

Investor Day

February 20, 2014

Industry Business

Clemens Blum

EVP, Industry Business



We have built a global
leader in Industry



We are a global leader in automation...

Business size¹

€6.0bn

2013
revenues

#2 worldwide

Discrete
Automation

#4 worldwide

Process
Automation

Key Channels

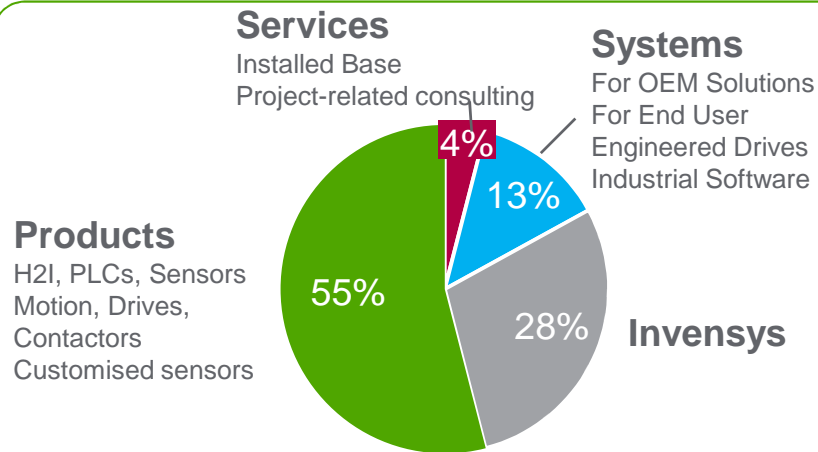
Distributor

System
Integrators

OEMs

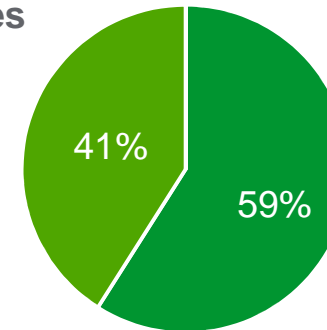
End-users

Our offer¹



Geographies¹

New
economies



Mature
countries

End markets



Industrial &
Machines



Non-residential &
Residential Buildings



Data centers &
networks



Utilities &
Infrastructure



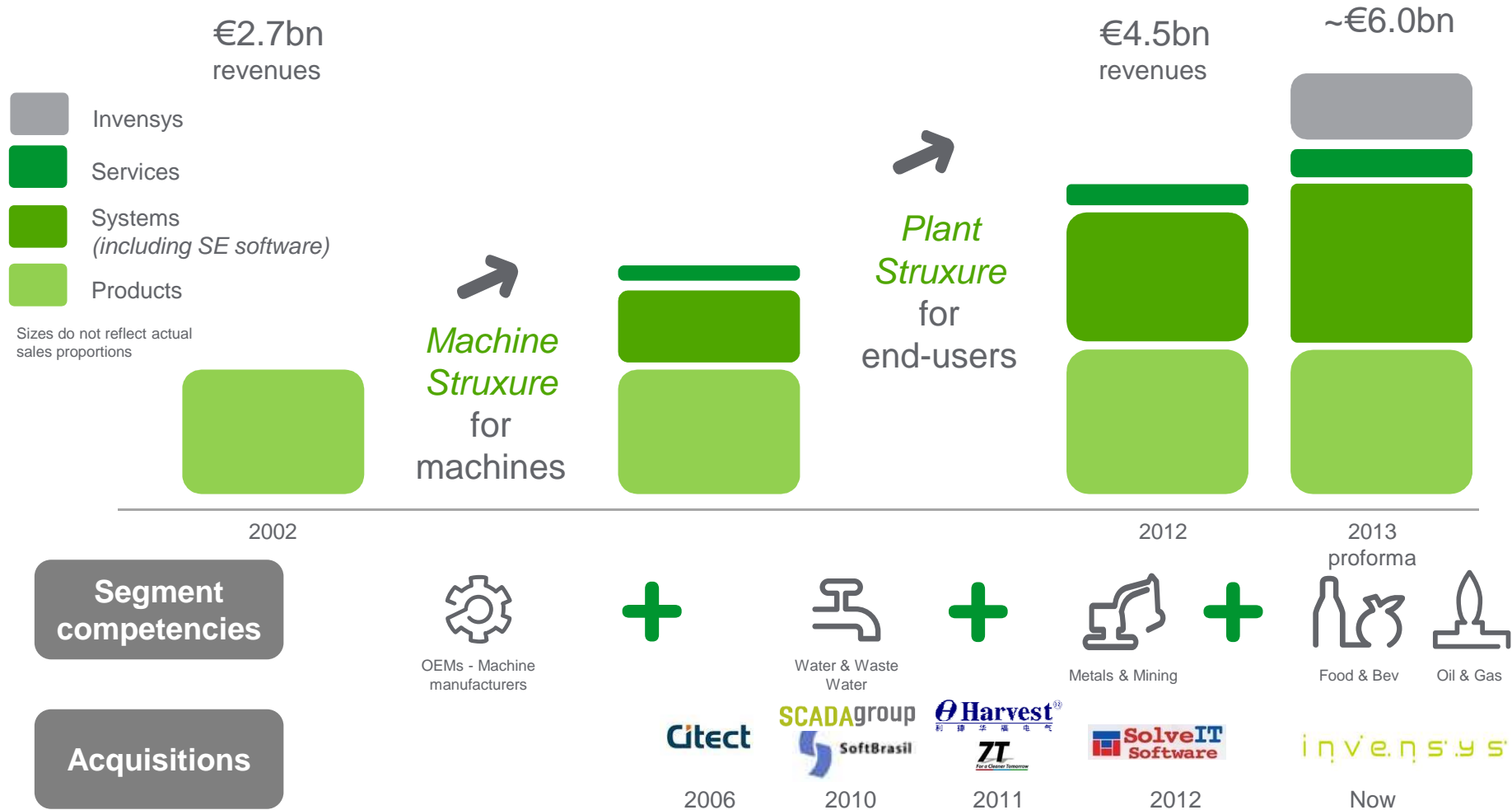
Primary end market



Other end markets

Successful transformations expand our business scope and segment access

