

INDUSTRY BUSINESS

Clemens Blum, EVP Industry

February 19, 2015



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.

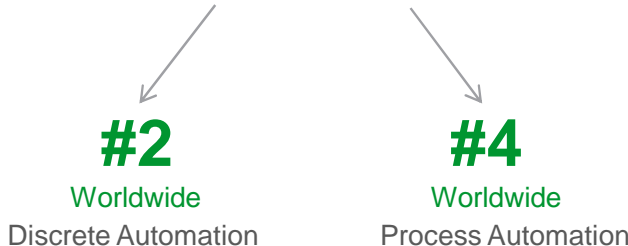
A large-scale industrial mining operation is shown in a wide-angle shot. In the foreground, a worker wearing a white hard hat and a blue and white plaid shirt stands with his back to the camera, looking out over the site. The middle ground is dominated by a massive conveyor belt system that curves across the landscape, transporting material. Above this, a large, complex piece of machinery, possibly a dragline or a large crane, is visible, with a red and white structure. The background features a hilly, open-pit mine site under a clear sky. The overall scene conveys a sense of large-scale industrial activity and automation.

We are a **global leader** in automation



BUSINESS SIZE

€5.6bn



WORLD LEADING PLATFORMS

#1 in safety #3 DCS¹ IB Leading software

Triconex. Foxboro. SimSci. Avantis Wonderware.
by Schneider Electric by Schneider Electric by Schneider Electric by Schneider Electric by Schneider Electric

OUR BUSINESS MODELS (% OF REVENUE)

59%
Products

36%
Systems

5%
Services

¹ DCS: Distributed Control Systems



KEY SEGMENTS



OEM



WWW



Food & Beverage



Life Sciences



Power
Generation



MMM



Oil & Gas

WE WORK WITH..

48 of the top 50 chemical companies

18 of the top 20 pharma companies

23 of the top 25 petroleum (downstream) companies

All 10 top mining companies

GEOGRAPHIES (% OF REVENUE)

57%

Mature Countries

43%

New Economies

Consistent strategy and strong execution make us *A global player from discrete to process*

PROVEN MARKET LEADER IN BEST IN CLASS PRODUCTS

- > #1 in Low Voltage Power Drives
- > #2 in HMI Operator Panels
- > #1 in Push Buttons
- > #1 Contactors

CONSISTENT AND ABOVE MARKET GROWTH IN OEM SOLUTIONS

- > Growing 4x faster than the market in MachineStruxure business
- > Application knowledge for conversion of machines from packaging to hoisting to HVAC

Machine  Struxure

STRONG FOUNDATION IN END USER MARKETS

- > #1 in Safety Instrumented Systems
- > #1 in HMI/SCADA Software with more than 1.6M licenses in industrial software
- > Project Expertise: from world's largest integrated Petrochemical facility to Digital Mining Operations



Industry trends will drive growth



INFRASTRUCTURE INVESTMENTS

\$25 trillion in Water and Power through 2030¹

\$65 billion in Control Systems reaching end of life²

- > Modernization of aging assets
- > Increasing demand in emerging markets



INCREASING SPEED & VOLATILITY

US power pricing can change every 15 min³

- > Real-time data & analytics improve business decisions
- > Simplicity of design



INDUSTRIAL INTERNET OF THINGS

IoT could add \$14 trillion to the global economy⁴

- > Growing demand for smart connected products
- > Opportunity to drive operational efficiency with Industrial Software



INCREASING REGULATIONS

Cost \$500 billion in US per year⁵

- > Demand for Process Safety and Cyber security
- > Growth in software and systems supporting reporting requirements and traceability



Our focus will be on growth and innovation during the
next company program





INNOVATE

- > Continue to invest in Best in Class Products
-

DO MORE

- > MachineStruxure
- > Further deliver value creation from Invensys acquisition
- > Grow industrial software to capture customer mindshare

We continue to invest in smart connected products

INTERNET OF THINGS PIONEER

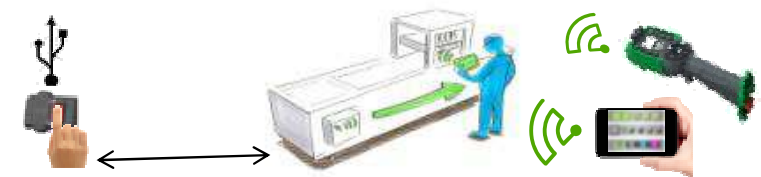
Openness & Industry standards are at the heart of our strategy

- > 1987 : ethernet-based DCS¹
- > 1990's: embedded web servers in PLC²'s
- > 2014: launch of first PLC with ethernet backplane – M580



