Capital Markets Day 2021

Financial Framework
for Sustainable & Scalable Growth

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We have outperformed the market in recent years through our complete portfolio and execution on our strategic priorities

1) FY21 organic growth at midpoint of +11% to +13% target range
2) Market growth (volume) CAGR based on Industrial Production (IP) as sourced from Oxford Economics

We are now at an inflection point for sustainable growth

Organic revenue growth of between

+5% to +8%

on average, 2022-2024

Market growth[2]: c.+4%

Organic growth CAGR
2017-2021: c.+4%

Market growth[2]: c.+2%

Driven by:

- Accelerating Markets
- Incremental Growth Drivers: Services, Software & Sustainability
- Unique Operating Model

“Scale”

“Sustainable Growth”

Strategic priorities:

MORE PRODUCTS

MORE SOFTWARE & SERVICES

MORE SUSTAINABILITY

1) *FY21 organic growth at midpoint of +11% to +13% target range*
2) *Market growth (volume) CAGR based on Industrial Production (IP) as sourced from Oxford Economics*

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Upgrading our across-cycle sustainable growth ambition

Organic revenue growth of

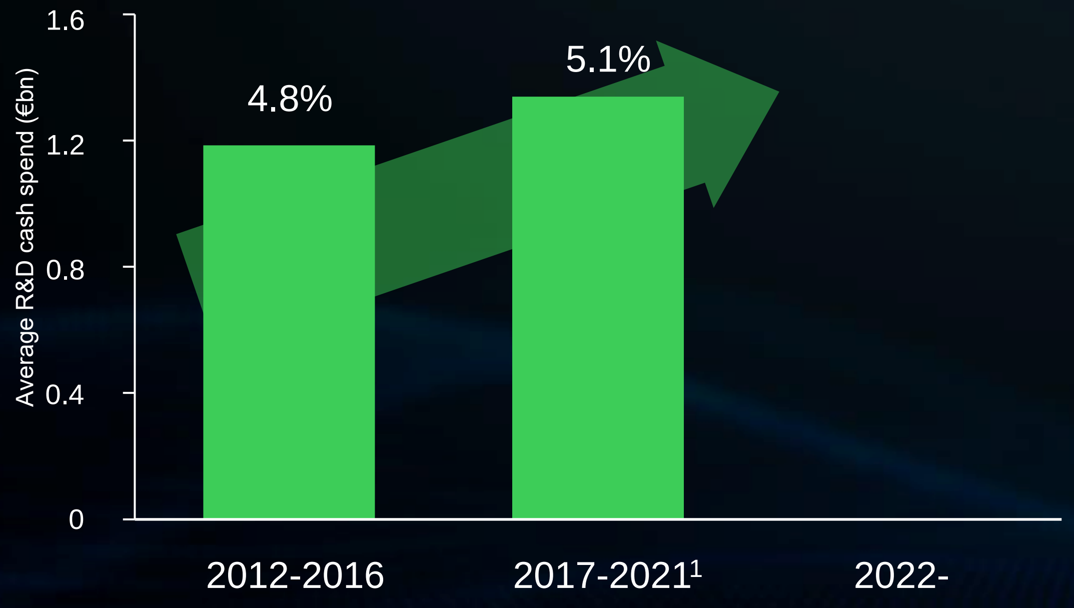
5%+

on average across the cycle[1]

[1] *Across the economic cycle, incorporating Sustainable Growth targets for 2022-2024*

Innovation to fuel Sustainable Growth ambition – Strategic R&D investment to increase over time

R&D Evolution (% of Group revenues)



Step up in R&D

in coming years, from existing ~5% of revenue

Focus areas

- Innovation at every level of digital flywheel
- Sustainability
- Cybersecurity
- Electronics and AI

→ Strong focus on ensuring return on investment

€6bn+

in absolute amount of R&D investment since start of 2017

[1] FY21 shown on basis of pro-rated H1'21 figures for illustrative purposes only