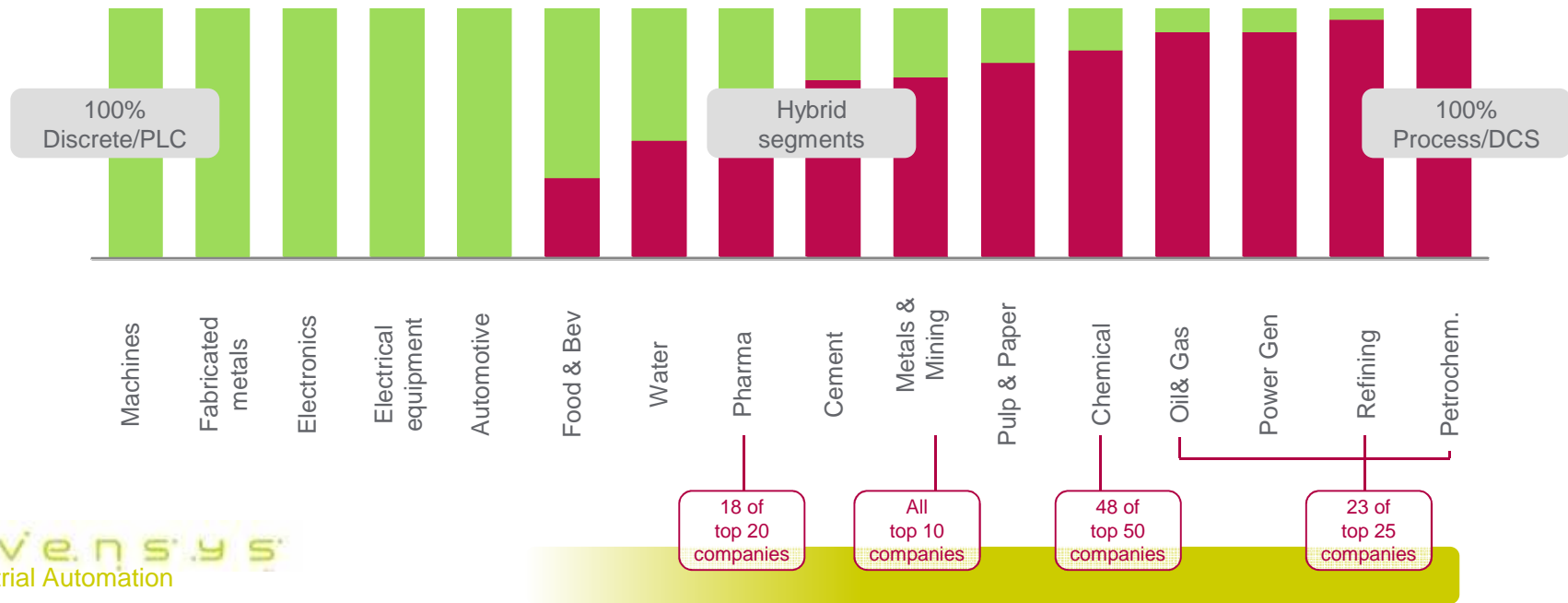
Strategic development of our Industry Business in the past 10 years



...serving both discrete and process segments with the integration of our power offerings

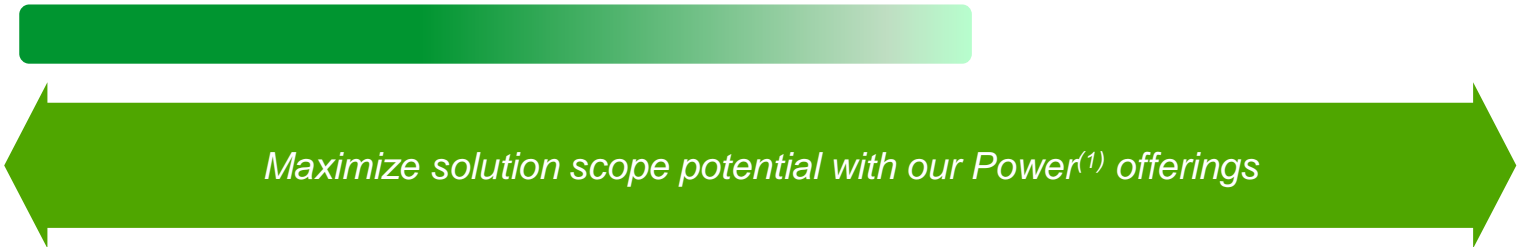
Mapping of Discrete vs. Process automation segments and Positioning of offers

Source: Credit Suisse research, Schneider Electric



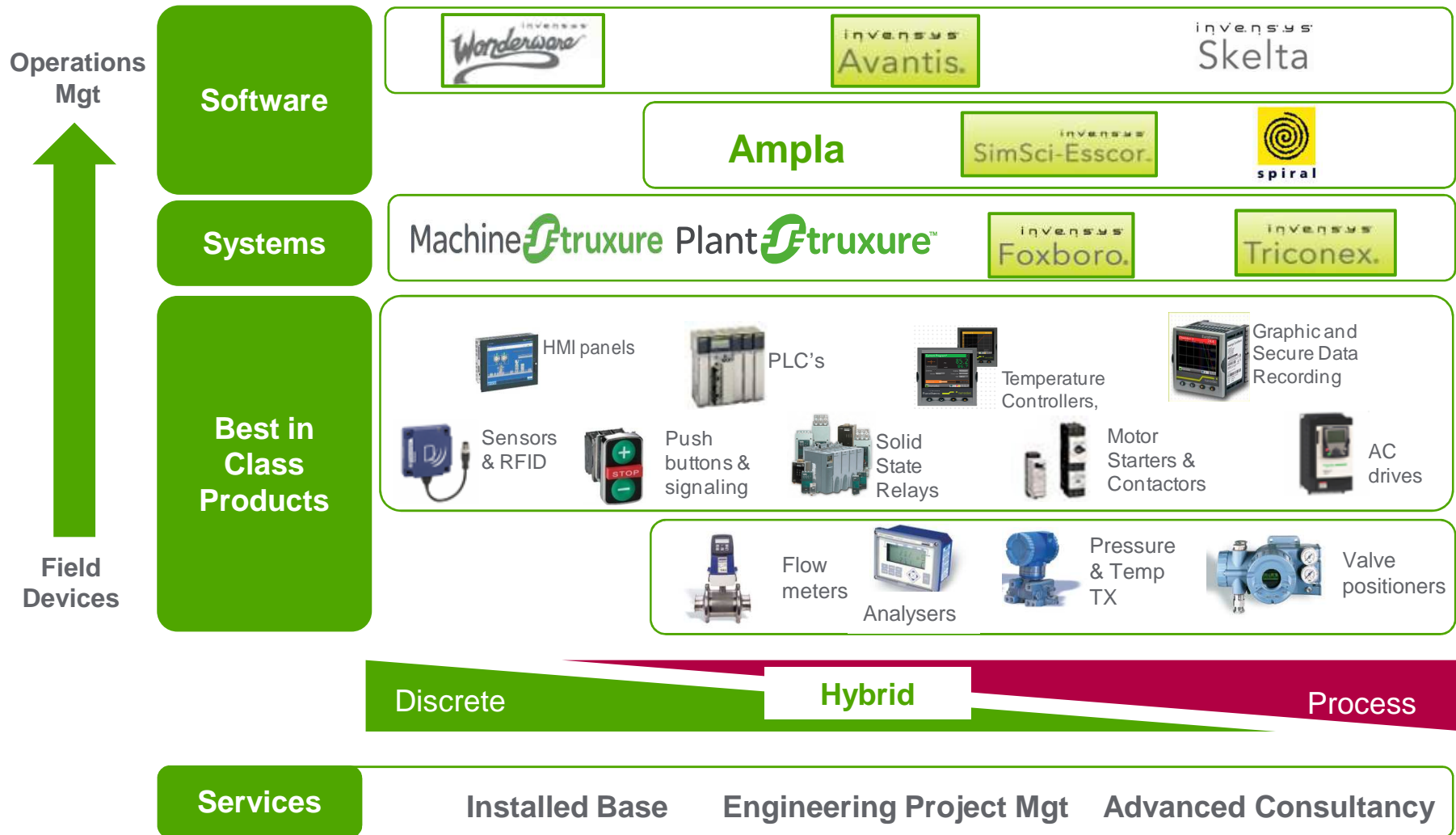
invensys
Industrial Automation

Schneider Electric
Industrial automation



¹ Low voltage, medium voltage and critical power technologies

We have a comprehensive portfolio for all Industrial customers



Our business benefits from
favorable external trends



We see sustained demand for automation driven by search for maximum productivity...

