



IT Business

Dave Johnson,
Executive Vice President – IT Business

Disclaimer

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.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 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 a specialized market leader in critical power,
cooling and services**



We are a specialized market leader driving solid profitability



A solid business

A very profitable and leading business with a unique portfolio

Our value proposition

Complete portfolio, full IoT stacks, scale advantage and largest IT channel

Future ready

A business well positioned to leverage IoT trend and fueled by 3 key levers in a dynamic market



BUSINESS FACTS

€3.7bn

14% of Group
2015 revenues

17.6%

Adj. EBITA margin

#1

Worldwide
Critical power, cooling
& services

~€4.5bn

2015 revenues including
other business revenues
in data centers

(% OF REVENUE)

BUSINESS MODELS



- Products
- Systems
- Services



KEY SEGMENTS



Cloud and service providers¹



Enterprise data centers²



Small & medium businesses



Residential



Diverse Industries



Utilities & Infrastructure

1 Includes Co-location, cloud, and telecom

2 Includes Finance

(% OF REVENUE)

GEOGRAPHIES



■ New economies

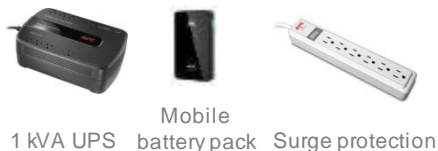
■ Mature

We have built a strong leading position in all applications...

Distributed IT

IT outside the data center (server room & network closet)

