.

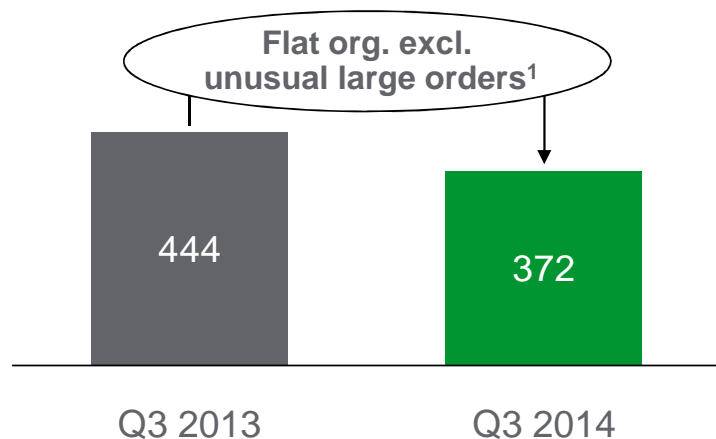
29% +3% +7%

# Invensys update

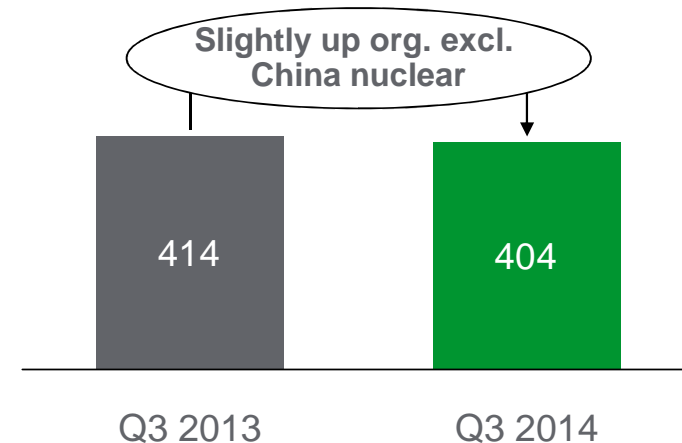


# Good performance at Invensys. Integration on track

Order intake (€m)



Revenues (€m)



<sup>1</sup>. Include China Nuclear change order and Indian large project

- ✓ Underlying orders were flat this quarter adjusted for unusual large orders in Q3 2013. Industrial Automation orders up, driven by North America and Asia-Pacific
- ✓ Invensys revenues were slightly up in Q3 adjusted for the phasing of revenue recognition of the China nuclear project. The Software business continued to perform well.
- ✓ China nuclear project is progressing well as first reactor is connected to grid and started producing electricity
- ✓ Synergies execution on track. Confirming 2014 targeted cost synergies

# Full year 2014 Targets

# 2014 targets maintained

> In the third quarter, the Group saw a fragile stabilization in Western Europe, improvement in North-America compensating the slowdown in China and a mixed picture in other new economies. In a globally challenging environment, the Group's early cycle businesses continued to grow, IT turned slightly positive, Infrastructure remained difficult.

In this environment, the Group continues to focus on its priorities and maintains its 2014 targets:

- > Low single-digit organic growth in revenue;
- > 0.4 pt to 0.8 pt improvement of the adjusted EBITA margin vs. the 2013 pro-forma level<sup>1</sup> of 13.9%, excluding the currency impact. The negative currency impact is currently estimated at approximately 0.4 pt

*1: The Proforma includes the calendarized 2013 results of Invensys, the restatement due to the reclassification of CST in discontinued operations, the full consolidation of Delixi (previously consolidated proportionally at 50%) and some additional scope adjustments*

# Appendices

# Definitions

- EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill
- Adjusted EBITA: EBITA before restructuring and other operating income and expenses

# Q3 2014 revenues performance

€m	Q3 2013 <sup>1</sup>	Q3 2014	Organic	Scope	FX	Reported
<b>Buildings &amp; Partner</b>	2,623	2,762	+4.2%	+2.4%	-1.3%	+5.3%
<b>Industry</b>	958	1,381	+5.4%	+40.3%	-1.5%	+44.2%
<b>Infrastructure</b>	1,415	1,273	-5.8%	-2.5%	-1.7%	-10.0%
<b>IT</b>	879	869	+1.2%	-2.0%	-0.3%	-1.1%
<b>Group</b>	<b>5,875</b>	<b>6,285</b>	<b>+1.6%</b>	<b>+6.8%</b>	<b>-1.4%</b>	<b>+7.0%</b>

