Schneider Electric at a glance

March 2014
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 Reference 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 the 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.
We are the global specialist in energy management and efficiency technologies

25 billion € revenue (FY 2013)

4–5% of sales devoted to R&D

43% of revenue in new economies (FY 2013)

160,000+ people in 100+ countries

Balanced geographies – FY 2013 revenue

Balanced end markets – FY 2013 revenue

1 Pro-forma basis including LTM Sep 2013 revenue from Invensys
2 As of February 2014 (including Invensys)
We have built worldwide leadership in 4 sizable and integrated businesses

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Buildings &amp; Partner</th>
<th>Infrastructure</th>
<th>Industry</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of FY 2013 Revenue 1</td>
<td>€10.2 bn (40%)</td>
<td>€5.7 bn (22%)</td>
<td>€6.0 bn (24%)</td>
<td>€ 3.4 bn (14%)</td>
</tr>
<tr>
<td>Key technology</td>
<td>Low Voltage &amp; Building Automation</td>
<td>Medium Voltage Grid Automation</td>
<td>Discrete &amp; Process Automation</td>
<td>Critical Power &amp; Cooling</td>
</tr>
<tr>
<td>Worldwide Position</td>
<td># 1</td>
<td># 1</td>
<td># 2 (Discrete)</td>
<td># 1</td>
</tr>
<tr>
<td>Worldwide Competitors</td>
<td>ABB Eaton Legrand Siemens</td>
<td>ABB Siemens</td>
<td>ABB Emerson Rockwell Siemens</td>
<td>Eaton Emerson</td>
</tr>
</tbody>
</table>

1 Pro-forma basis including LTM Sep 2013 revenue from Invensys
We have a solid operating model, with technologies relevant across 4 end markets:

- **Non-residential & Residential**: 34% of FY 2013 Revenue
- **Utilities and infrastructure**: 27%
- **Industrial & Machines**: 25%
- **Data centers & networks**: 14%

### Technologies
- **Buildings & Partner**: Low voltage & building automation
- **Infrastructure**: Medium voltage & Grid automation
- **Industry**: Discrete & Process Automation
- **IT**: Critical power & Cooling

1. Pro-forma basis including LTM Sep 2013 revenue from Invensys

(Schneider Electric – Investor Relations – Schneider Electric at a Glance – March 2014)
Our footprint is global and balanced

North America

- Revenue: €6.4bn (2013)

Western Europe

- Revenue: €4.1bn (2013)

Asia Pacific

- Revenue: €7.1bn (2013)

Rest of World

- Head count: 34,100 (2003) 53,000 (2013)
- Revenue: €5.0bn (2013)

43% of revenue in new economies (FY 2013²)

1 Published restated to reflect country-market view;
2 Pro-forma basis including LTM Sep 2013 revenue for Invensys
3 Including Invensys, excluding Delixi and Fuji

We maximize growth with two strong and complementary business models

**Product**
- Scale & pricing power
- Limited presence

**Solution**
- Low capital intensity & service opportunity
- Differentiation through Technologies that can be combined and integrated

- Segment leadership
- Differentiated software
- Comprehensive service

Customer intimacy feeding continuous innovation and differentiation

Distributors and direct partners
- Recognized brand
- Full global coverage
- Worldwide partner network

End-users and Direct partners

<table>
<thead>
<tr>
<th>Year</th>
<th>Solution Revenue</th>
<th>Product Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>€8.8bn</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>€23.6bn</td>
<td></td>
</tr>
</tbody>
</table>

Limited presence

1. Full year 2013 revenue (excluding Invensys)
2. Schneider Electric solution revenue only, pending Invensys solution split

We continuously invest in innovation

**R&D spend**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>774</td>
</tr>
<tr>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,145</td>
</tr>
</tbody>
</table>

**Product Innovation**
- More connectivity
- Mid-market offers
- Energy efficiency

**Solution Innovation**
- Embedding interoperability
- Leveraging connectivity and software to build our service offer
- Developing our platform strategy
- Operational intelligence
Sustainable development is part of our DNA