Computer & peripheral



Network & servers



Distribution



Data Center

IT inside the data center

Racks & enclosures



Cooling



Prefab



Power



Software



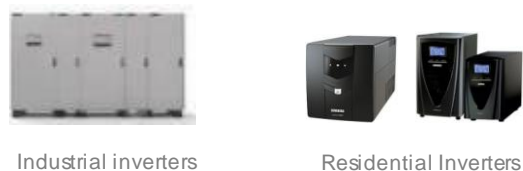
Non-IT

Heavy and light industrial applications

3-phase UPS



Inverters



Software & services



#1 market share

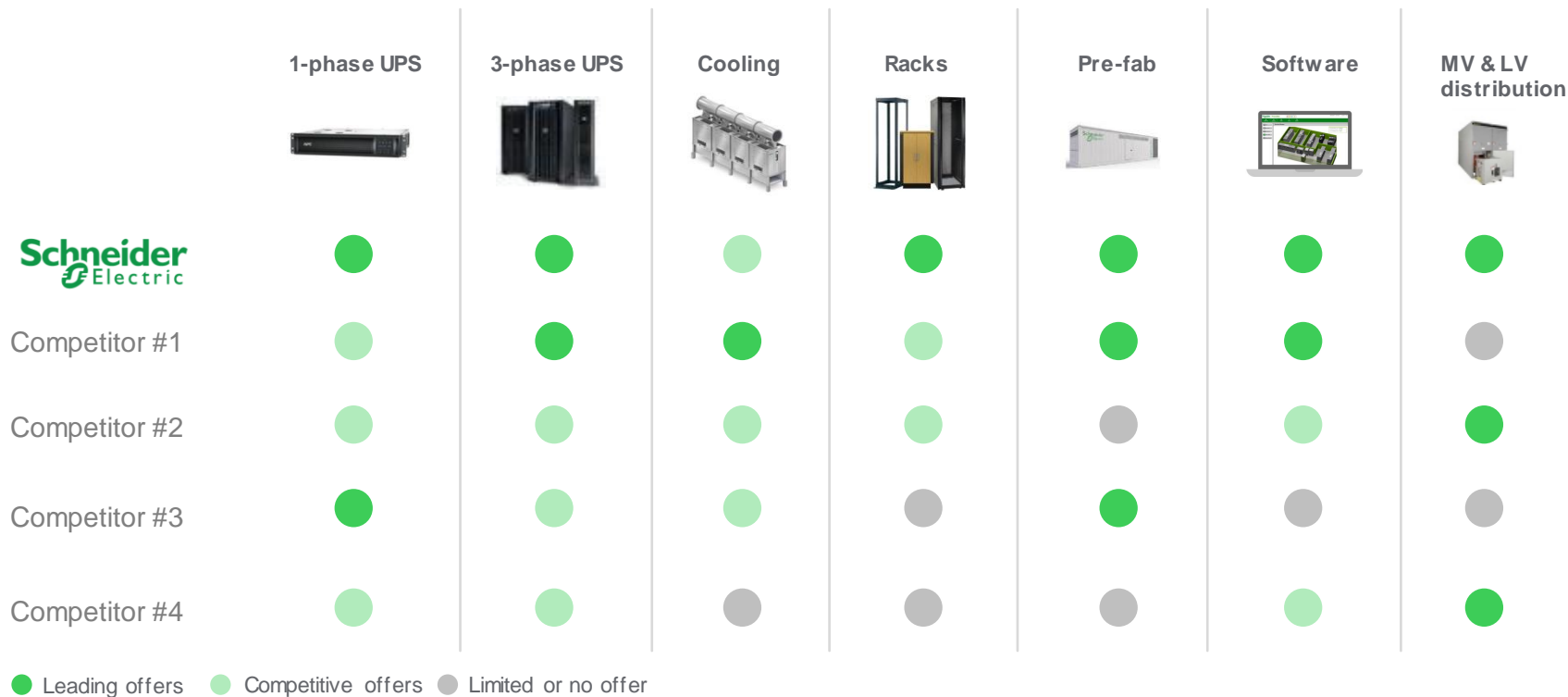


#1 market share



#2 market share

...and the most complete portfolio in our industry.



We have 4 key competitive strengths

1. COMPLETE & INNOVATIVE PORTFOLIO

Full range of offers for data center applications with broadest portfolio

Leader in UPS, racks, LV/MV and Services



2. GLOBAL SCALE

~6 GW per year of equivalent power deployed in IT sites installed base
60+ million UPS worldwide

