

JP Morgan European Capital Goods CEO Conference 2015

Jean-Pascal Tricoire, Chairman and CEO

June 11, 2015





A technology company with strong foundations



We are the global specialist in energy management and automation

€25 billion

FY 2014 revenues

~5%

of revenues devoted to R&D

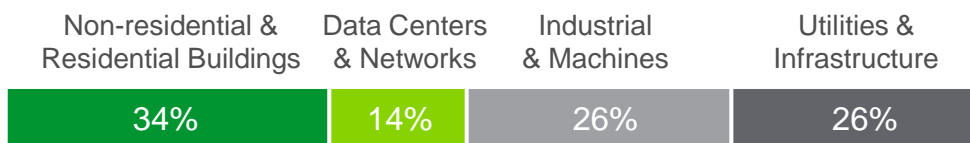
43%

of revenues in Solutions

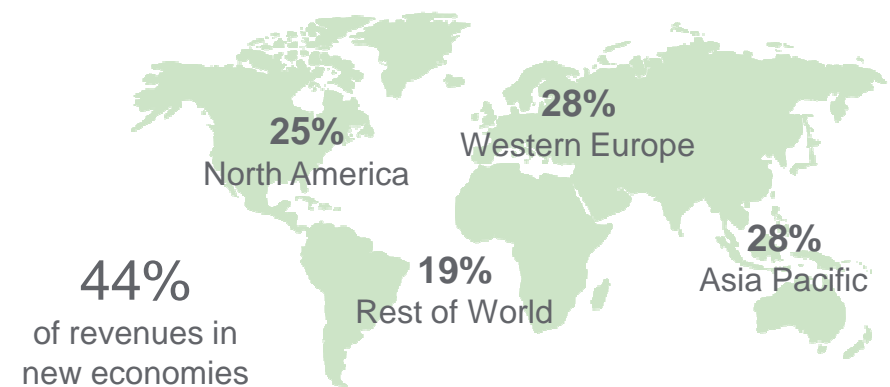
~170,000

people in 100+ countries

DIVERSIFIED END MARKETS – FY 2014 revenues



BALANCED GEOGRAPHIES – FY 2014 revenues



Four globally leading and focused businesses



BUILDINGS & PARTNER

KEY TECHNOLOGY

Low Voltage & Building Automation

FY 2014 REVENUES

€10.8 billion (43%)

WORLDWIDE POSITION

#1

GLOBAL COMPETITORS

ABB, Eaton, Legrand, Siemens



INFRASTRUCTURE

KEY TECHNOLOGY

Medium Voltage Grid Automation

FY 2014 REVENUES

€5.3 billion (21%)

WORLDWIDE POSITION

#1

GLOBAL COMPETITORS

ABB, Siemens



INDUSTRY

KEY TECHNOLOGY

Discrete & Process Automation

FY 2014 REVENUES

€5.6 billion (22%)

WORLDWIDE POSITION

#2 (Discrete)
#4 (Process)

GLOBAL COMPETITORS

ABB, Emerson, Rockwell, Siemens



IT

KEY TECHNOLOGY

Critical Power & Cooling

FY 2014 REVENUES

€3.4 billion (14%)

