Investor Day

February 20, 2014

Global Supply Chain

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A more flexible supply chain with strong fundamentals



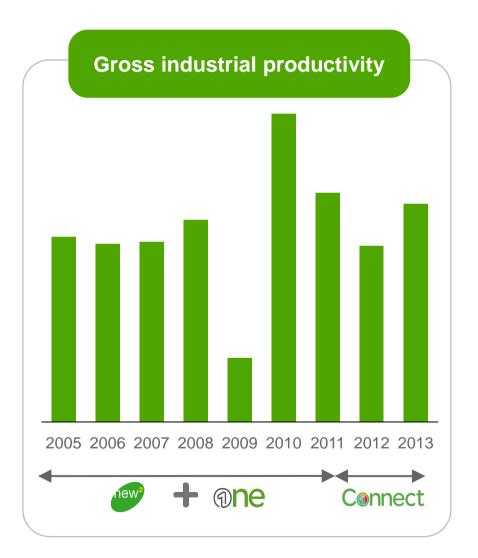
Our Global Supply Chain figures at a glance



¹ Order lines excluding Invensys

² Pro-forma figures (including Delixi and Invensys)

We demonstrated our ability to continuously drive industrial productivity



Plant efficiency

From end 2008 to end 2013:

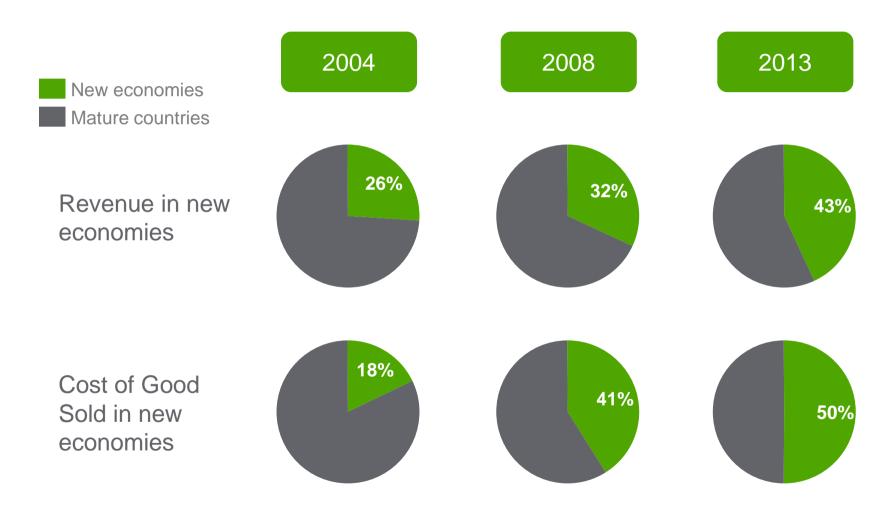
X 13 Revenues

X 1.1 Number of plants

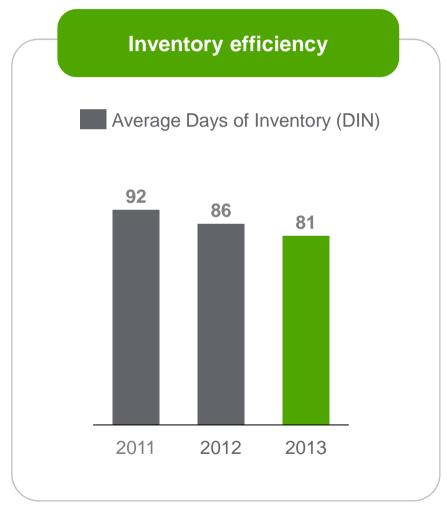
+87 plants (acquisitions & construction)

- 61 plants (rationalization & divestment)

We continue to rebalance our manufacturing footprint



We are generating higher cash efficiency while improving our customer delivery service level





After two years, our Tailored Supply Chain transformation is producing results



6 initiatives to support our Tailored Supply Chain transformation

SIOP Planning

Build best-in-class planning process by customer segment

Digitization

Align the IT strategy
with the supply chain
customer
segmentation
strategy using a best
of breed approach