Favourable Trends

Rising costs with increased volatility

Demand for Quality & Safety and increasing labor cost

Volatile demand and shorter product life cycles

Holistic Enterprise View

Increasing Regulations

Business opportunity

Growth in Automation

Increasing demand for Operational Efficiency

Energy & Automation Convergence

Enabled by Software and Connectivity

... making it an attractive market

Market Characteristics

- Sustainable high demand for automation
- Diverse customer base
- Different business model (product/solutions)

Diverse, Sustainable, Resilient

Strong Fundamentals

Growth

- Overall automation CAGR of 6,0%¹
- Industrial Software CAGR 8%¹
- CAGR of targeted segments 5% to 9%¹

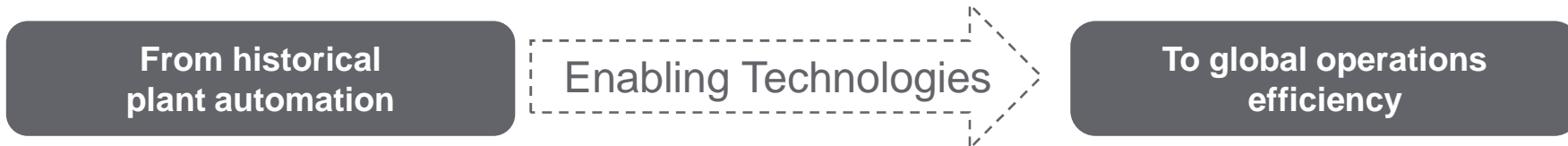
Profitability

- Average sector operating margins of ~10-15%

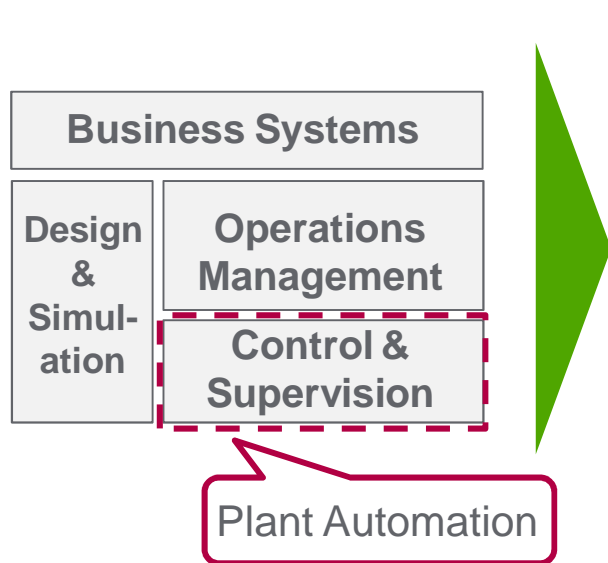
*Industry is driven by the continuous search for improved efficiency and business optimization
Automation has a key role to play*

¹ Source: ARC advisory group 2012-2017

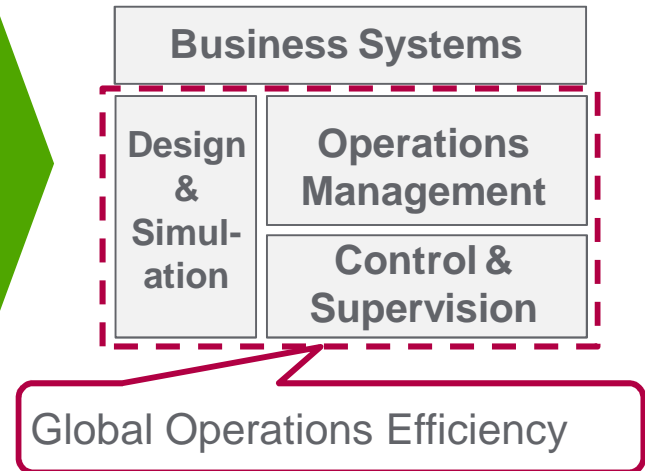
There is increasing demand for Operational Efficiency enabled by technology



▪ Plant Level Automation



▪ Holistic Enterprise Approach



Schneider Electric manages the Data at the Plant Level and has a Key Role to play in Global Operations Efficiency and gain mindshare of the customer

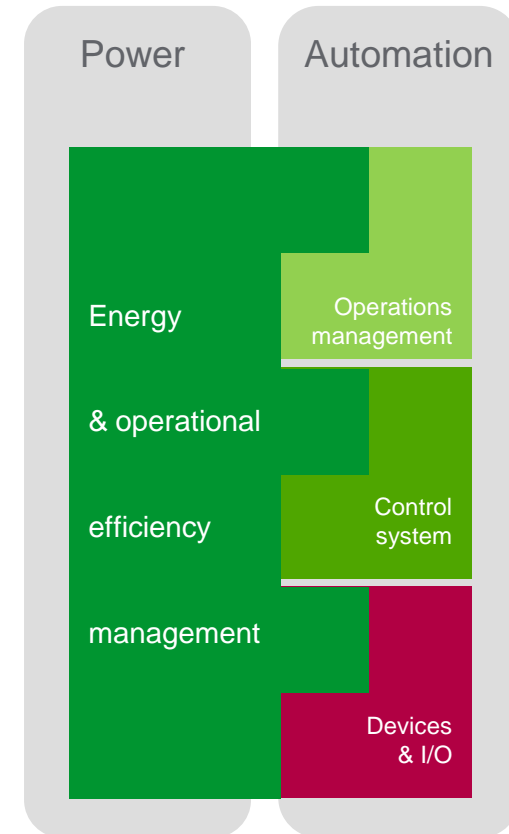
... this accelerates the integration of Energy Control and Process control

Technology

- Deeper integration of architectures is expected for energy management in all industries
- Opportunity for differentiation

Access

- Energy management: part of day-to-day operations management
- Strong pull through of electrical distribution and life cycle services



*Automation technologies + Installed base access
=> optimal delivery of our promise of efficiency to customers*

We are on a clear path to
capture opportunities from
positive external trends



We have well structured initiatives for growth with the contribution from Invensys