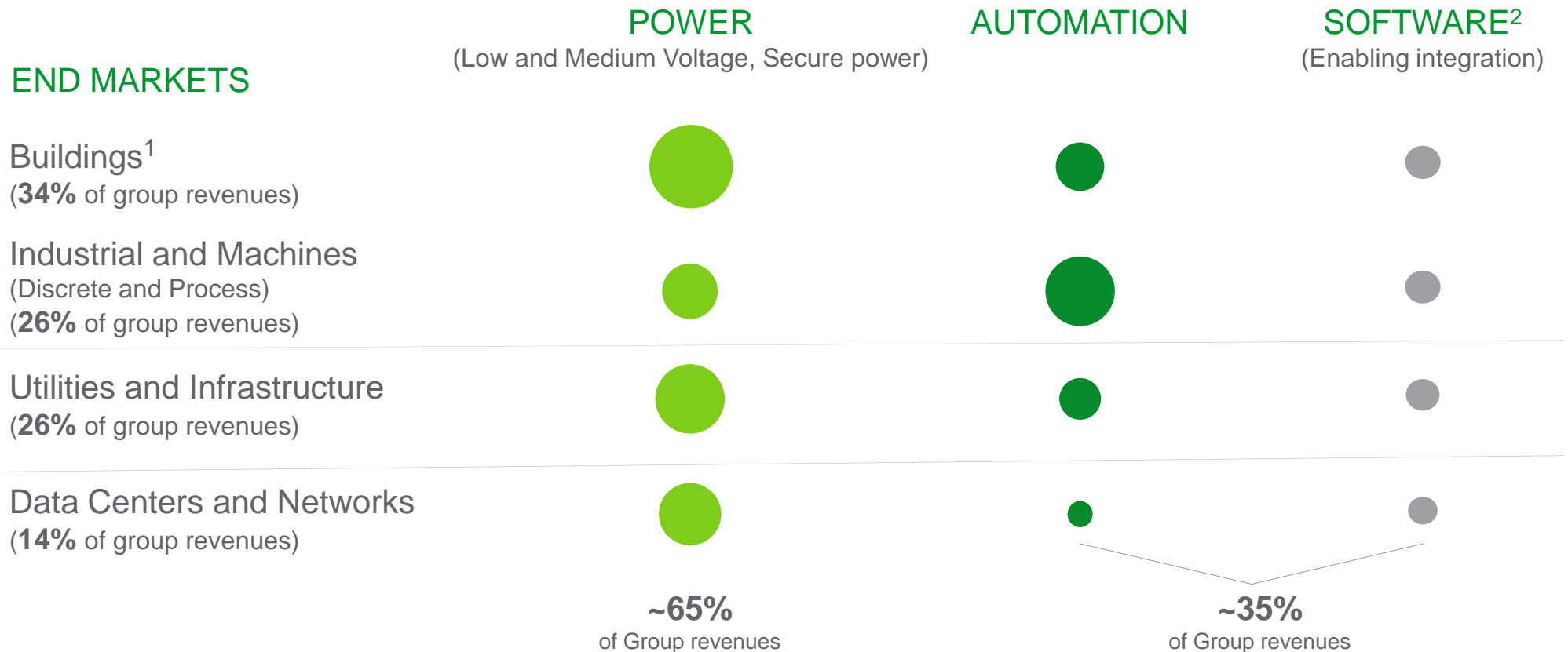
WORLDWIDE POSITION

#1

GLOBAL COMPETITORS

Eaton, Emerson

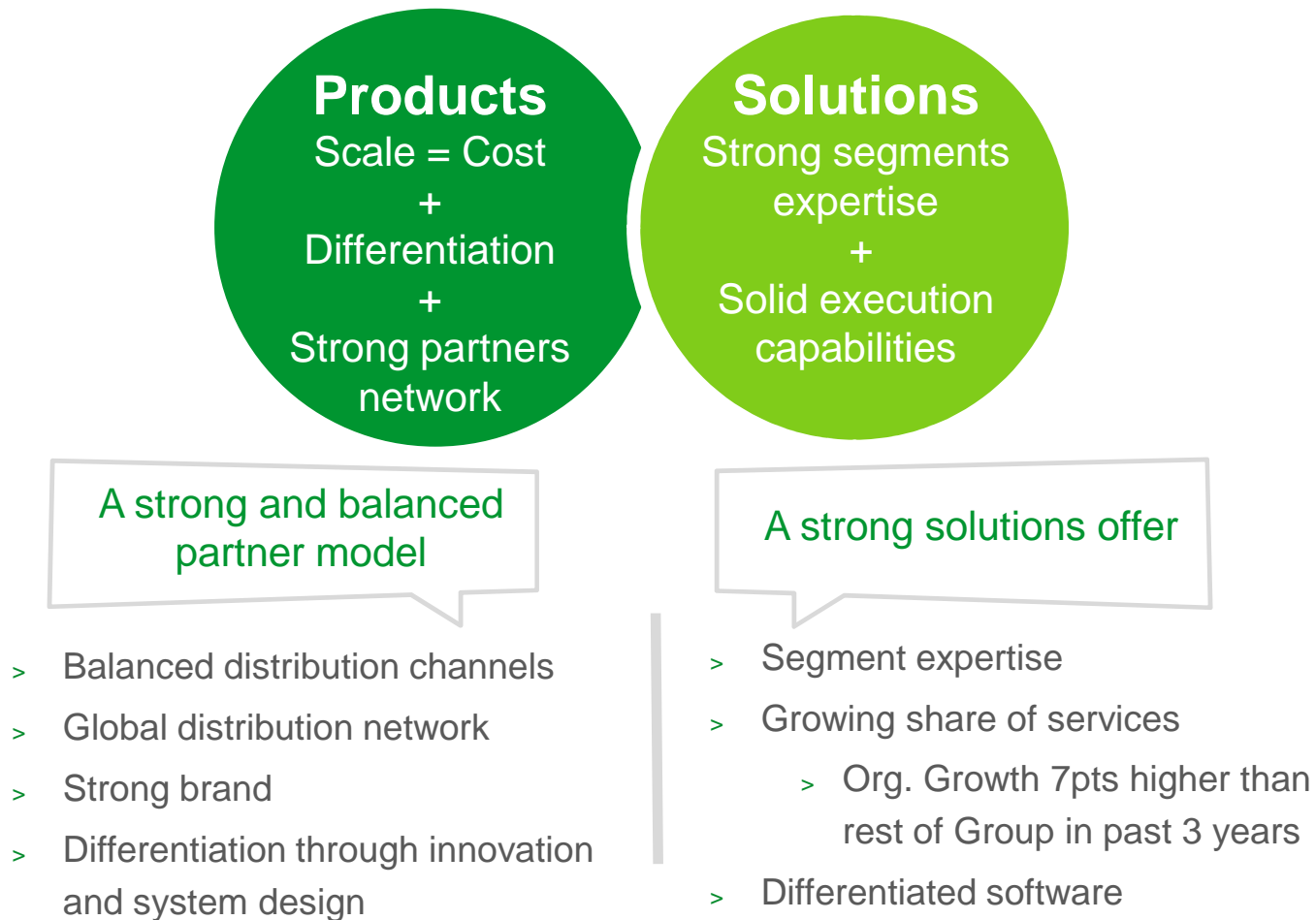