 Step up purchasing ability to drive proactive planning of procurement



 Critical component footprint management to improve our leadtime management



 Lead time reduction through plant and Distribution Center footprint and flow design optimization

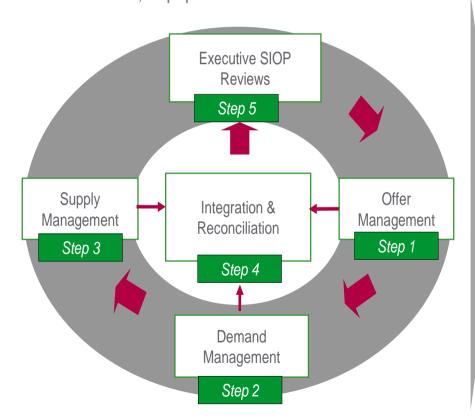


 Increased partnerships with selected carriers to improve and digitize customer service

Tailored planning capability (SIOP¹) is the nervous system of our supply chain and sets us up for execution success

3 SIOP¹ models designed

Products, Equipment and Services



1 Sales Inventory Operation Planning

Success stories

778k€ of excess inventory turned into extra revenues (Russia)

 Scrap risk due to inventory obsolescence was turned into a commercial promotion opportunity

Inventory level reduced by 20% (Saudi Arabia)

 Production optimized to generate additional capacity, leading to backlog reduction of 800 units

Purchasing step-up increases our productivity and the added-value for our customers

Enhance

purchasing expertise (Clean sheet

negotiations)

Concentrate purchases on high performing suppliers

- Purchase concentration increased to 48% with top 1500 strategic suppliers
- Transportation suppliers decreased by 57%

Boost co-innovation to enhance competitiveness

 Significant improvement in number of innovations adopted (~50 in 2013)

eg. green materials, energy efficient electronics

Extend Lean manufacturing principles to key suppliers

and shared savings supported by Schneider Electric expertise

Collaborative planning to manage supply risk

Deployment of Lean principles

Zero late lines to customers in 2013 through planning collaboration with electronic suppliers

Our legacy of acquisitions provides opportunity to simplify our logistics network

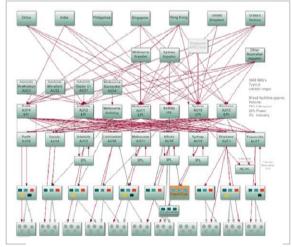
Objective

- Shorten the supply chain and lead time
- Optimize warehousing and transportation costs

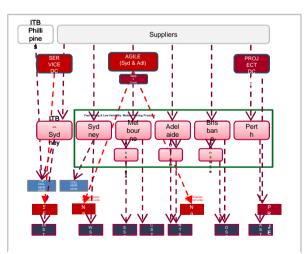
Transformation

- In-house ability to run mathematical modeling to improve logistic flows and simulate scenarios
- Customer interfaces provide accurate and tailored service level requirements

Achievement



Pre network optimization



Post network optimization

First network modeling in Australia

- Shorter and more reliable lead time
- Significant logistics savings
- More strategic inventory positioning

Our Transportation Control Tower fully digitizes our customer delivery

Transport Control Tower Blueprint (Illustrative) Schneider Electric **In-house ERP & IT Applications Customers ONE CLOUD COMMUNITY TRANSPORT CONTROL TOWER** Connectivity, Visibility, Orchestration, Reporting Area / Regional Regional / Global **Control Towers Control Towers Express Parcel Express** Road Air Ocean **Intra-Regional Flows** Intercontinental flows

We are achieving results



A flexible supply chain with strong fundamentals

Customer satisfaction

Increase net customer promoter score

Revised Target

> December 2013

+5.9 pts vs 2011

Inventory efficiency

Reduce inventory by 2 points of revenue by 2014

- 1.5 pts vs 2011 **Productivity**

Industrial productivity savings of €1.0bn to €1.1bn by 2014

€0.65bn cumulative 2012-2013

We will continue to improve with our Tailored Supply Chain transformation

Help people make the most of their energy