We continue to innovate for simplicity

Best In Class Products

Higher Efficiency

Service-oriented drives with

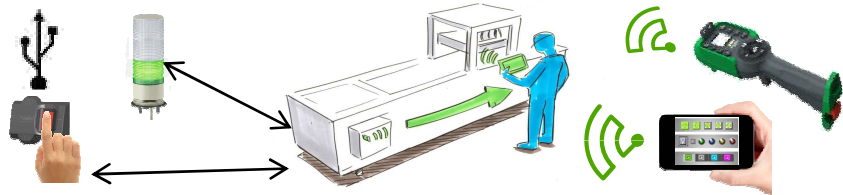
- Using QR codes and smart phones for rapid diagnostics
- Specific context-dependent identification code
- Accelerated Customer Care



Minimize Downtime by 20%

Wireless and Less Wire

- *iOS* and *Android* apps for operator panels
- Intelligent USB devices for reduced wiring and increased functionality
- Wireless EMS for hoisting applications



Lower Total Cost of Ownership

Smart Software Objects

- Lower costs to design, build & maintain
- Software for faster design cycle

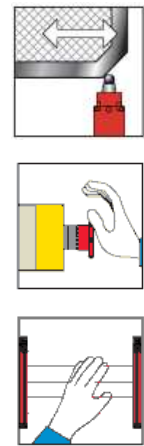


Easier to use

- Integrated safety and motor control
- Energy dashboard library
- Intuitive web-based monitoring/diagnostic configuration



M2xx controllers



2014 Major Launch - Altivar Process Drives

Best In Class Products

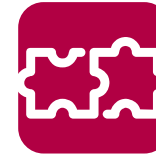
Addressing Process Customers Needs



Higher Equipment Efficiency



Lower Total Cost of Ownership



Modular & Configurable

With Built –In Services



System Performance



Energy Management



Asset Management

- Optimal operation point
- Built in power monitoring
- Improved MTBF's of equipment



Our “Easy” line is customized to meet the local needs in new economies

Best In Class Products

Fit for purpose

- Optimized Level of Performance
- Uncompromised Robustness & Quality

Developed in and for the new economies

- Widespread availability
- Designed and manufactured in China for new economies

Our Offer



Easy HMI



Easy Motion



Easy PLC



Easy LV Drive



Easy Pushbuttons



Easy Relays

Typical industrial applications



Textile



Packaging



Pump/HVAC



Hoisting



General purpose machines

Our MachineEtruxure reduces complexity for OEM's

Strengthen Segment Leadership

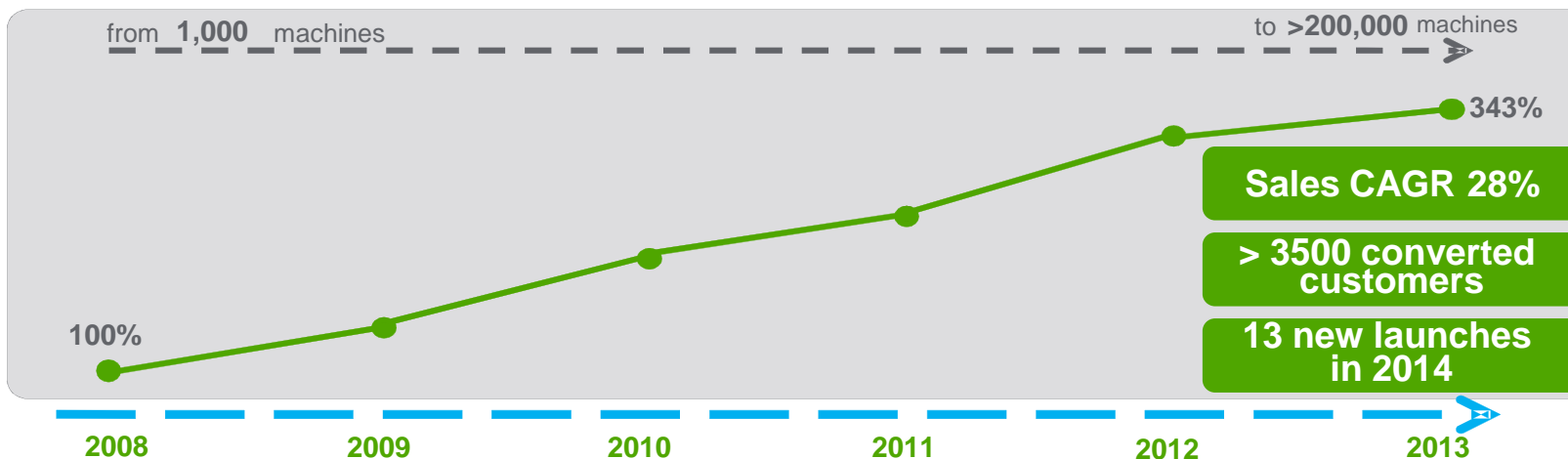
MachineEtruxure

One single software environment

Unique TVDA¹ value proposition

End-to-end service support

Simple and easy to use



...leading to Continued OEM Growth

Italy: Beverage & Cosmetics Labeling Machine Range

Strengthen Segment Leadership

Customer needs

- One supplier for all machines
- Scalable & modular offer across machine range
- International Support

Customer View

“Schneider Electric’s broad offer and global positioning gave me comfort that I could standardize automation across all machines thereby reducing costs while getting support anywhere in the world where our machines are installed”