€m	Q3 2013 <sup>1</sup>	Q3 2014	Organic	Reported
<b>Western Europe</b>	1,538	1,656	0%	+8%
<b>Asia-Pacific</b>	1,699	1,818	+3%	+7%
<b>North America</b>	1,483	1,625	+2%	+10%
<b>Rest of the World</b>	1,155	1,186	+1%	+3%
<b>Group</b>	<b>5,875</b>	<b>6,285</b>	<b>+1.6%</b>	<b>+7.0%</b>

*1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes*

# 9M 2014 revenues performance

€m	9M 2013 <sup>1</sup>	9M 2014	Organic	Scope	FX	Reported
<b>Buildings &amp; Partner</b>	7,708	7,864	+3,8%	+2.3%	-4.1%	+2.0%
<b>Industry</b>	2,895	4,085	+5.2%	+40.1%	-4.2%	+41.1%
<b>Infrastructure</b>	4,043	3,637	-6.4%	+0.3%	-3.9%	-10.0%
<b>IT</b>	2,565	2,399	-0.9%	-2.1%	-3.5%	-6.5%
<b>Group</b>	<b>17,211</b>	<b>17,985</b>	<b>+0.9%</b>	<b>+7.6%</b>	<b>-4.0%</b>	<b>+4.5%</b>

€m	9M 2013 <sup>1</sup>	9M 2014	Organic	Reported
<b>Western Europe</b>	4,702	4,930	-2%	+5%
<b>Asia-Pacific</b>	4,937	5,100	+4%	+3%
<b>North America</b>	4,284	4,533	0%	+6%
<b>Rest of the World</b>	3,288	3,422	+2%	+4%
<b>Group</b>	<b>17,211</b>	<b>17,985</b>	<b>+0.9%</b>	<b>+4.5%</b>

*1: Q3 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes*

# H2 2013 Restated<sup>1</sup> Figures by division

€m	Buildings & Partner	Industry	Infrastructure	IT	Corporate Costs	Group
Revenues	5,270	1,931	3,100	1,756		<b>12,057</b>
EBITA Adj.	1,002	368	369	361	-247	<b>1,853</b>
EBITA Adj. Margin (%)	19.0%	19.1%	11.9%	20.6%		<b>15.4%</b>

*1: H2 2013 figures were restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes*



# The Planet & Society Barometer

Our 2012-2014 detailed sustainability scorecard, as of Q3 2014

The Planet & Society Barometer (objectives for 2014)		Start 01/2012	Results Q2 2014	Results Q3 2014	Target 12/2014		
Overall score (out of 10)		3.00	8.85	9.20	8/10		
Planet	Carbon		10% CO <sub>2</sub> savings on transportation	16.0%	15.4%	10%	
	Products & Solutions		75% of our product revenue achieved with Green Premium	63%	70.9%	73.2%	75%
	Energy		10% energy consumption savings	-	10.5%	12.8%	10%
Profit	Green growth		7 pts growth revenue with EcoXperts above Group growth revenue	-	10.47 pts	10.47 pts	7 pts
	Access to Energy		1 million households at the Base of the Pyramid have access to energy	0	902,219	1,018,765	1,000,000
	Suppliers		90% of our recommended suppliers embrace ISO 26000 guidelines	0	37.7%	42.9%	90%
	Governance		3 major ethical stock market indices choose Schneider Electric	3	3	3	3
	Best practices		300 sites recognized "Cool sites"	0	255	290	300
People	Safety		30% reduction in the Medical Incident Rate (MIR)	-	61%	62%	30%
	Engagement		63% result in our Employee Engagement Index <sup>1</sup>	-	61%	61%	63%
	Diversity		30% women in the talent pool (~ 2,500 people)	23%	28%	28%	30%
	Training		1 day of training for each employee every year	-	63%	63%	100%
	Access to energy		30,000 people at the BoP trained in energy management	0	44,544	50,050	30,000
	Communities		300 missions achieved with the "Schneider Electric Teachers" NGO	0	319	338	300

The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter. The colour shows if the indicator is above or below the objective of 8/10. 1: New objective set in January 2014

# Contacts & agenda

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February 19, 2015

Full-year 2014 Results and 2015 Investor Day

**Make the most of your energy<sup>SM</sup>**

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