



Driving Digital Transformation

Industrial Automation Business

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Life Is On

Schneider
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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 Registration Document (which is available on www.se.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.


This presentation includes information pertaining to 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.


Presenter



Peter Herweck

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Industrial Automation

€6.2bn

2018 revenues

18.0%

Adj. EBITA margin

#1

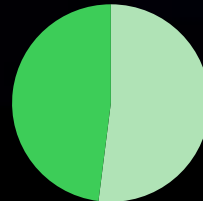
Worldwide Safety systems, HMI software, control & signaling, motor protection & control

8%

R&D spend



Split of 2018 revenue by end market:



Discrete
Process & Hybrid

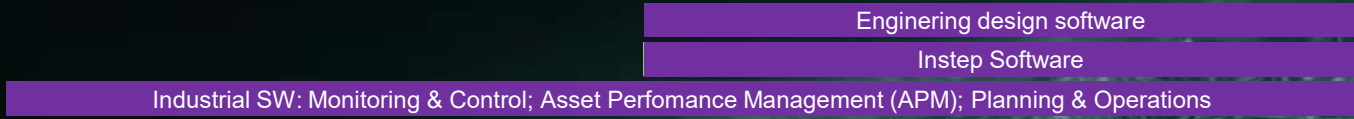
From electromechanical to software leader

Growing faster than market due to targeting segments of strength

“Full liner in automation” reducing impact of cyclicality

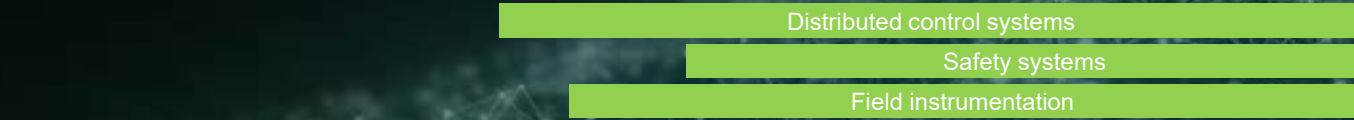
2018
€6.2 B sales

AVEVA

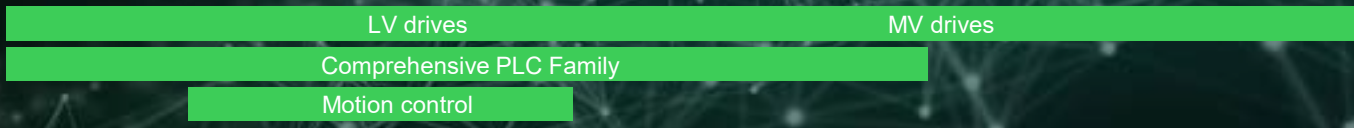


2014
€5.5 B sales

inverter



2013
€4.3 B sales



Automotive Electrical/ Electronics Machinery F&B Pharma & Biotech WWW MMM Chemical Refining O&G Power Generation

Discrete €42B

Hybrid €23B

Process €35B

SW depth drives superior growth


CAGR 2013-2018: 7.6%


Presenter



Craig Hayman

Chief Executive Officer,
AVEVA

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AVEVA – 60% shareholding

Fully consolidated into Schneider Electric

Strong operating performance

AVEVA revenue

12% revenue growth

In the year ending 31 March 2019

54% recurring revenue

Accretive to Schneider Electric Group margins

(AVEVA adj. EBIT margin **23.8%**)

Generating value now...

• AVEVA market capitalization

+ £3bn In the post-acquisition period to 31 March 2019

Added to **FTSE 100**

AVEVA share price

outperforming peers

since deal closing on 1 March 2018

...and in the future

Mid-term targets announced:

- **At or above market** revenue growth
- Increase **recurring revenue to 60%**
- Improve adj. EBIT margin to **30%**