SoMachine software



Co-design from the early starting stage



High performance offer



Multi-axes Motion Controller



Motion Drives and Motors



Safety offer



AC Drives



HMI Panels & Push buttons

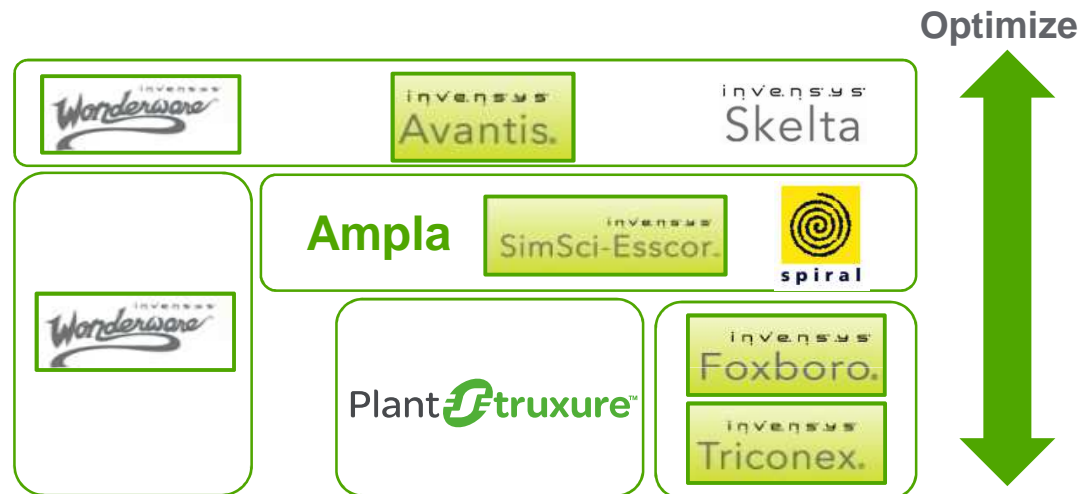


LEADER IN LABELLING

We have a broad End Users Systems Portfolio

Small-to-Large, Discrete-to-Process Coverage

Strengthen Segment Leadership



Broad Systems Portfolio

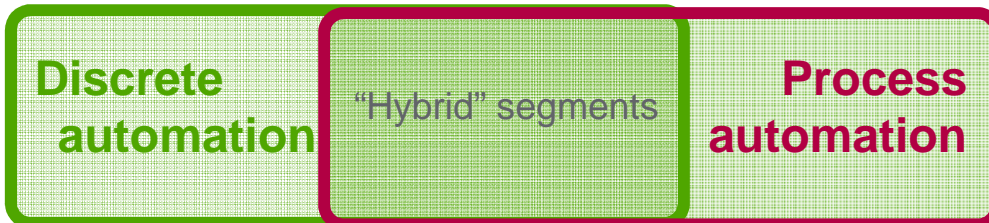
The combination of:

- **Foxboro/Triconex**
- **PlantStruxure PES¹**
- **Wonderware System Platform**

Gives Schneider Electric the broadest systems portfolio in the industry

- **Small-to-large DCS**
- **Discrete to Hybrid to Continuous Process**
- **Leading Software position**

Reinforcing our End User business and creating value for our large accounts



PlantStruxure has proven its early success

Brazil: Anglo American mining

Strengthen Segment Leadership

Customer needs

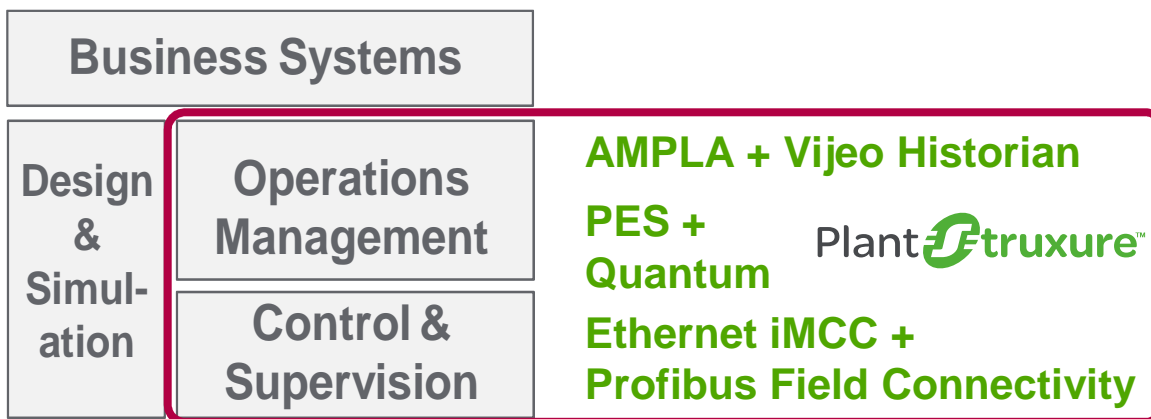
- Upgrade to increase Niobium production from 3800 tonnes per year to 6500 tonnes

Customer Benefits

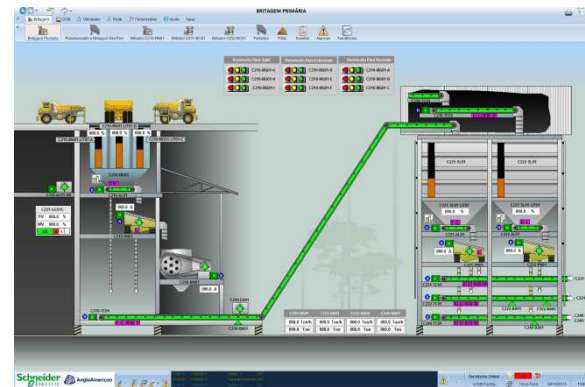
“Schneider Electric were able to offer us a cost effective solution from a *very broad portfolio* that met our strict technical requirements..”

Schneider Electric Solution

A complete Mining Information & Control System:

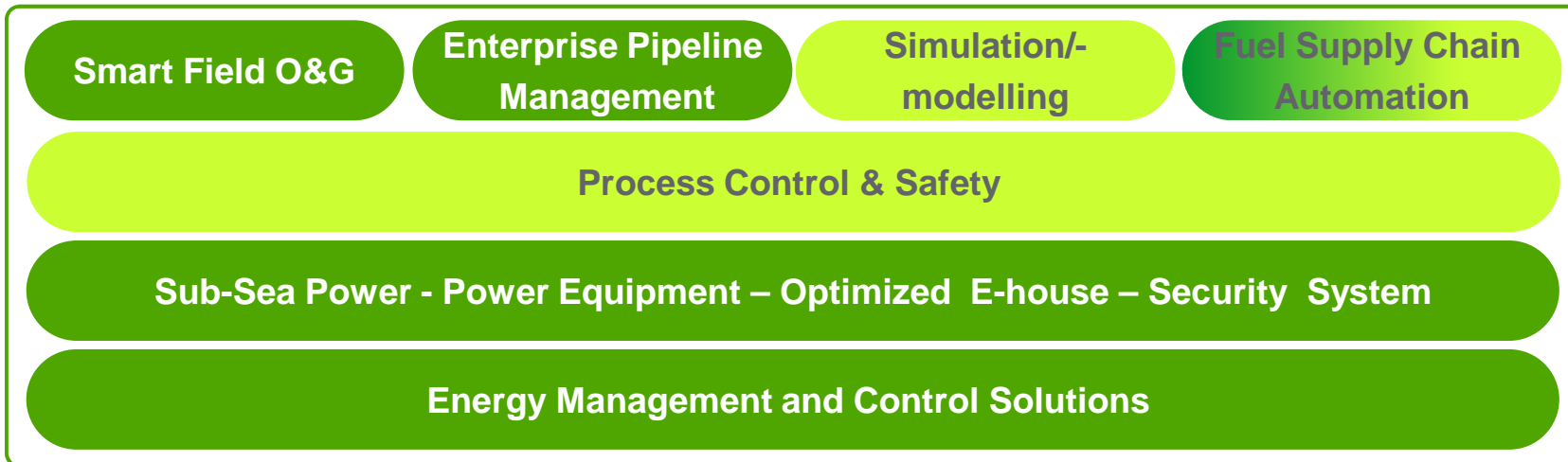


30 Smart Software Objects developed according to Anglo’s standards



We're well positioned to cover the entire value chain in Oil & Gas segment

Strengthen Segment Leadership



● Schneider Electric existing offer

● Invensys offer

We continue to upgrade process offerings to keep our technologic advantage

Strengthen Segment Leadership

Launched Award Winning Foxboro Evo™



Key Customer Benefits

Increased Operational Integrity

- Integration with *Triconex*
- Increased cyber security
- Reduced mean time to diagnose