**Solutions for Efficiency**
- Active Energy efficiency, Energy management & Sustainability services
- Smart grid (renewable, flexible distribution, electric vehicle, demand response)
- Smart cities

**Ethics & Responsibility**
- Business practices
- Products and sites
- Employees
- Communities

**Solutions for the energy gap**
- Fostering energy access
  - Spreading access to reliable, affordable and clean energy through a combined approach of training, offers, business models and investment
- Fighting fuel poverty

**A measured commitment: The Planet & Society Barometer**
- Measuring sustainability
- Communicating quarterly
- Auditing annually by a third party

**2013 awards**
- #10 in the Global 100 most Sustainable Corporations in the world

Schneider Electric – Investor Relations – Schneider Electric at a Glance – March 2014
With Invensys, we enhance our portfolio and position ourselves for further growth

**Strategic fit and synergic deal**

1. Reinforce industrial automation capabilities
2. Boost our positions in key electro-intensive segments
3. Strengthen software for customer operational efficiency

**Smooth deal closing and successful start of integration**

- Closing time in line with expectation
- Divested Appliance business Well prepared for integration
- Flexibility from agreement with Trustee of UK pension Scheme

**Synergies confirmed**

€140m of total cost savings by 2016
€65m of revenue synergies by 2018
€500m of tax shield

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1 Impact on adjusted EBITA
Solutions
Solutions answer to customer needs and provide additional growth opportunities

There is a pressing market need for …

- Efficient buildings
- Flexible and green electrical grids
- Evermore cost effective plants
- Efficient and reliable data centers

… that cannot be addressed only with products

Schneider Electric has …

- The **best product bricks** that can be assembled into efficient systems
- Leadership in the **key technologies** of energy management and automation
- The **integration and service skills** that end-customers lack more and more
- A **focused organisation** with segment specific **expertise**
Solution business at a glance

9.5 € bn Solution revenue in 2013\(^1\)

40% of Group 2013 revenue

Solution share within each business

- Buildings & Partner: 27%
- Infrastr.: 68%
- Industry\(^1\): 21%
- IT: 54%

Solution revenue by type of offers

- Services: ~75%
- Systems: ~25%

Business contribution to Group solution revenue

- IT: 20%
- Buildings & Partner: 29%
- Industry: 11%
- Infrastructure: 40%

1: Excluding Invensys
We set the course for solution excellence

Solution margin (2011 baseline) (€m and % of sales)

Revenue
Adjusted EBITA (before corporate cost)

8,372
9%
margin

Operational Assets Efficiency¹ (2011 baseline)

Solutions

Products

30% more efficient

More improvement expected

Lower EBITA margin partly offset by better operational assets efficiency

Services to outgrow rest of group by 5 points

At least 2 points improvement of the adjusted EBITA margin by 2014

+ At least 20% improvement of the operational assets efficiency through mix and WCR optimization

Solution ROA to reach the same level as Product ROA

¹ Operational asset efficiency = Operational Assets / Revenue, internal estimates
Operational Assets = Property, Plant and Equipment + Inventories + Trade receivables – Trade payables
Across-the-cycle financial targets
Our business model lies on strong fundamentals

Market structure
- Multiple accesses to markets
- Pricing power

Cost structure
- Flexible & resilient
- Cost competitive
- Low capital intensity

Diversified end markets & balanced geographies

Unique positioning

Profitable growth
Strong and sustainable cash generation
We are a company with strong growth drivers

Across the cycle
organic growth drivers

World GDP + 3 points
Urbanization
Industrialization
Digitization

Across the cycle
profit drivers

Adjusted EBITA 13% - 17%

+ Industrial productivity
   Acquisition synergies
   R&D efficiency

- Cost inflation (labour, raw materials…)
  Mix effects

Cash focus: target a conversion of 100% of our net income in free cash flow

ROCE 11% - 15%

Key company priorities are on profitable growth, cash conversion and capital efficiency