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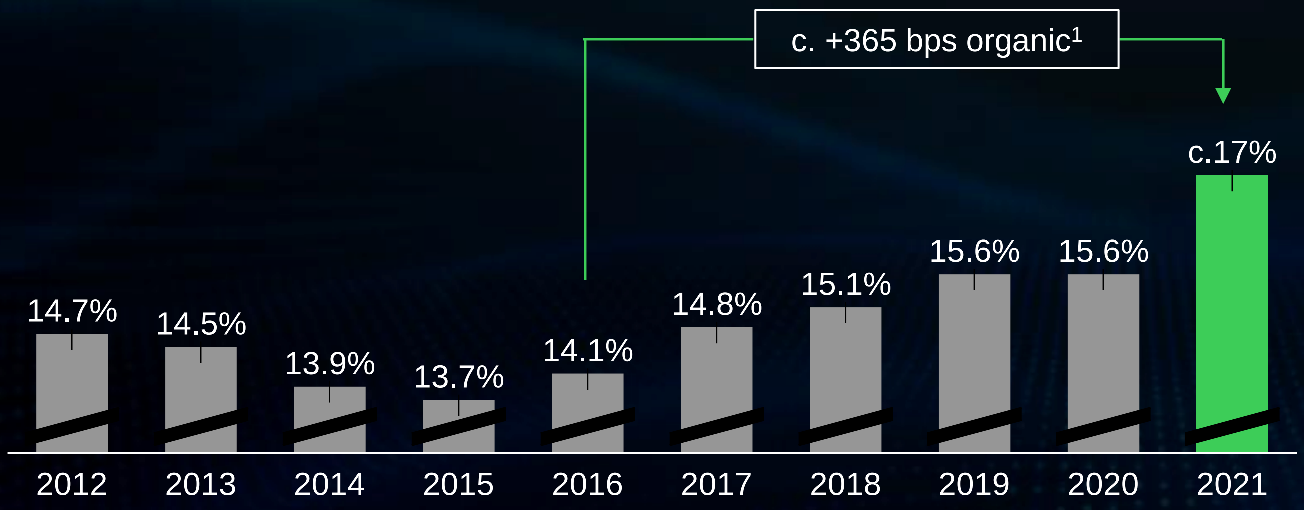
On track to achieve our margin ambition 1 year ahead of plan

Our existing margin ambition

13% - 17%

across the cycle (set in 2012)



c.17%

Adj. EBITA margin

On track to be achieved 1 year ahead of plan[1]

[1] *Based on midpoint of FY21 adj. EBITA margin guidance of +120bps to +150bps organic expansion*

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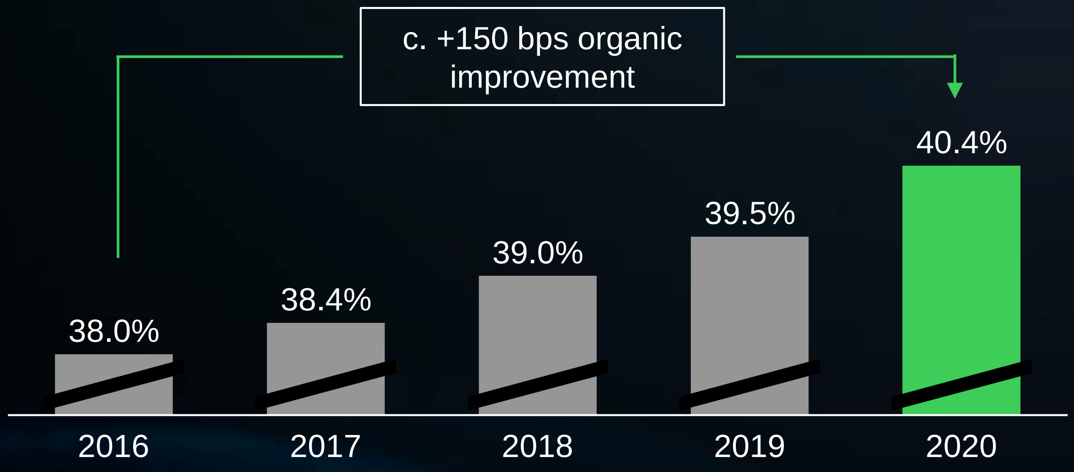
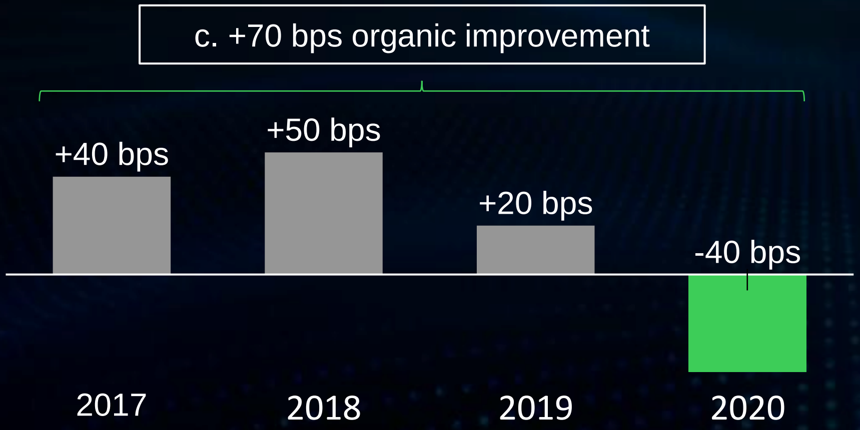
Leveraging several elements to drive margin improvement