EV/EBITDA '19

AVEVA

27.3x

Software companies trade at higher multiples

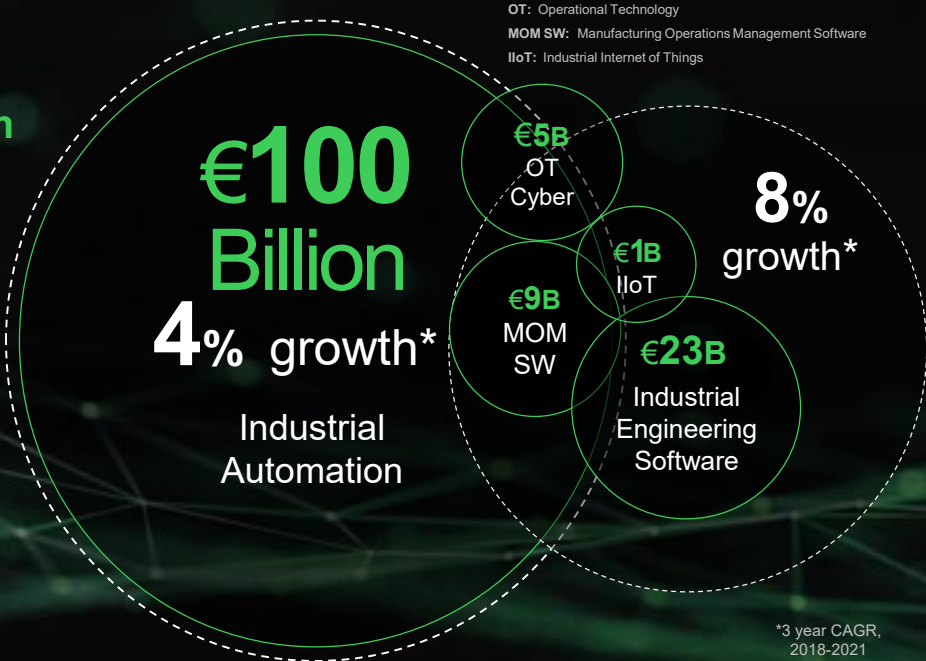
Integrations for efficiency creating new opportunities

1 Combining **Energy** and **Automation**

2 From **Sensor/Actuator** to **Cloud**
(OT/IT Convergence)

3 Integrated software from **Design & Build** to **Operate & Maintain**

4 **Cybersecurity** as a business



Sources: ARC Advisory Group, Cambashi, IDC, IoT Analytics, Markets and Markets study, Schneider Electric.
Market data for year 2018.
Industrial Engineering Software excluding EDA

AVEVA fully integrated into EcoStruxure architecture

Building clear advantages of full EcoStruxure solution recognized by customers

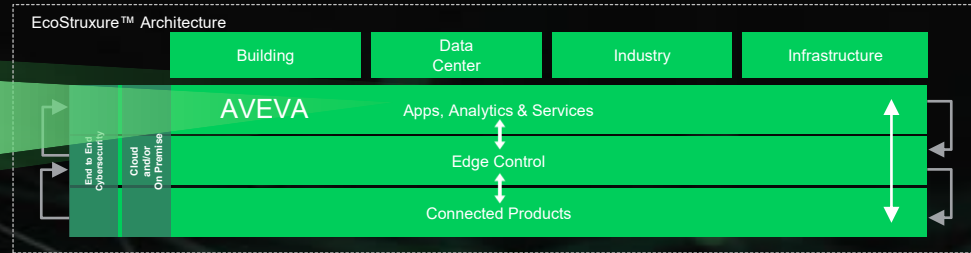
Asset Life Cycle

Improve Return On Capital



EcoStruxure™ is Schneider Electric's open, interoperable, IoT-enabled system architecture and platform.

EcoStruxure™
Innovation At Every Level



EcoStruxure Power EcoStruxure Building EcoStruxure IT EcoStruxure Machine EcoStruxure Plant EcoStruxure Grid

Operations Life Cycle

Improve Profitability

Mature joint go-to-market in place

Capturing superior growth in all 3 models

Slide content deliberately omitted

Example: North American International Oil & Gas Company

Integrations driving growth

1

2

3



SW: Software MEC: Main Electrical Contractor

MAC: Main Automation Contractor

*1 2010 – 2013

*2 2014 – 2018

Demonstration

Example: Digital transformation at ADNOC

ADNOC is one of the world's energy producers, operating across the hydrocarbon value chain

Business challenge

ADNOC is transforming into an Industry 4.0 organisation to maximise returns from every barrel of oil. To begin this journey, data was centralised and integrated into a single operating platform.