INNOVATION FOR SIMPLICITY

- > Dynamic QR codes – *reduce downtime*
- > Mobile apps to configure control devices – *faster commissioning*
- > Wireless & less wire – *reduced installation cost*
- > Embedded optimization software in drives – *reduce energy consumption & increase pump lifetimes*



Innovative products and continued investment in application know-how will sustain above market growth of Machine Solutions

INNOVATIVE PRODUCTS

- > 14 new launches in 2014
- > The NEXT PLC range
- > New Motion Controller
- > Medium Offer for Machine Automation

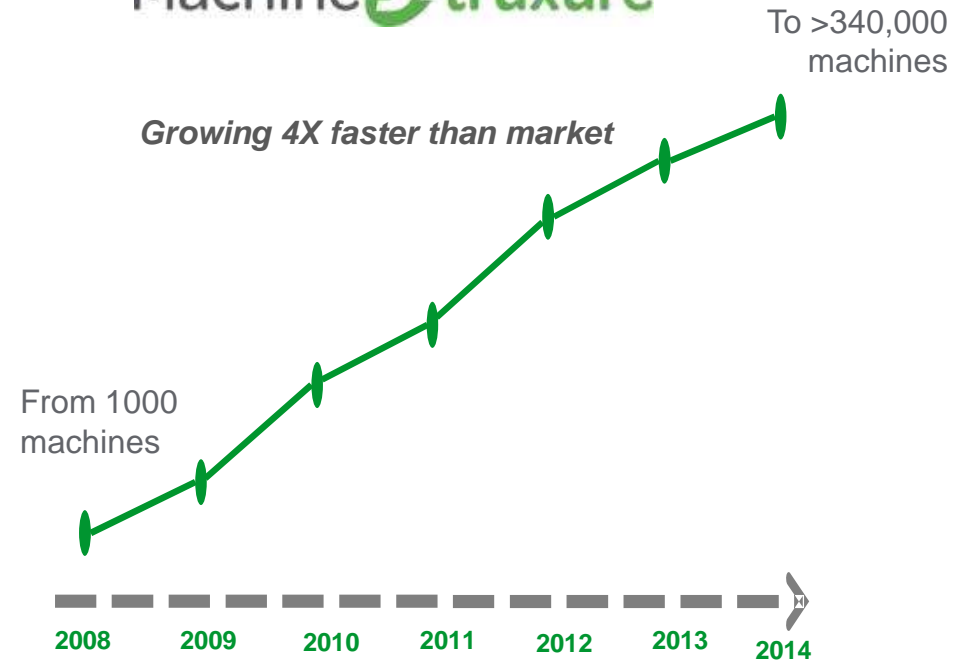


CONTINUED INVESTMENT IN APPLICATION KNOW-HOW

- > Training for engineers and product experts
- > Deep application understanding
 - > hoisting, packaging, material handling, etc



Machine  truxure



> 4500 CONVERTED OEM CUSTOMERS

Our integration of Invensys is on track...

FAST AND EFFECTIVE INTEGRATION

10 000 former Invensys employees on board

- > Unified **management team** in place
- > Unified **R&D team** for end-users
- > Common **IT infrastructure** deployed, (inc. e-mail address, intranet, HR tools)
- > Common financial reporting tool implemented

... in less than 1 year

VALUE CREATION

Key focus on creating more value for our customers

- > All **customer relationships** preserved
- > **Updated value proposition** to include Invensys offers for targeted segments
- > Action plan in place to **generate 2015 revenue synergies** through a single shared opportunity pipeline

SYNERGIES ON TRACK

On track to deliver Cost synergies through **well structured initiatives**:

- > Supplier database integration, **optimization** & contract renegotiation
- > **In-sourcing** of third-party products used in projects
- > 48 real estate co-locations (+1000 front office employees)
- > Energy audits in industrial sites completed
- > **Mutualisation of global functions** resources

... and already delivering value for end users



RELIANCE JAMNAGAR REFINERY LEVERAGING INVENSYS

Customer Benefits included: Faster project design, start-up & commissioning, Reduced project risk, Reduced running costs, and reduced down-time

SCHNEIDER ELECTRIC WAS CHOSEN BECAUSE

- > Trusted advisor status of process automation supplier
- > Key account approach to demonstrate commitment & long term support
- > Integrated Power and Control – solutions & expertise

SOLUTION INTEGRATED POWER AND CONTROL

- > Foxboro DCS and Triconex Safety systems
- > LV/MV power, UPS and security systems
- > Industry Software



GLOBAL SPIRITS COMPANY LEVERAGING INVENSYS

“The ability of Schneider Electric to deliver a complete solution of smart connected products leveraging Ethernet & advanced software technologies allow us to meet our ambitious environmental goals while future-proofing our investment”