Organic improvement in Gross Margin



Organic improvement in SFC / Sales ratio



Key drivers:

- Consistent delivery on Industrial Productivity
- Track record of RMI recovery over the cycle
- Mix improvement: Including better Systems margin and higher weight of Software revenues
- Disciplined approach to SFC spend
- Delivery on structural savings plans
- 2020 impacted by COVID-19, though partly mitigated by tactical savings

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And setting the path for further expansion of margin in the coming years…

3-year target
2022-2024

A yearly organic improvement of
+30 bps to +70 bps
in Adj. EBITA margin

Implying Adj. EBITA margin in the range c.18% to c.19% by 2024 at constant scope and FX

Beyond 2024

Opportunity to further expand Adj. EBITA margin beyond 2024

Operational leverage and continued evolution of business mix to positively impact margins

A proven engine of Industrial Productivity

A strong track record

Average annual Industrial Productivity saving

Delivering **€3bn+** contribution from productivity since start of 2012

Existing commitment on track

Gartner

#1 Supply Chain Europe Top 15

~€1bn
Productivity target
2020-2022[2]
on track

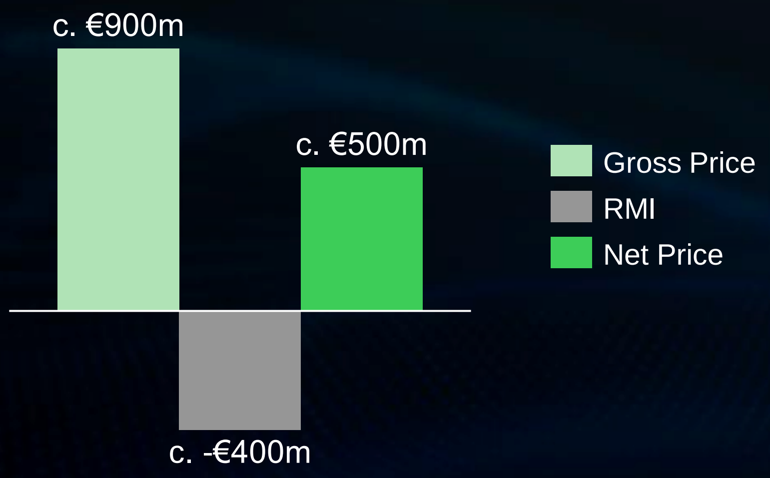
We expect a good level of Industrial Productivity to continue beyond 2022

[1] *Targeted*
[2] *Excluding impact from additional costs of freight, electronic components and COVID-19 related costs*

Focused on continued pricing power through our differentiated value proposition

Proven track-record on net price

Net price[1] evolution over last 5 years
H2'16 – H1'21



Delivering over

€1bn+

contribution from net price since start of 2012

- Ambition to be flat to positive net pricing across the cycle
- Factoring the need to compensate additional costs (freight, electronic components, plastics and COVID-19 related costs)