3. LARGEST IT CHANNEL

220,000+ IT Partners across 200+ countries

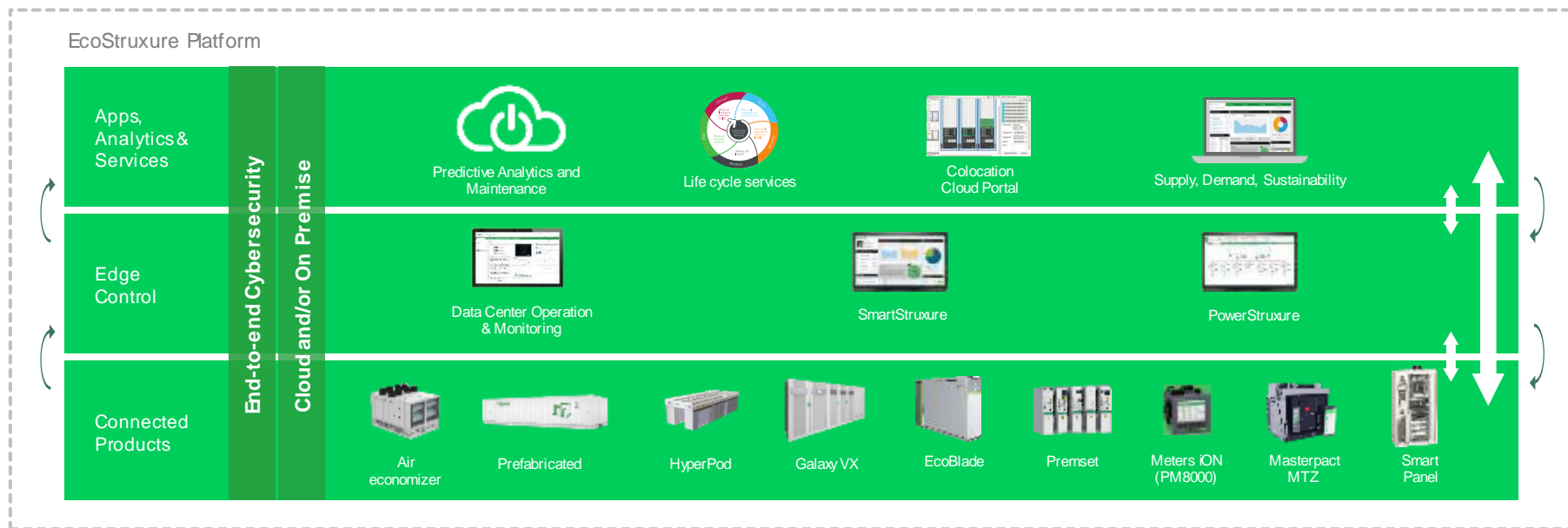
4. COMPLETE IOT STACK

From connected products to edge control and analytics

We have a complete IOT stack for Data Centers

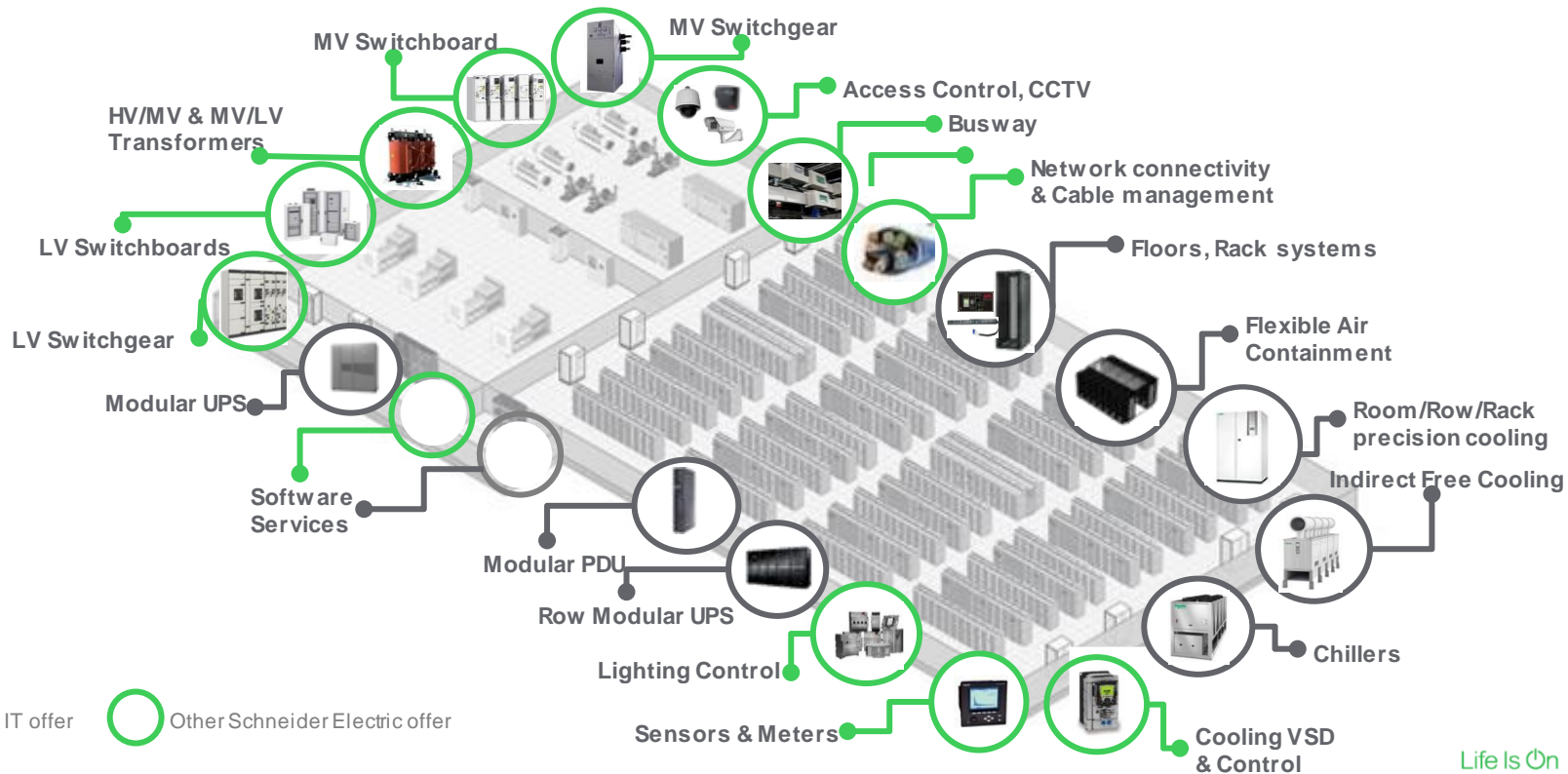


Data Center



We lead the way for all of Schneider in Data Centers

~€800m pulled-through revenue enabled by IT business legitimacy in Data Center segments





Digitization brings new growth opportunities

We see four mega trends driving the growth of our industry

CLOUD & COLOCATION

70%

of new data center builds through 2018 will be cloud & service providers¹



EDGE COMPUTING

30bn

IoT devices by 2020¹



THE DIGITAL AGE

2.3

Terabytes of IP traffic on the Internet in 2020²



ENERGY STORAGE

22GW

Installed base for battery energy storage systems (BESS) by 2020³