SCHNEIDER ELECTRIC WAS CHOSEN BECAUSE

- > Key account team partnering with the customer’s corporate engineering & chosen partners
- > Fully-integrated power & control system

SOLUTION LEVERAGED SOFTWARE RELATIONSHIP

- > Wonderware Industry Software
- > Best-In-Class Smart connected products
 - PLC’s, Drives
 - Intelligent Motor Control centers



GROW INDUSTRY SOFTWARE BUSINESS TO CAPTURE CUSTOMER MINDSHARE

Ravi Gopinath, Industry Software

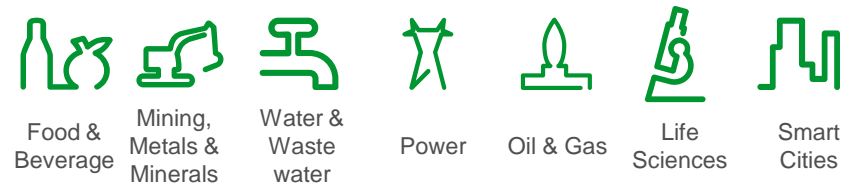
We are a global industrial software leader

A GLOBALLY SCALED BUSINESS

- > Over **3000** software professionals worldwide
- > **8** R&D centers, **23** project execution centers
- > Global network of over **3000** system integrator partners
- > Installed base of over 1 million licenses covering more than 10,000 supported customer sites

SERVING A DIVERSE INDUSTRIAL BASE

- > Well diversified industry footprint
- > Clientele includes global market leaders in each industry served



OFFERINGS DRIVE CUSTOMER BUSINESS VALUE

- Process Engineering & Optimization ▶ Engineering and operational efficiencies
- Operations Control ▶ Rigorous monitoring, control of operations
- Operations Execution Management ▶ Production standardization and quality
- Operations Planning & Scheduling ▶ Supply chain efficiencies
- Asset Management ▶ Reliability, performance of capital assets
- Information Management ▶ Right information, right time, right place

CAPTURING VALUE THROUGH SYNERGY

- > **Integration of software** business groups brings together complementary industry coverage, strengthens portfolio
- > Software value proposition enhances **mind-share** and drives **pull-through** of Schneider Electric offers
- > Schneider Electric's deep customer relationships and **industry segment coverage** enable positioning of combined value proposition

We lead through customer success and innovation

MARKET LEADERSHIP THROUGH CUSTOMER SUCCESS

- > Chevron has **reduced maintenance costs**, improved availability and achieved cost-effective regulatory compliance using Intelatrac Mobility solutions
- > F&N Dairies Thailand achieves **100% First Time Right** quality with Wonderware MES in the world's largest canned dairy plant
- > US Department of Energy uses SimSci EYESim **virtual reality training** simulators to train IGCC operators for the clean-coal industry

#2 market share position in Simulation and Optimization Software and Services: *ARC Advisory Group's Worldwide Process Engineering Tools and Global Market Research Study, 2014*

#1 market share position in Human Machine Interface (HMI) Software and Services: *ARC Advisory Group's HMI/SCADA Software and Services Global Market Research Study, 2014*

The **leading vendor** in the **Global MES Market** for the 2012-2016 forecast period: *TechNavio Global MES Market Study October 2013*

MARKET LEADERSHIP THROUGH INNOVATION



Providing relevant information, analytics and decision support in the expanding information envelope of the **industrial internet**



Driving productivity through information access, rich visualization, enhanced user experience across a range of **mobile** platforms



Enabling scalability, collaboration and lowered TCO through **cloud** based applications and **SaaS** models



CONCLUSION



Unique positioning, consistent strategy, strong execution, poised for profitable growth

GLOBAL LEADER – DISCRETE TO PROCESS INDUSTRIES

- > Proven market leader in best in class products
- > Consistent and above market growth in Machine Solutions
- > Strong foundation in End User business
- > Software driving mindshare and pull through
- > Integrated Power and Automation

FAVORABLE MARKET TRENDS

- > Infrastructure investments
- > Industrial Internet of Things
- > Speed and volatility requirements of customers
- > Increasing regulatory compliance and safety focus

EXECUTION FOCUS FOR GROWTH

- > Continue to innovate to deliver best in class products
- > MachineStruxure for OEM market drive above market growth
- > Leverage Invensys for value creation across the end user industrial segments
- > Accelerate software growth

The background features a white central area with abstract green shapes. A light green triangle points downwards from the top right, and a dark green triangle points upwards from the bottom right. These two triangles meet at a point in the center, creating a white diamond shape. The text is centered within this white diamond.

HELP PEOPLE MAKE THE MOST OF THEIR ENERGY