[1] *Price on products and raw material impact*

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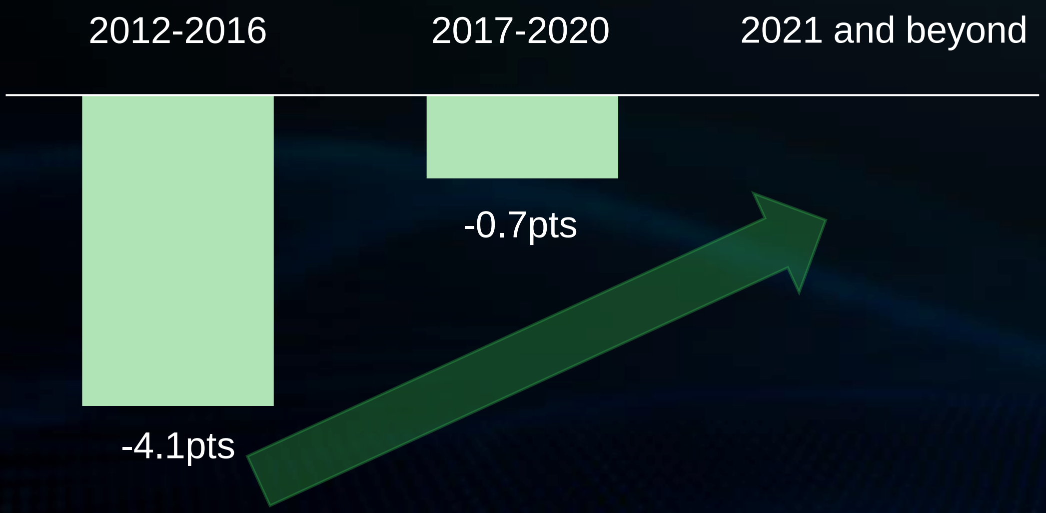
Our business transformation and resultant mix impact is contributing to our margin evolution

Improving mix over time



Cumulative mix impact on Gross Margin bridge in period indicated

Drivers of mix evolution

- Simple strategic priorities:

  MORE PRODUCTS **MORE SOFTWARE**

  MORE SERVICES **MORE SUSTAINABILITY**

- Evolution of our revenues (more digital, more ARR)
- Careful management of Systems business to drive profitable growth
- Impact of Geographical mix

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Evolving the nature of revenues to be more digital and more resilient

Software + Digital services

Ambition for Software, Sustainability and Services revenues (currently c.18% of Group revenues) to increase by +5pts by 2025[1]

Field Services

Leveraging installed base, servicing of Assets under Management

Connectable products

Growing proportion of natively connected products through R&D, replacing non-digital offers

Edge Control

Increased across domains

c.50% Group revenue leveraging

Moving towards

c.60%

of Group revenues by 2025[1]

Recurring revenue weightage in Software & Services (currently c.30%) to increase to c.45% by 2025