¹ Source: IDC ² Source: Cisco VNI Index ³ Source: Navigant Research

The dynamic market transition provides interesting opportunities and innovative business models

CLOUD & COLOCATION

- Shift to off-premises
- Favors global one-stop supplier
- Provides new opportunities in digital life-cycle services

EDGE COMPUTING

- Opens up IoT and IIoT new applications and channels
- Drives regional data center expansion and new micro data centers

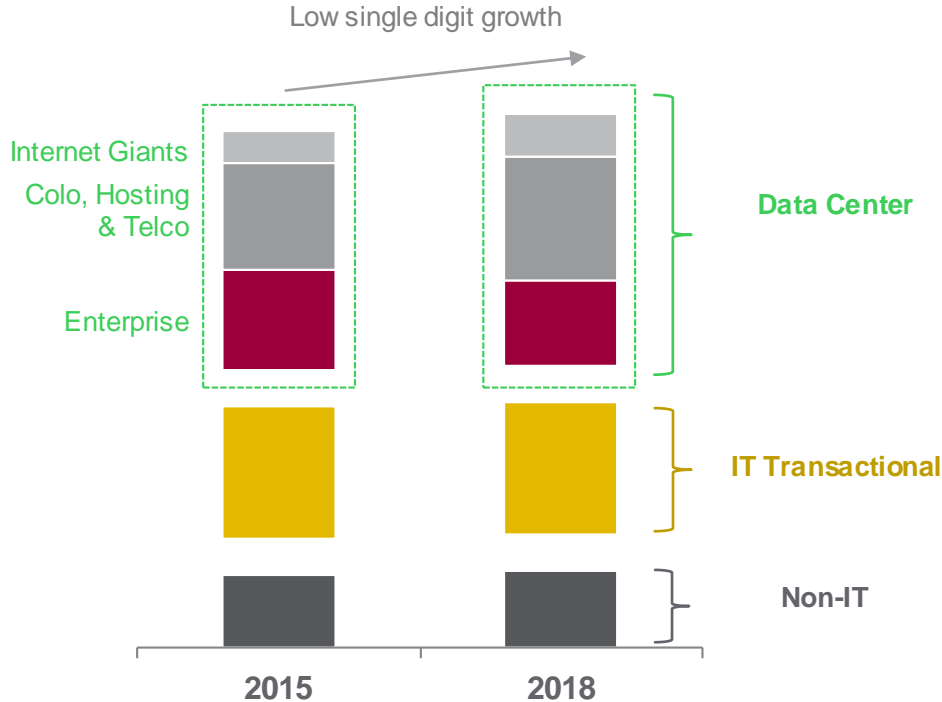
THE DIGITAL AGE

- Moves us to new customer engagement platforms
- Shifts market to connected offers & service-led business models

ENERGY STORAGE

- Creates opportunities to disrupt and innovate from Luminous to EcoBlade
- Positions us to provide complete integrated solutions

The impact of these trends is growth for our overall Schneider portfolio in the IT market, with upside opportunities in key segments