Enhanced Operational Insight

- Faster operator response
- More proactive maintenance

Future Proof investment

- Lowest total cost of ownership

Market Reactions

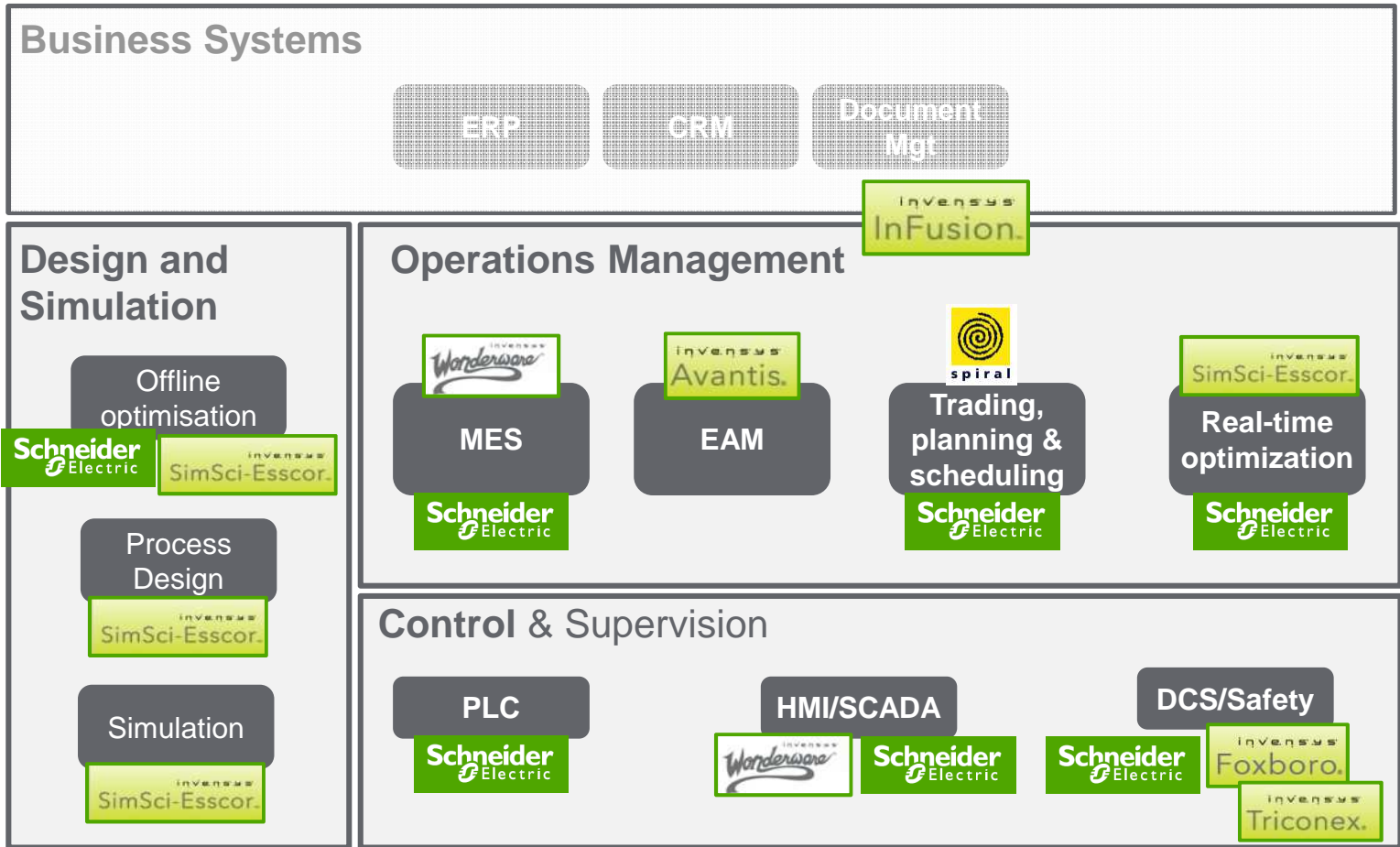
"This is the clearest and most on-target mission statement for process automation that ARC has heard. It's worth memorizing." – Harry Forbes, ARC Advisory Group

"Now we see where you have spent your R&D money the last couple of years..." - Customer, Large Biofuels Company

"We have stress tested the CP280 to and beyond its limits and it was absolutely awesome to see the power and stability this new controller has - A. Weiss (INEOS)

Our software competence spans across total industrial efficiency

Enhance software portfolio



Higher customer benefits leading to higher customer mindshare

Our integrated software and hardware bring higher customer value

Enhance software portfolio

One of the largest sugar producers in South Africa

Customer needs

- Implement MES system to track plant performance
- Replace legacy DCS with SCADA + PLC solution

Customer Benefits

"The ability of the Wonderware System Platform to integrate & consolidate data across the different systems & deliver it to managers' desktops enables us to be pro-active, rather than reactive"

Schneider Electric Solution

Wonderware System Platform working seamlessly with Schneider Electric PLC's to replace a legacy DCS.