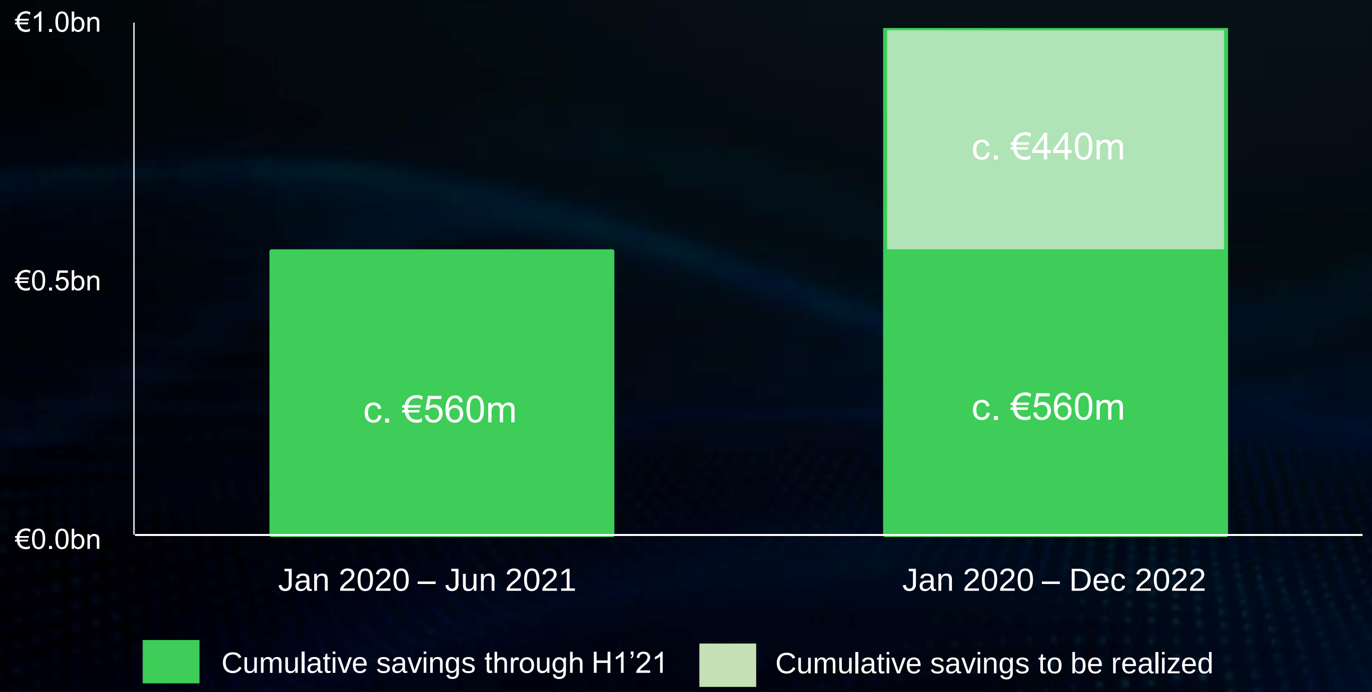
ARR metrics to be reported from FY 2022 results

[1] *As a function of expected organic revenue growth and impact of previously announced disposal program*