- 55% of Data Center PAM will be off-premises by 2018
- 2% growth for Enterprise spending in upgrades, services retrofit Data Centers

- IoT, Edge, Privacy regulations stabilize growth in Distributed IT

- Infrastructure spending in Healthcare & Transport remain stable

Sources: Internal Analysis & IDC WW Data Center Census 2015



We will enhance our leadership in the coming years

From new offers to services, we are launching initiatives to boost growth

STRATEGIC INITIATIVES

Maintain leadership in our core business

- Re-focus on IT channels leveraging digitization
- Adapt data center business to market evolution
- Cross-sell to non-IT applications

Invest in growth levers

- Deploy edge computing solutions
- Drive services' growth through modernization and digitization
- Pursue energy storage opportunities

A photograph of a middle-aged man with grey hair, wearing a light grey suit jacket, a blue dress shirt, and a dark blue tie. He is looking down at a tablet computer he is holding in his hands. The background is a bright, slightly blurred office interior with a window. A green horizontal bar is overlaid across the middle of the image, containing the text.

Maintain leadership in our core business

Refocus on IT Channels, leveraging Digital opportunities

We will enhance our strong channel presence through continued optimization and a focus on going digital

DRIVE THE BASICS:



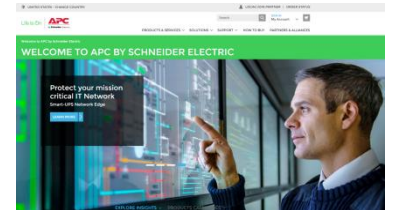
- Optimize our IT distribution channel management and logistics
- Expand reseller coverage in key regions including China, India, and Brazil
- Continue to improve channel programs
- Launch medium offers through partners in new economies
- Leverage channel to access Edge Computing opportunities

CRN

CRN 20-year
Channel champion

GO DIGITAL :

- Expand e-tail and e-commerce globally
- Launch Managed Service Provider program for new breed of partners
- Develop new channel-friendly connected products and services
- Enhance APC.com experience and digital tools



Adapt data center business to market evolution

We are launching new architectures for Cloud & Colocation customers

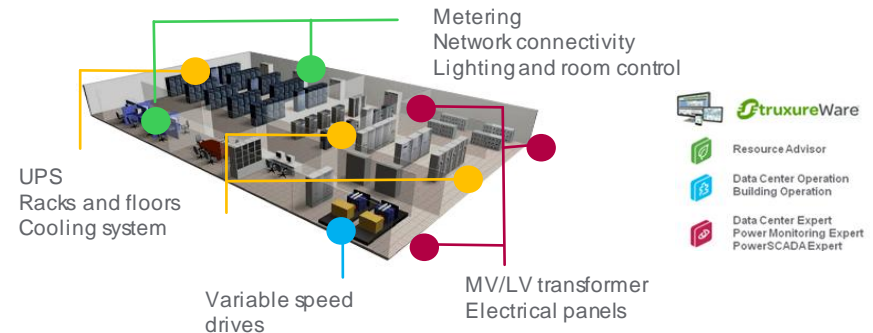
Most flexible, customizable highly modular solutions including full Schneider offering for Hyper-scale DC

- Best-in-class uptime and service availability
- Global execution across multiple regions
- Reference designs for medium, large and hyperscale DC

OUR UNIQUE value proposition

- Rapid deployment modular solutions
- Prefabricated and engineered to order units
- High density racks
- Megawatt scale UPS & medium voltage
- Complete Schneider offer

Recent success cases of large co-location deployments





Colocation in Atlanta

How INTERNAP has managed to grow with the city it serves

Leverage world class SE global partner network to cross-sell in non-IT segments

We leverage the Group's industrial synergies to secure power for our customers

Schneider Electric is chosen as trusted partner to meet high customer requirements

- 100% reliability for mission critical applications
- Top level of compliance with international electrical standards

OUR UNIQUE value proposition

- Reliability under harsh environment
- Best-in-class uptime and servicing
- Industrial grade UPS and power distribution integrated systems with Schneider Industry and automation solutions