Solutions provided

Monitoring & Control to provide a real-time overview of operations

Asset Performance Management to reduce maintenance costs and downtime

Planning & Scheduling to optimise production planning

Example: Black Rock Mining South Africa

Energy Management pulls Industrial Automation & AVEVA



EcoStruxure™
Innovation At Every Level

Installed base of Energy Management pulls through Industrial Automation with AVEVA

Easy integration due to open communication protocols

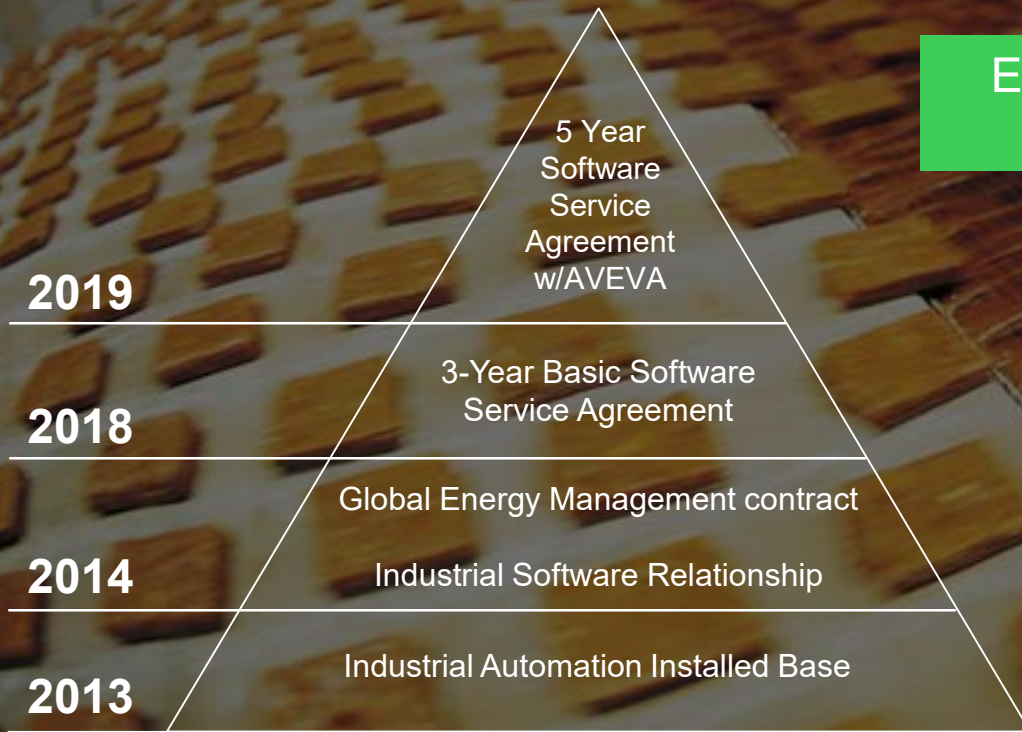
2-3 month design, switch-over and commission of centralized control room

20% increased equipment utilization resulting in **20%** production improvement

Customer video

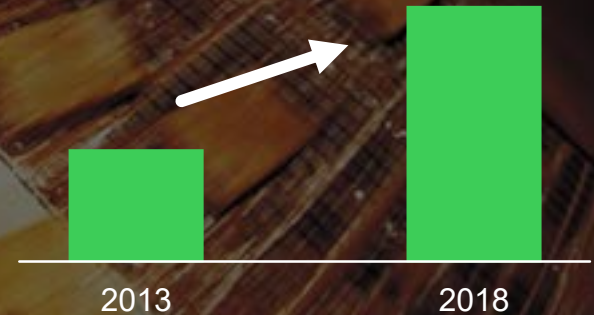
Example: North American Food Company

Integrations drive strong results



Energy + Automation + Software opening new opportunities

18% CAGR & growing



Example: Smart Factory efficiency gains

EcoStruxure solutions driving improvements at our Smart Factories



In **>60 Smart Factories** and growing

Le Vaudreuil had **5–15% OEE** improvement in **3-4 weeks** on Contactor Line using EcoStruxure

15% reduction in energy consumption through Power, Automation and Software



OEE: Overall Equipment Effectiveness

Digital transformation changes hardware & software content balance...