An integrated portfolio, to deliver complete bundles and solutions



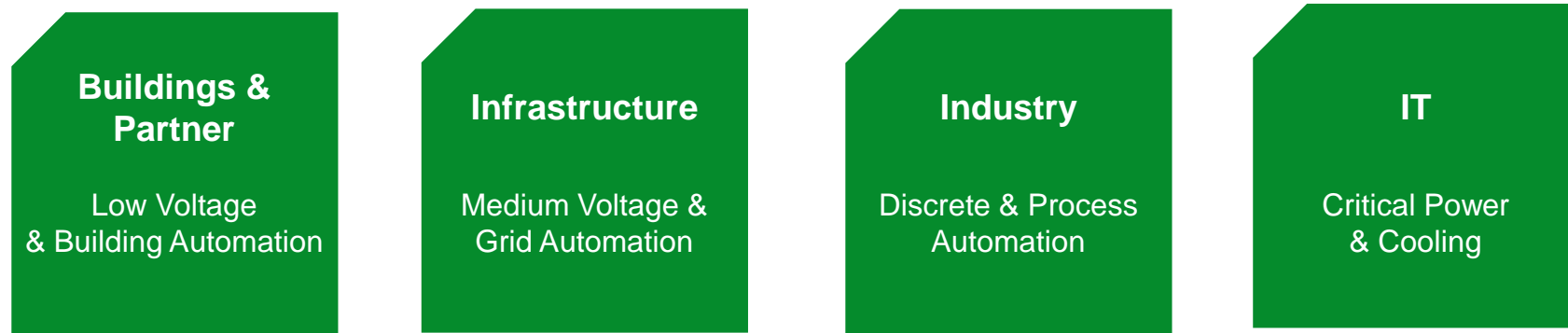
¹ Including residential and non-residential buildings