Recent examples of customer applications

Maximum safety for 3 Indonesian hospitals



- Top compliance level for Hospitals
- Complete solution for mission-critical operating theater combining Galaxy and smart UPS, Isolated Power System and software

Reliability for refining units in Middle East



- Optimized and competitive solution for Oil and Gas (cross-sell of Schneider offer)
- ~\$4M sales of 20+ e-Houses embedding industrial UPS into a seamless solution



Capitalize profitable growth from market trends

We will deploy edge computing solutions to enable IoT

TYPICAL Applications

- **On-premises applications** in points of sale, retail...
- **IoT aggregation** in artificial and machine intelligence
- **Digital content distribution**: gaming and video
- **Data traceability** for healthcare, government, finance

OUR UNIQUE value proposition

- Speed of deployment and simplified process
- Expertise from Schneider and partners
- Ruggedized and secure offer

Make the Sagrada Familia CONNECTED



- Mobile and flexible prefabricated data center supporting construction and ticketing processes
- Drastically reduced latency
- Optimized network bandwidth
- Deployed and operational in 3 weeks

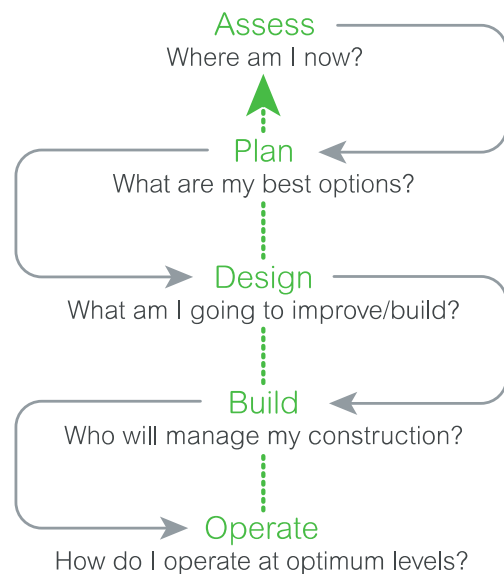
Increase Ferrari's SPEED



- Agile and flexible data center collecting and processing IoT sensor data in F1 racing operations
- Our DCIM solution delivered highest availability and performance

We will drive services growth through focus on modernization and digital services

Data center life-cycle services



From installed base upgrade to predictive, real-time analytics

MODERNIZATION SERVICES

Modernization of 40+ assets to extend lifetime across the US for a leading Telco provider



- Expanded service for 5 years
- Key focus on assets under contract

DIGITAL SERVICES

New StruxureOn™ app with real-time remote monitoring service, connecting customers to our experts



- Gain customer intimacy
- Drive pull-through service opportunities

We will pursue selective opportunities in energy storage

Battery Energy Storage Applications

Residential Segment

Commercial & Industrial Segment

Utility Segment

OUR UNIQUE value proposition

- Highly modular solutions
- Intelligent Energy Management with StruxureWare™
- Leadership in Power Storage with 6GW equivalent of batteries managed per year

Schneider Electric differentiators & offers

Power Storage Leader

Comprehensive Offer

Integrated Solutions

LUMINOUS

Jis Pe Desh Kare Bharosa



Low COST inverters



Ecoblade™, a smart and scalable energy storage system



AC & DC integrated racks



Conclusion

We are a highly profitable world leader with a complete portfolio, driving growth for the all of Schneider in the Data Center market

1. IT remains a solid market leader with an end-to-end portfolio, IOT capabilities and the largest IT channel at a global scale, driving high profitability.
2. IT provides market access by offering the entire Schneider Electric portfolio into the growing datacenter segment, creating a distinct competitive advantage.
3. The IT business has good opportunities for incremental growth in co-location, edge computing, services and enterprise in new economies. However, traditional IT segments will decline, leading to a flat to slightly positive organic revenue growth.
4. We target low to mid-single digit organic revenue growth to be generated from the IT market across the economic cycle.

EcoStruxure™

Innovation At Every Level

Life Is On

Schneider
Electric



APPS, ANALYTICS, SERVICES

EDGE CONTROL

CONNECTED PRODUCTS

Life Is On



Schneider
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