2



70% less I/Os

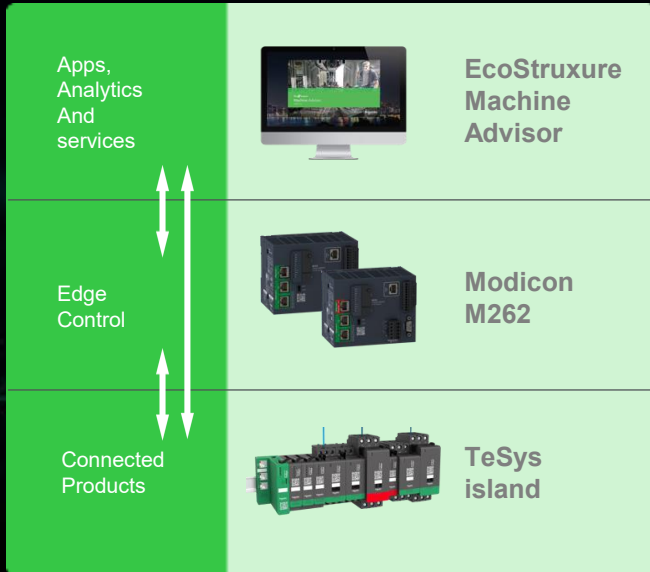
15% less relays

Elimination of auxiliary wiring

Integration of network switches and protection relays

Savings for the customer with incremental value for Schneider

2



*compared to a traditional solution for application including connectivity, wiring, engineering costs

Value to customers:

20% cost savings*

+ added value of reduced downtime & machine as a service option

Value to SE:

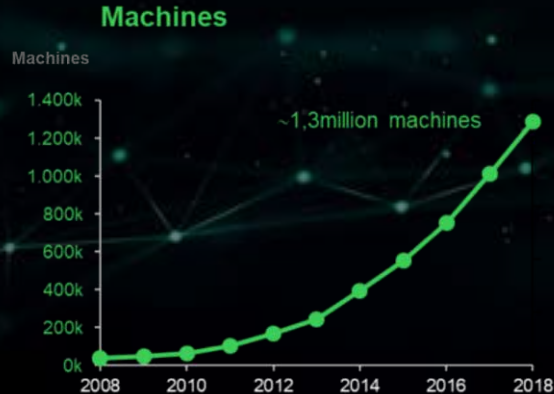
Up to **33%** additional SE content
i.e. From PLC I/O to intelligent field device

Move from electromechanics to IIoT

Machinery continues to take market share

In targeted segments driven by digital transformation and domain expertise

Growing **3x** faster than market



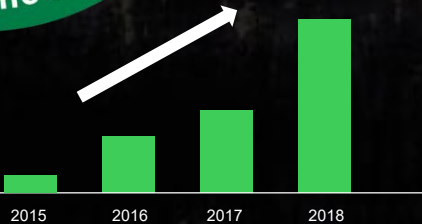
- Focus on strategic segments to take share
- Sales execution model executing well since 2013
- Software pulling through automation
- Commercialization for EcoStruxure Advisors gaining traction

Cybersecurity Business

Operational technology (OT) cybersecurity



10x growth



Example: Middle-East NOC

- IT / OT integration
- DMZ implementation
- Design and deploy secured architecture
- Secure remote access, device control, and asset management
- Honeywell / GE / Schneider Electric / third-party management common cybersecurity infrastructure

OT: Operational Technology

IT: Information Technology

DMZ: De-militarized Zone

Balanced full liner in automation and software well positioned...

... for strong growth through cycle

7.6% CAGR (2013-2018)

... to deliver superior value
by convergence to software

+130 bps
margin appreciation (2016-2018)

... through EcoStruxure
with AVEVA

Double-digit growth
in the post-acquisition period to 31 December 2018

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