² Including standalone software

An integrated business model

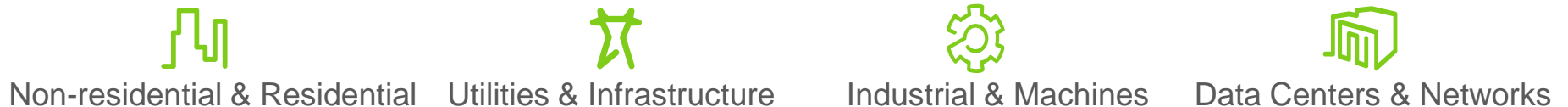


An integrated commercial setup, to supply more to each customer in each country



Structured commercial setup in each country to drive cross selling and maximize coverage

Deliver value to the customer



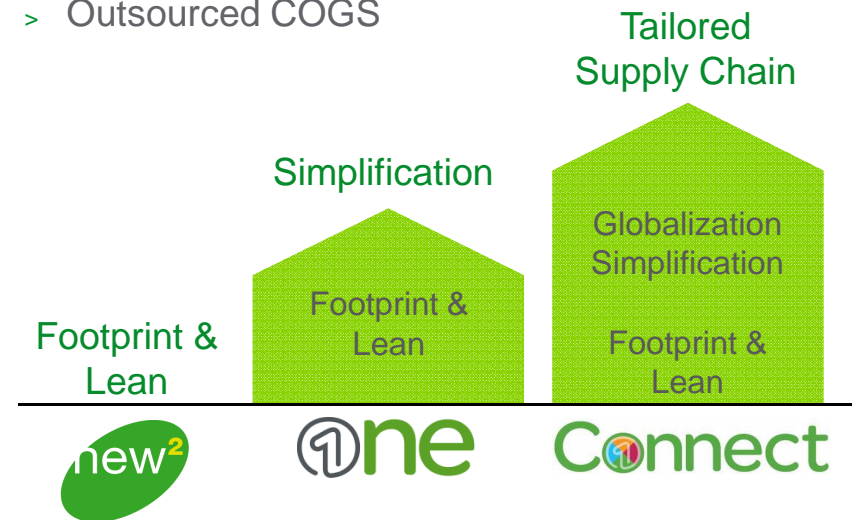
An integrated and globalized supply chain to enable delivery of full offer and all synergies from scale

KEY FOCUS

- > Increase customer satisfaction
- > Continue to improve cash efficiency
- > Deliver industrial productivity

STRONG RESULTS OVER THE PAST 10 YEARS

- > €3bn productivity delivered over past 10 years
- > Low CAPEX
- > Outsourced COGS



A high technology investment, for innovation and differentiation

A TECHNOLOGY COMPANY

- > c. 11,000 R&D engineers, c. 10,000 application and software engineers
- > 20,000 patents active or in application worldwide, >500 filed in 2014

- > With recognized innovations

Recognized highest ranking DCIM solution in Gartner Magic Quadrant (Oct 2014)