Focused on delivering structural savings from our operational effectiveness plan

Strong progress being made

~€1bn Efficiency target 2020-2022



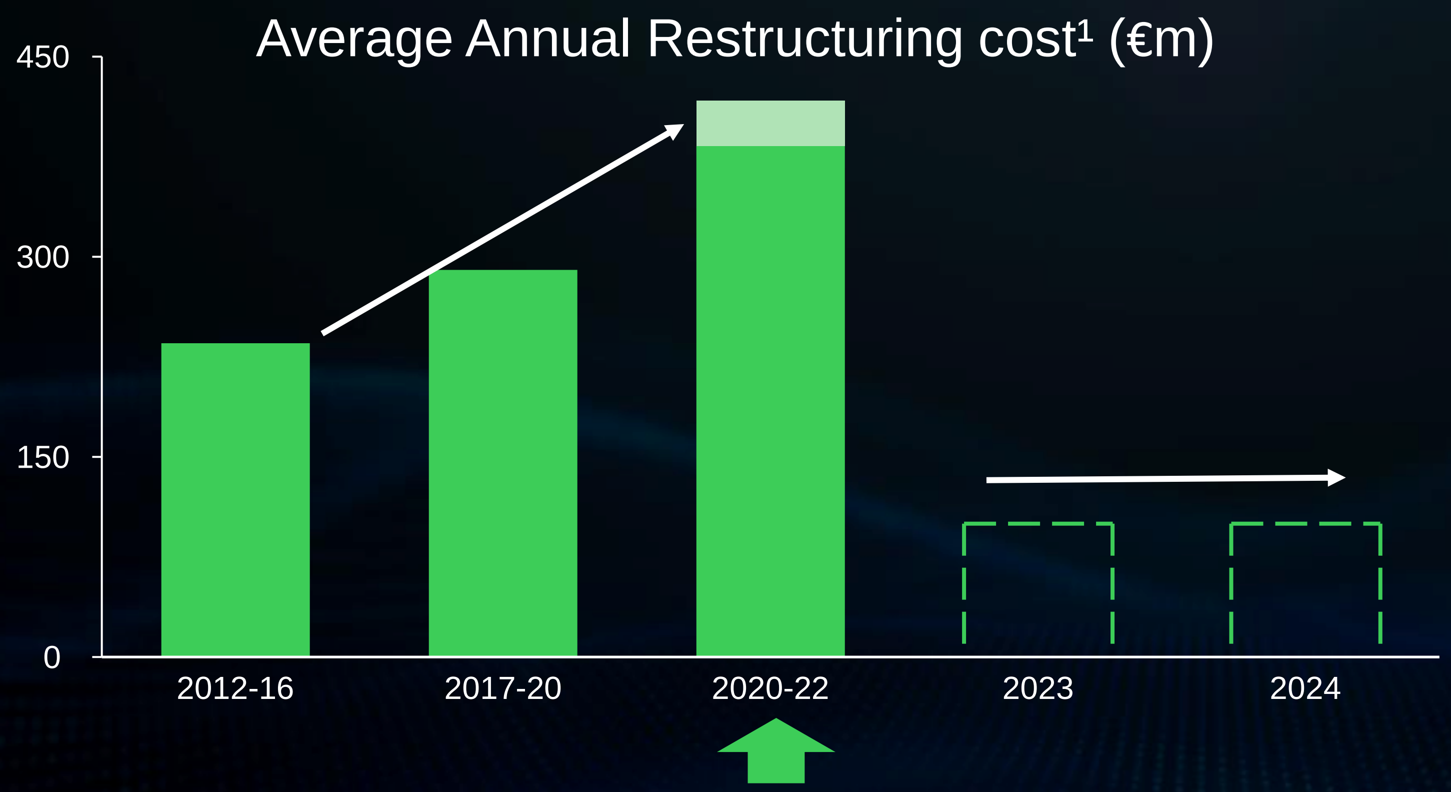
Existing commitment on track

~€1bn
Structural savings target 2020-2022 on track

We expect SFC / Sales ratio[1] to continue to reduce over time beyond 2022

[1] *SFC / Sales ratio was 24.8% in FY20*

We expect a decrease in restructuring to normative levels in the coming years



Restructuring costs to be around

€100 million

per year, from 2023

2020-2022 restructuring program of between **€1.15bn to €1.25bn** to fund operational efficiency plans

[1] Average per year within respective period of time

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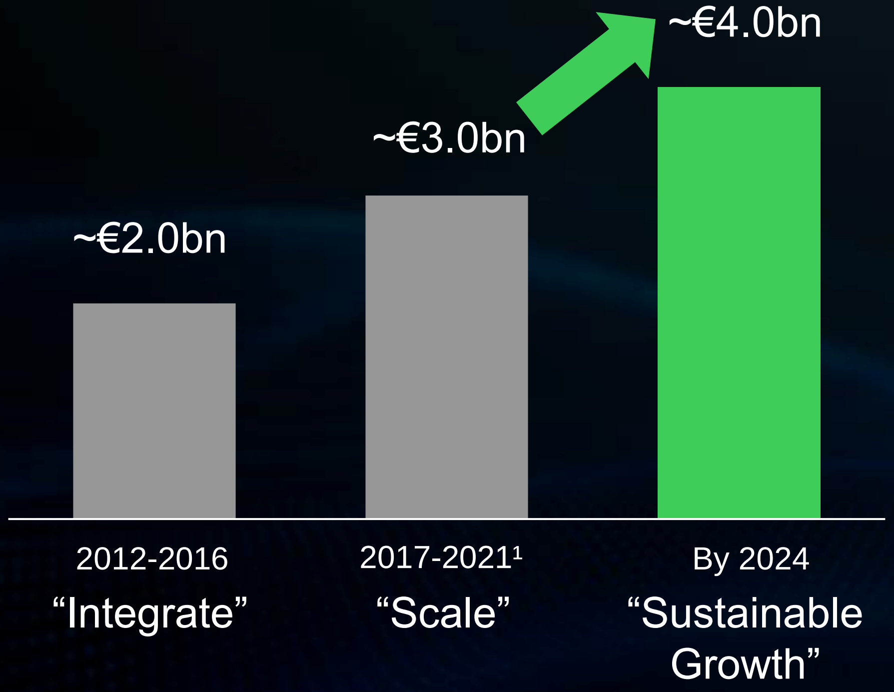
Revenues, Profits and Cash moving upward in lockstep

Free cash flow evolution (€bn)



Towards a c.€4bn FCF company by 2024…

Cash conversion expected to continue at around 100% across the cycle
(Free cash flow as a proportion of Net Income – Group share)