Business Systems

Design & Simulation

Operations Management

Control & Supervision

MES Performance System Platform
InTouch + Historian



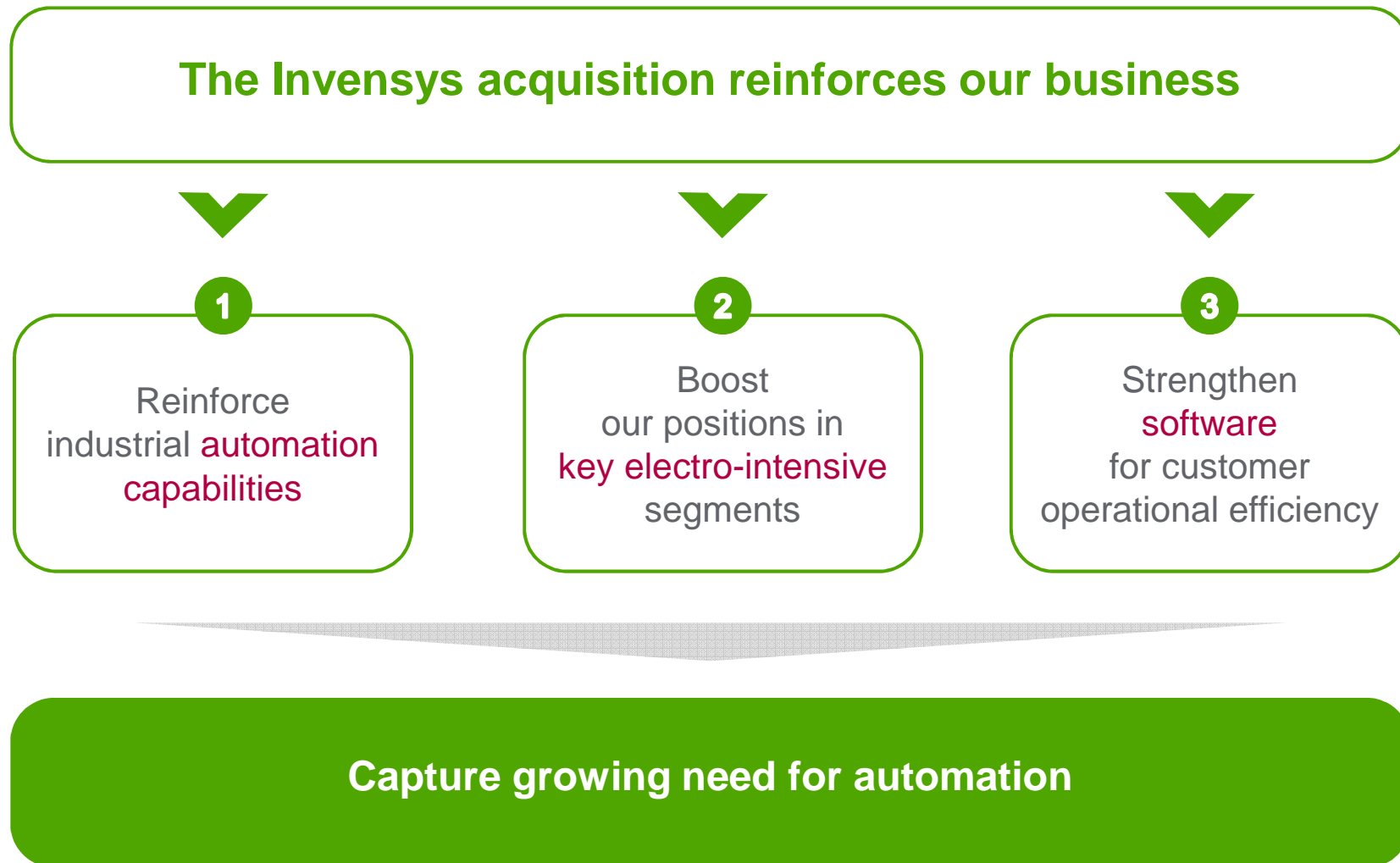
SE Quantum PLC's



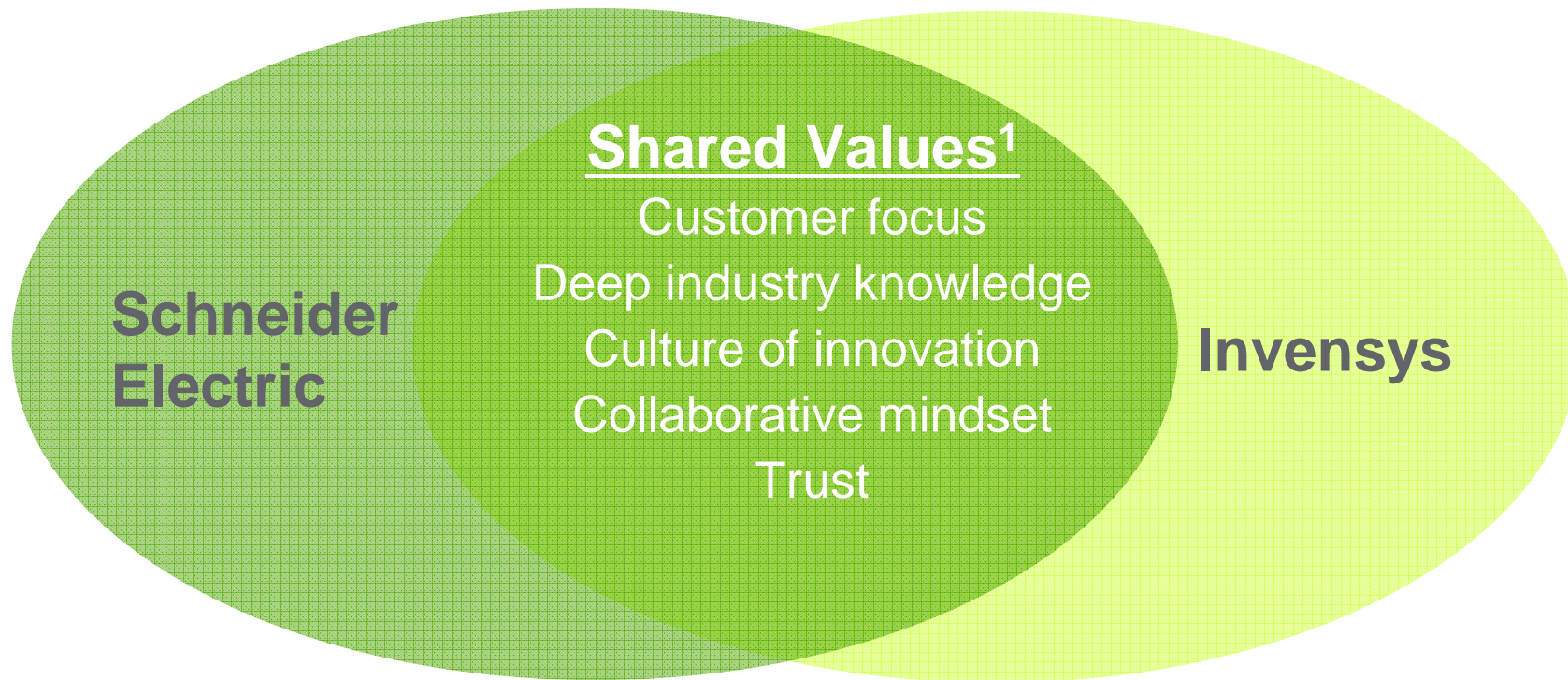
Invensys integration



Invensys: a strong strategic fit to drive higher growth and value creation

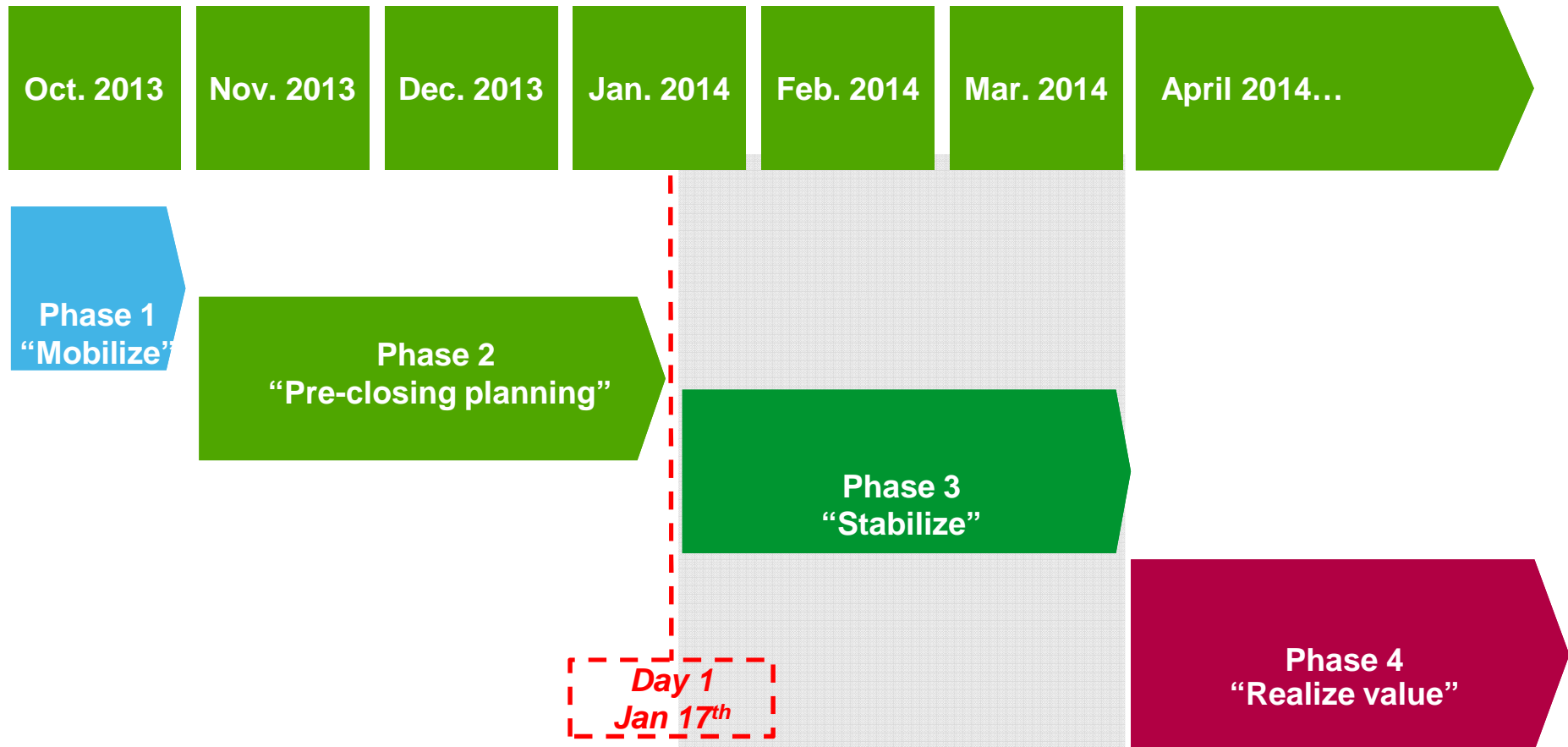


There is strong cultural fit of both Companies Employees



¹ Organization Health Index Survey Conducted by McKinsey & Co.

Integration is well prepared to ensure business continuity along with value creation



Early business workshops confirmed our synergy targets

Major Workstreams

HR Workstream

- Many shared values between the two companies