M580: World's first ePAC with built-in ethernet

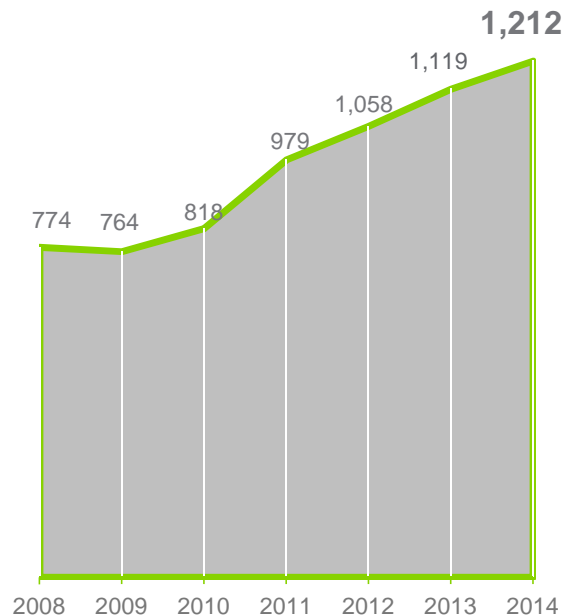
&

Machine Solution – NEXT Controller Generation



R&D INVESTMENT

- > ~5% of sales devoted to R&D



AN ECOSYSTEM FOR OPEN INNOVATION

Partnering with 50+ best-in-class public and private organisations



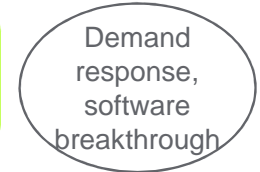
Leading global projects for Intelligent buildings, renewables,



Boosting Standardisation Zigbee, IEC, NEMA



Funding start-ups Aster Capital fund



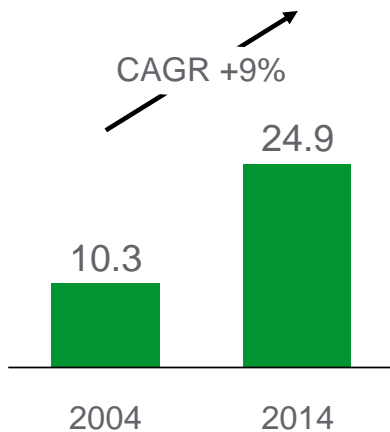


Focusing on execution and value creation



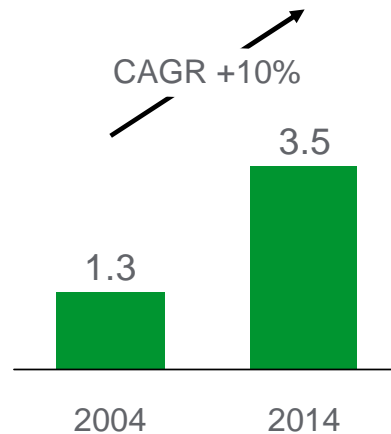
A solid track record to deliver profitable growth through focused execution

REVENUES
(Billion €)



Benefit from balanced geography & complementary business model

ADJUSTED EBITA
(Billion €)



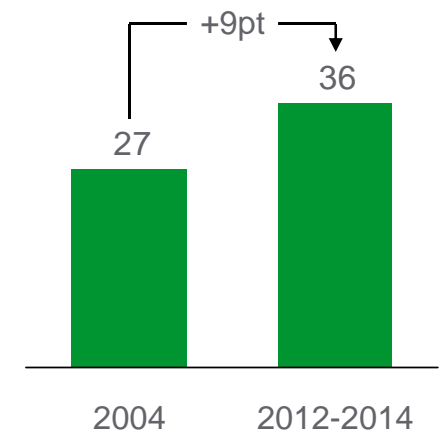
Resilient adj. EBITA margin from 13% –16%

FREE CASH FLOW
(Average, Billion €)



Predictable cash generation: over 100% cash conversion from Net income in past 10 years

RETURN ON ASSETS¹
(%)



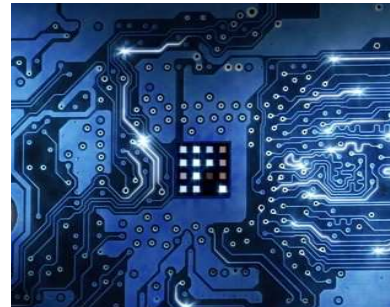
Continuing to improve asset efficiency

¹ Calculated on operational assets = property, plant, and equipment + inventories+ trade receivables – trade payables.