1 Proforma including Invensys last 12 months revenue to September 2013

Reference is world real GDP growth at market FX
Connect financial targets & Capital efficiency targets
Connect company program achievements and updated 2014 targets

<table>
<thead>
<tr>
<th>2012-2013 achievement</th>
<th>2014 target (updated, excluding Invensys)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service growth rate</strong></td>
<td>Outgrow rest of group by average 7 points (on organic basis)</td>
</tr>
<tr>
<td><strong>Solutions EBITA</strong></td>
<td>Adjusted EBITA margin improved by 1 point</td>
</tr>
<tr>
<td><strong>COGS Productivity</strong></td>
<td>€0.65bn of cumulated gross productivity</td>
</tr>
<tr>
<td><strong>Support function costs</strong></td>
<td>Stability of SFC/Revenue ratio</td>
</tr>
<tr>
<td><strong>Inventory efficiency</strong></td>
<td>Reduced inventory to revenue ratio by ~1.5 point</td>
</tr>
</tbody>
</table>
Connect Planet & Society barometer

‘Planet’ targets
- Save energy and reduce CO₂ footprint of Schneider Electric sites and transportation
- Reach 75% of our sales with Green Premium products and make it a competitive advantage

‘Profit’ targets
- Above average growth with our EcoXpert partners
- All preferred suppliers with ISO 26000 guidelines
- Membership in 3 ethical stock indices
- Demonstrate our Corporate Social responsibility on 200 “Great place to work”

‘People’ targets
- Lower incident rate, higher employee engagement
- Gender diversity
- Employee training and BoP* training
- Employee commitment to communities

Early 2012 barometer starting point: 3.0/10.0
2014 target: improve to 8.0
After a decade of building and improving our portfolio of businesses, we now intend to focus on organic growth…

- **Invensys**: Fills a key gap in our business portfolio. Now a unique player in efficiency technologies.
- **Focus**: Focus on ROCE improvement and EPS growth.
- **M&A policy**: Small acquisitions on an opportunistic basis, especially in the new economies, in solutions and software.

Organic growth will be the main driver of our development.
... and allocate more of our cash flows directly to shareholders

**Capital structure**
- Target: maintain a solid balance sheet
- Keep a strong credit rating
  Long-term target A-
- Neutralization of dilution from employee and management share plans through share buy back

**Dividend payments history**
- **Committed to**
  - Stability of share capital
- **Attractive and sustainable dividend policy**
  - 50% payout policy
  - Subject to shareholder approval on May 6, 2014
Profitable growth and capital efficiency to drive strong EPS and ROA performance

EPS growth opportunities

- Organic growth
- Deal synergies
- Operational efficiency
- Stability of share count

ROA

- 2013: 14.8%
- 2007-2012 average: 14.5%
- 2013: 36.0%
- 2007-2012 average: 37.5%

Our model delivers high and sustainable ROA

ROA = \frac{\text{Adjusted EBITA after tax}}{\text{Average Operational Assets}}

1 Operational Assets = Property, Plant and Equipment + Inventories + Trade receivables – Trade payables

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We focus on returns and target significant improvement of ROCE in the next 2-3 years

ROCE = Adjusted EBITA after tax\(^1\)
\[ \text{Average Capital Employed}\(^2\) \]

ROCE target range of 11%-15% reaffirmed

- We target to be back to pre-Invensys level in 1 to 2 years
- We target a 1.5 to 2.0 points improvement in 2 to 3 years
- ROCE will be a criterion of management compensation

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\(^1\) Tax rate = Effective tax rate adjusted for any benefits of Invensys-related tax shield that would not be captured in the P&L
\(^2\) Capital Employed = Shareholders’ equity + net financial debt – associates & financial investments – See appendix for full definitions
Offers by business
A comprehensive portfolio to serve the buildings end-market
We answer critical energy needs of our targeted customers