Synergies Workstream

- Multiple concrete revenue synergy levers confirmed
- Complimentary commercial access (channels/accounts)
- Procurement synergies identified

Technology Workstream

- Offers are complementary with very limited overlap.

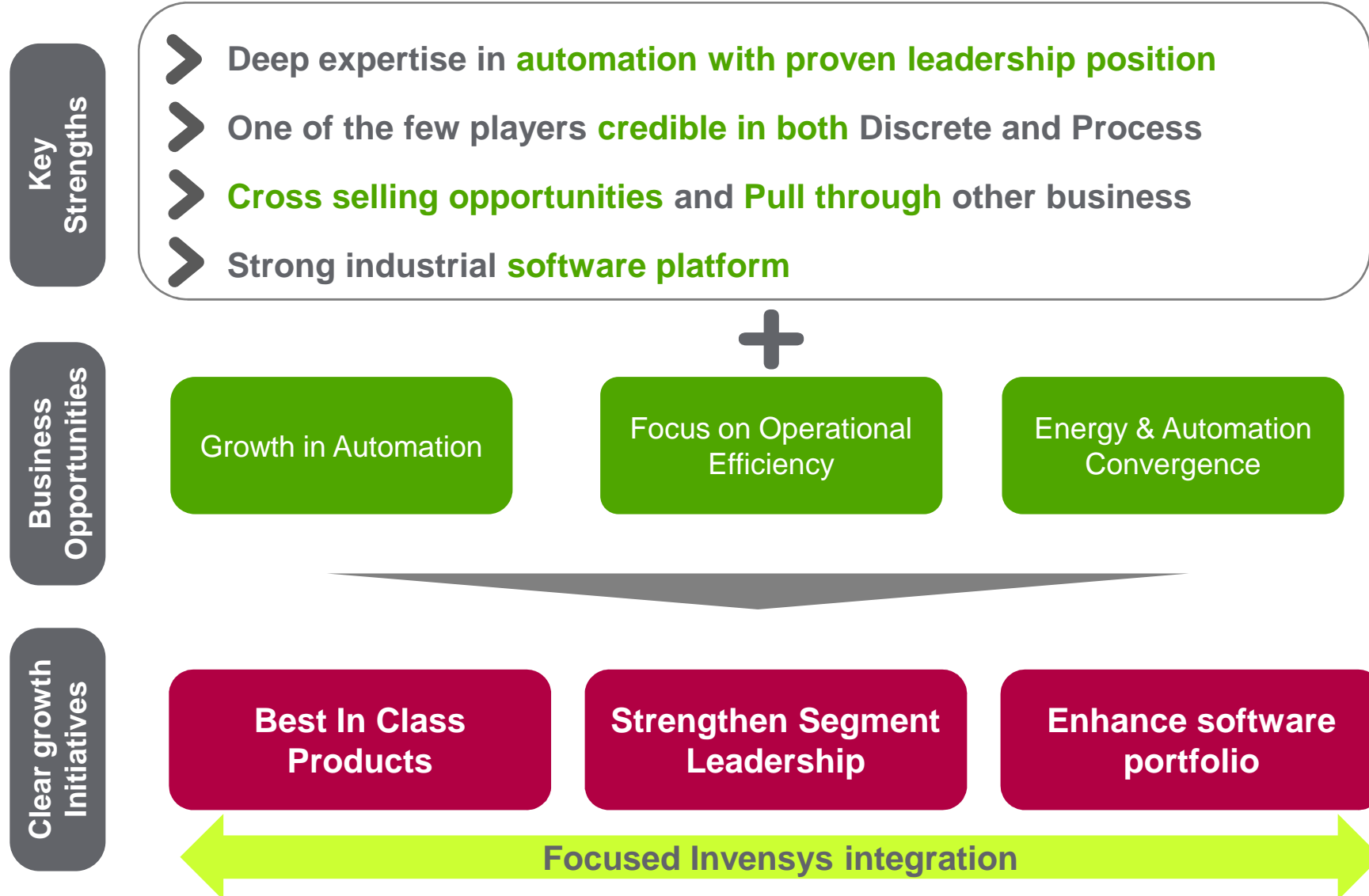
Key takeaways

- Integration on track: basics already in place, eg SE intranet access for Invensys
- Enhanced User Value Propositions for Global Strategic Accounts
- Network of sales champions already in place in both companies
- Invensys & SE sales teams are excited by the opportunity

Conclusion



We are well positioned to grow due to our strong foundation and value addition from Invensys



**Help people make the
most of their energy**