“Schneider is on” is focused on further creating value for customers and shareholders



Schneider is On
Engaging customers. Empowering possibility.



 **DO MORE**

Create more opportunities for our customers... and for ourselves

 **SIMPLIFY**

Simplifying our work makes the difference to customers

 **DIGITIZE**

Digitize for our customers, for efficiency and simplicity

 **INNOVATE**

Innovation to make our customers' lives simpler and better

 **STEP UP**

Our customers get great service because great people work at Schneider

Strengthen product leadership, establish excellence in targeted segments



MORE INTEGRATED OFFERS



Infrastructure

Example: E-House integrating Low and Medium-voltage electric distribution



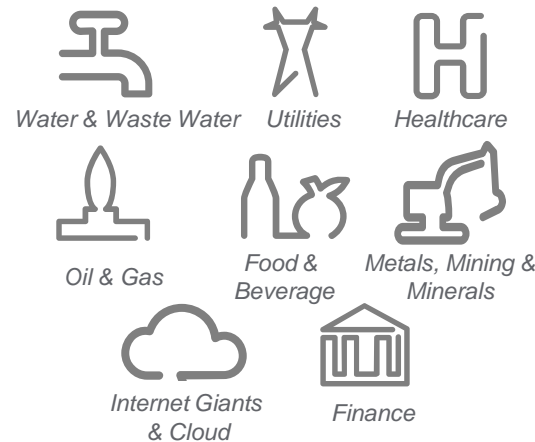
Datacenters

Example: Prefabricated datacenter modules with power, cooling & IT modules, integrated with Schneider modular MV & LV switchgear



MORE COMPLETE SOLUTIONS FOR TARGETED END-MARKETS

Targeted segments focus



Example: Water

Water-loss management software



Automation & control



Electric distribution



Secure power



Safety



Accelerate software and service business

 DO MORE

MORE SOFTWARE

 **10,000+** application and software engineers

 **Leading** Software suites in our end-markets

Technology area

- Process Engineering & Optimization
- Planning & Scheduling
- Operations Execution Mgt
- Asset Management
- Operations Control
- Information Management

Leading software suites



MORE SERVICES

Outgrew **+7pts** rest of group on average during past 3 years

 **10,000+** Highly skilled experts

Our execution focus:



Consistent Project Execution for our customers

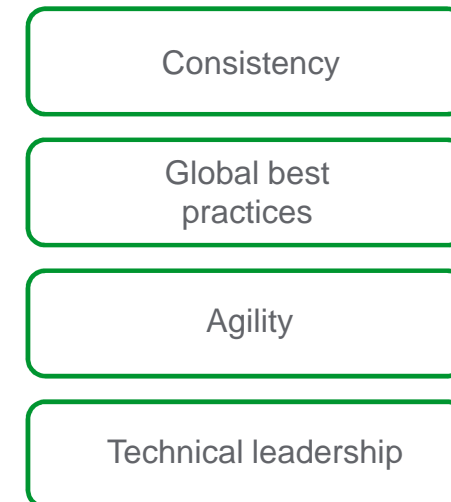


SCHNEIDER ELECTRIC/ ENERGOBIT CONSORTIUM EPC PROJECT IN ROMANIA

- Strong cooperation within Schneider Electric to secure customer satisfaction
- Best practices from project on grid connection to wind farms shared throughout Schneider Electric
- Technical leadership in providing complete solution from the grid connection to the windmills