Tangible capex expected to remain at c. 2% of revenues across the cycle

[1] *Based on company compiled consensus of €3.2bn Free cash flow in FY21*

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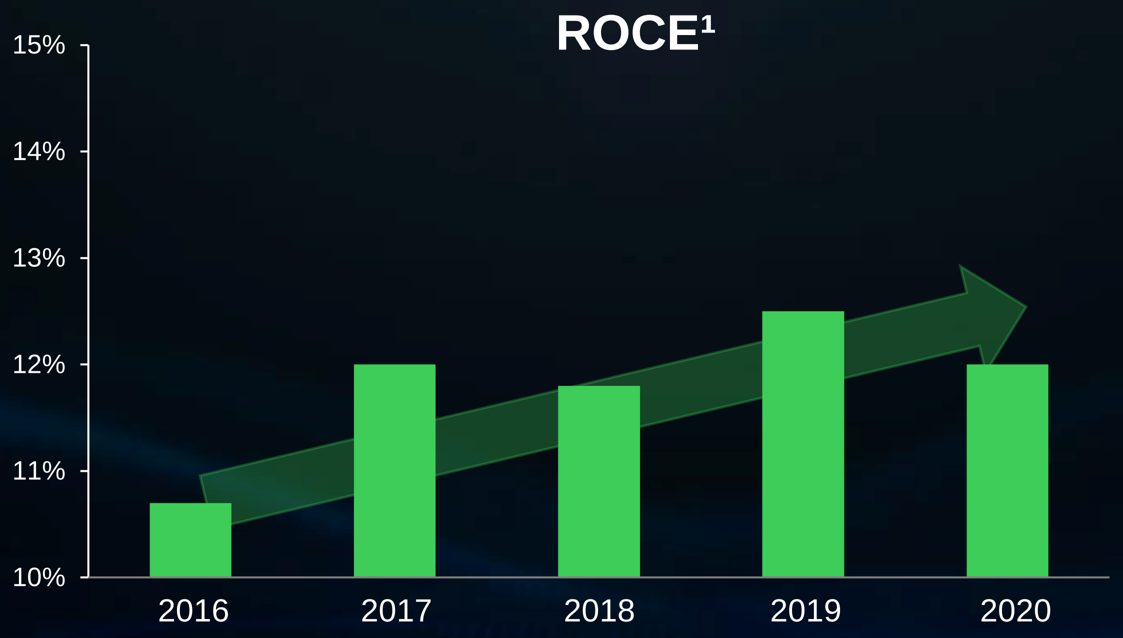
A cohesive framework to maximize resource efficiency



Driving ROCE towards 15%

[1] *ROCE, excluding impacts from significant M&A in the first year post-acquisition*

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Disciplined capital allocation: priorities unchanged

1

Strong Investment
Grade Credit Ratings

2

Continued focus on Dividends

3

Portfolio optimization

4

Share buyback

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Committed to strong investment grade credit ratings

S&P Global Ratings

A-

Since 2009

Our strong investment grade rating means:

- Reliable access to credit markets in periods of Global economic uncertainty
- Favorable credit terms in comparison to BBB rated companies

Moody's

A3

Since 2019[1]

Combined with interest rate reductions, the Group's cost of debt has reduced over time

The Group remains committed to retaining a strong investment grade credit rating

[1] *A3 rating from 2009 – August 2017, Baa1 rating August 2017 – November 2019, A3 rating from November 2019*

Our commitment to a progressive dividend

Portfolio optimization: a disciplined approach to value creation

Acquisitions

Unified Asset Lifecycle Management

- Opportunistic approach to value accretive bolt-ons in the core, oriented toward building a hybrid digital company
- Focus on smaller and earlier stage acquisitions linked to future-looking incremental growth drivers

Disposals

€0.8 billion

of revenues disposed or deconsolidated against program of €1.5 - €2.0 billion by end of 2022

- We remain committed to the completion of the program
- We will continue to review the portfolio for strategic fit on an ongoing basis