Full life cycle services

- Field services
- Energy & sustainability services

Utilities & Infrastructures & Electro-intensive

- Advanced DMS\(^1\)
- Utility + O&G SCADA
- Smart Meter Management
- Substation Automation systems
- MV/LV switchgear systems
- Modular & prefabricated MV/LV substations
- E house

Buildings & Data centers

- RTU & feeder automation
- Power quality monitoring
- Capacitors

Systems and software

- Products
  - MV breakers
  - Transformers
  - Protection Relays
  - RTU & feeder automation
  - Power quality monitoring
  - Capacitors

- Services
  - Install
  - Operate
  - Optimize
  - Renew
  - Plan
  - Field services
  - Energy & sustainability services

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1: Distribution Management System
We have a comprehensive portfolio for all industrial customers

- **Software**
  - Wonderware
  - Avantis
  - Skelta

- **Systems**
  - Machine Truxure
  - Plant Truxure
  - Foxboro
  - Triconex

- **Best in Class Products**
  - HMI panels
  - PLC’s
  - Temperature Controllers
  - Graphic and Secure Data Recording
  - Sensors & RFID
  - Push buttons & signaling
  - Solid State Relays
  - Motor Starters & Contactors
  - AC drives
  - Valve positioners
  - Flow meter Analysers
  - Pressure & Temp TX

- **Services**
  - Installed Base
  - Engineering Project Mgt
  - Advanced Consultancy

- **Operations Mgt**
- **Field Devices**

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We provide customers best-in-class products, integrated systems and value-added service.
## 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
- **EBITDA:** EBIT before depreciation, amortization, provisions and before share-based compensation cost
- **Cash conversion:** Free cash flow / Net income (group share)
- **Free cash flow:** Operating cash flow less change in working capital less net capital expenditures
- **ROCE:** Return On Capital Employed

*See definition and calculation on the next page*
### ROCE Calculation

**ROCE**

**After-tax adjusted EBITA / Average Capital Employed**

#### ROCE calculation

<table>
<thead>
<tr>
<th>P&amp;L items</th>
<th>2012</th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>(1)</td>
<td>3,341</td>
<td>3,309</td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(2)</td>
<td>-164</td>
<td>-176</td>
<td></td>
</tr>
<tr>
<td>Other operating income &amp; expenses</td>
<td>(3)</td>
<td>-10</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>= Adjusted EBITA</td>
<td>(4) = (1)-(2)-(3)</td>
<td>3,515</td>
<td>3,412</td>
<td></td>
</tr>
<tr>
<td>x Effective tax rate of the period</td>
<td>(5)</td>
<td>22.9%</td>
<td>25.0%</td>
<td></td>
</tr>
<tr>
<td>= After-tax Adjusted EBITA</td>
<td>(A) = (4)x(1-(5))</td>
<td>2,710</td>
<td>2,558</td>
<td></td>
</tr>
</tbody>
</table>

#### Balance sheet items

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>2012</th>
<th>2013</th>
<th>2012 Avg of 4 quarters</th>
<th>2013 Avg of 4 quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financial debt</td>
<td>4,395</td>
<td>3,331</td>
<td>5,480</td>
<td>4,532</td>
</tr>
<tr>
<td>Adjustment for Associates and Financial assets (at historical value)</td>
<td>550</td>
<td>-264</td>
<td>-606</td>
<td>-346</td>
</tr>
<tr>
<td>- Electroshield Samara (before 100% consolidation)</td>
<td>266</td>
<td>0</td>
<td>266</td>
<td>67</td>
</tr>
<tr>
<td>- Sunten Electric Equipment (40% stake)</td>
<td>85</td>
<td>65</td>
<td>85</td>
<td>80</td>
</tr>
<tr>
<td>- Fuji Electric FA Components &amp; Systems (36.8% stake)</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>- NVC Lighting (9.2% stake)</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td>- AXA (0.5% stake before disposal)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

= Capital Employed  
20,672          20,430  
(12.6%)         (12.1%)  

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Help people make the most of their energy