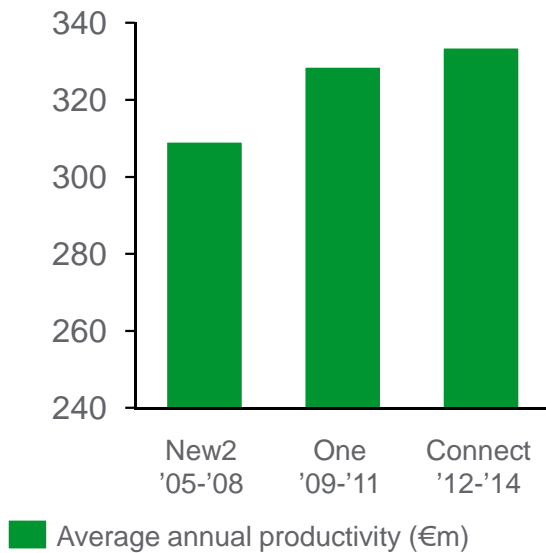
CONSISTENT PROJECT EXECUTION



Simplify our operations for enhanced efficiency



KEEP HIGH INDUSTRIAL PRODUCTIVITY



SIMPLIFYING OUR OPERATIONS

- > Simplify management set-up
- > Make company leaner
- > Optimize R&D efficiency and solution execution
- > Increase focus and prioritization
- > Increase sales force efficiency

~**€1.4-1.5bn** of costs savings targeted by 2017 through industrial productivity and SFC savings

Free up resources for reinvestment

Digitize for our customers, for efficiency and simplicity



DIGITAL CUSTOMER EXPERIENCE

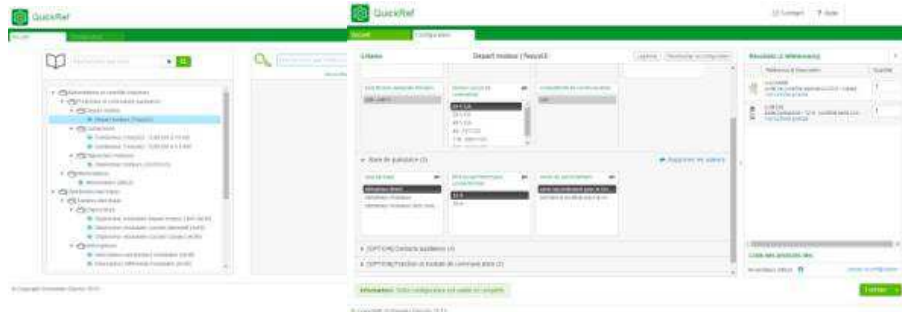
For customers



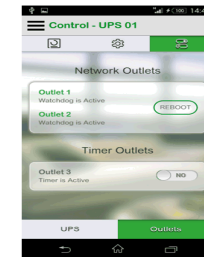
Mix & match App

For distributors

Quick ref. App



CONNECTED OFFERS



Improved customer experience

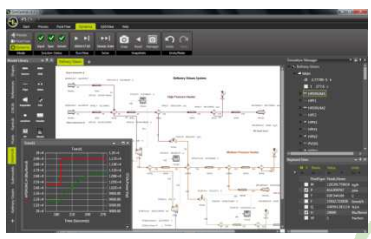
- > Simple installation and registration to the cloud
- > Instant power disturbance notification
- > Ability to respond remotely to critical events
- > Easier diagnostic and technical support

Innovate to support our growth and improve our customer lives






FASTER AND MORE TARGETED PROGRAMS

- Most advanced process simulation solution:
- > Market ready – co-designed with key customers,
 - > Efficiency ready – from design to operations
 - > Cloud ready – low TCO¹ and built-in collaboration.

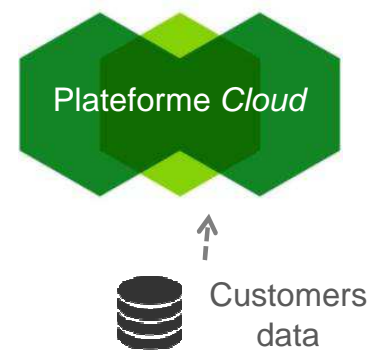


EASIER INSTALLATION AND USAGE

-  Wireless and connected devices
-  Optimization algorithms in the cloud to enhance performance
-  Real-time alerts and analysis