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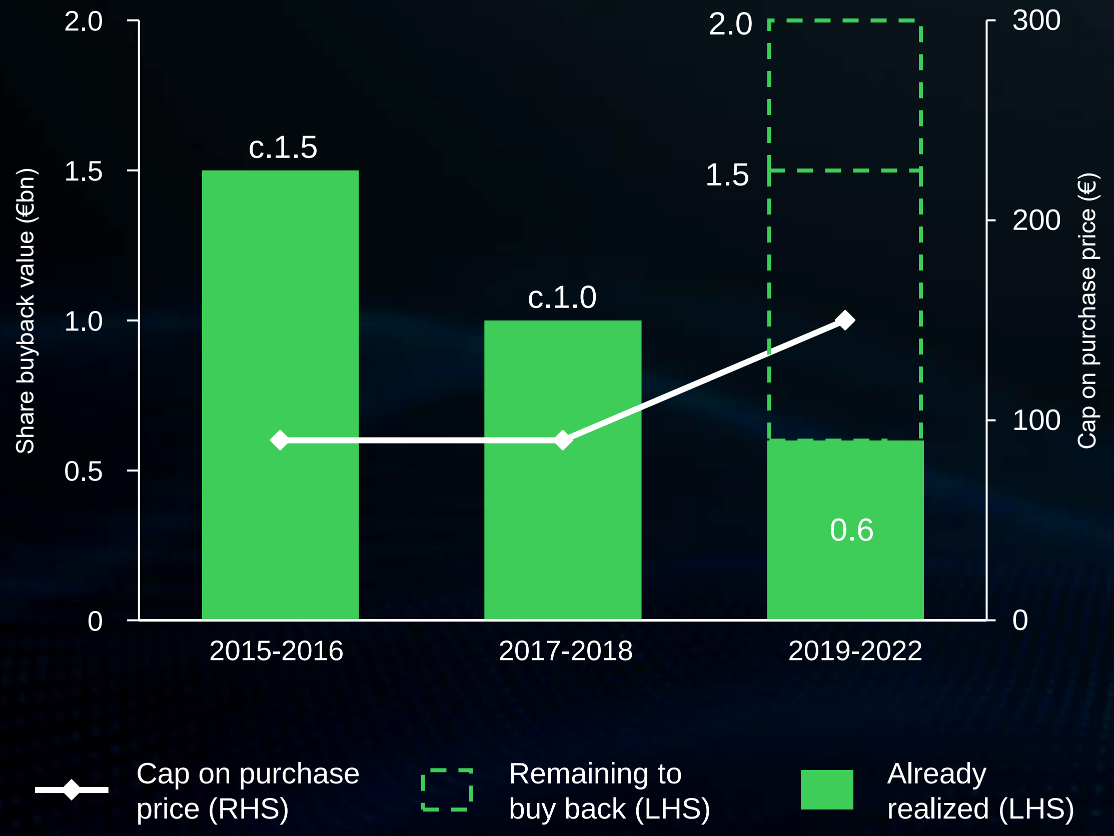
Share Buyback: Raising threshold on maximum purchase price

Recent Share Buyback Programs (€bn)



We propose[1] to raise the cap on purchase price to

€250

Over

€260 million

buyback against 2019-2022 program since reinstatement in July 2021

[1] *Subject to approval at the Annual Shareholders' meeting on May 5, 2022*

We continue to focus on generating shareholder value over the cycle

3-YEAR TSR[1]
c. +200%

5-YEAR TSR[2]
c. +180%

[1] SE performance among 11 peers as considered for long-term incentive plan (base 100: Jan 1st, 2019 to November 23, 2021)
[2] SE performance among 11 peers as considered for long-term incentive plan (base 100: Jan 1st, 2017 to November 23, 2021)

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Our ambition for the future…

Accelerating

Accelerating Markets	Incremental Growth Drivers	Unique Operating Model

Financial Targets

	Sustainable Revenue Growth	Adj. EBITA Margin Expansion	Free Cash Flow
2022-2024	Between +5% to +8% organic, on average	Between +30 bps to +70 bps organic, per year	c. €4bn by 2024
Longer Term Ambitions	5%+ organic, on average across the cycle[1]	Opportunity to further expand with business mix and operational leverage	

Aspiration

To consistently be a Company of 25*

[1] across the economic cycle, incorporating Sustainable Growth targets for 2022-2024

*sum of organic revenue growth % and adj. EBITA margin %

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