MORE SERVICES

A complete offer based on the cloud



¹ Total cost of ownership

With this program, we continue to focus on profitable growth and ROCE improvement

TARGETING 3 TO 6% ORGANIC GROWTH THROUGH THE CYCLE

MATURE MARKETS

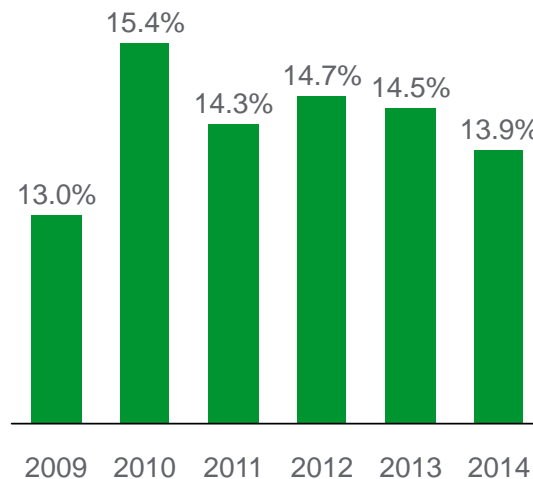
- > Renovation
- > Digitization
- > Efficiency

NEW ECONOMIES

- > Urbanization
- > Industrialization
- > Digitization

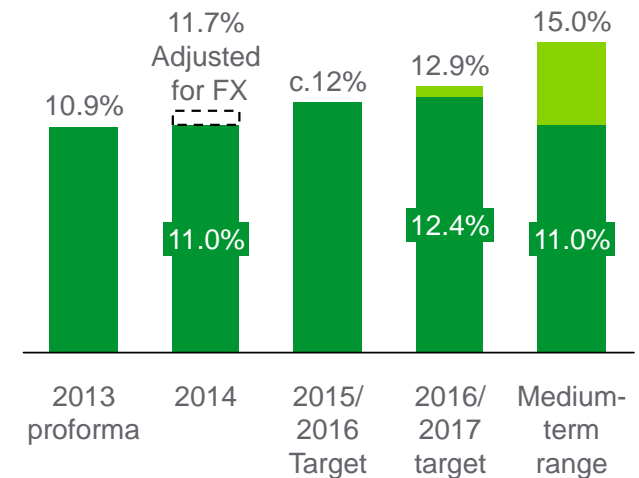
- > More Energy Management
- > More Digitization
- > More Automation

LONG-TERM ADJUSTED EBITA RANGE CONFIRMED AT 13-17%



WE FOCUS ON ROCE IMPROVEMENT

- > We aim to come back to ROCE pre-Invensys level (c. 12%) by 2015/2016
- > 1.5-2pt¹ improvement in ROCE by 2016/2017



1 from the level of the 2013 proforma

We are targeting strong returns for our shareholders

STRONG EPS GROWTH IN THE NEXT
COMPANY PROGRAM



SHARE BUYBACKS
(€1.0 to 1.5bn in next 2 years)



PROGRESSIVE DIVIDEND
WITH c. 50% PAYOUT FROM NET INCOME



We are targeting
strong returns for our
shareholders



Full year 2015 Targets



2015 targets

> Q1 performance is broadly in line with our expectations, with the stabilization in Western Europe, favorable construction market in North America and weakness in China. Despite the impact in Q1 of the change in date of fiscal year closing, Invensys is expected to contribute to the Group performance on a full year basis. Therefore the Group confirms its 2015 targets:

- > Low single-digit organic growth in revenues
- > Adjusted EBITA margin at 14-14.5% assuming no negative FX impact on margin

The background features a white central area with abstract green shapes. A large, light green triangle points downwards from the top right. A dark green triangle points upwards from the bottom right. These two triangles overlap in the center, creating a white diamond shape. The text 'HELP PEOPLE MAKE THE MOST OF THEIR ENERGY' is centered within this white diamond.

HELP PEOPLE MAKE THE MOST OF THEIR ENERGY