

Schneider Electric lays out its Growth, Execution & Digital plans at its Investor Day

Key messages from Schneider Electric Investor day:

- **Committed to profitable growth**
- **Unique set of energy and efficiency technologies, strategically positioned on Demand-side**
- **Accelerating our high-performing businesses: Building, IT and Industry, turning around Infrastructure**
- **Well advanced in digitization and already solving real customer issues through EcoStruxure**
- **Clear plan to significantly improve margin through identified levers**
- **Prioritizing earning growth and shareholder value**

London (United Kingdom), October 27, 2016 - Schneider Electric is hosting a meeting today with investors and financial analysts during which Jean-Pascal Tricoire, Chairman and CEO, Emmanuel Babeau, Deputy CEO and CFO, and members of the company's management team will highlight the Group's strategy and execution priorities.

In addition to the strategic and financial presentation, the meeting will also include specific in-depth presentations focusing on Schneider Electric's Digital journey and a deep-dive into execution priorities by business.

The attendees will be able to visit a "Marketplace" which will showcase the company's innovations, solutions and connected offerings across businesses, illustrated with real-life customer examples and to exchange with technology and business experts.

The main topics to be covered at Investor Day include:

Unique set of energy and efficiency technologies, strategically positioned on Demand-side

The management presentation will provide insights on the Group as a pure play in Energy and Efficiency Connected solutions. The "transformation of the energy world" as well as the growing need for "enhanced Industrial efficiency" are two intrinsically linked mega-trends shaping our lives and our time. The Group has strategically positioned itself to focus on these two mega trends and help customers meet their business objectives emanating from these transformations.

The Group believes there is a natural synergy between energy efficiency and industrial operational efficiency. The Group, through its four synergetic businesses, has developed a unique and complete portfolio of core technologies for energy and efficiency to serve the end-to-end needs of its customers.

A focused company, an integrated model, a system for execution

The Group's model to deliver value is based on a global and balanced exposure with a strong presence in new economies, a technology focus and a culture of partnership. This business model is designed to be flexible and agile, deliver efficiency through scale, and deliver focused execution through organization-wide

programs and systems. Sustainability is a key value attribute across the company, and is deeply embedded through its 'Schneider is On' company program.

Accelerating high-performing businesses: Building, IT and Industry, turning around Infrastructure

By business, the Group will showcase its strategic priorities and opportunities for growth for each of its businesses with a specific focus on the "Rebound" program designed for its Infrastructure business where the priority remains to drive margin improvement.

Well advanced in digitization and already solving real customer issues through EcoStruxure

Having developed its digital capabilities through the years, the Group will share its digitization strategy. It will present its domain based architectures, gathered on a single digital platform (EcoStruxure), supported by a deep domain knowledge, strong service and integration capability, and an open ecosystem of partners. The Group will showcase multiple real-life customer examples of how its Digital strategy is helping solve customer problems across all businesses and driving efficiency.

Strong and efficient model to continue to create attractive shareholder value over the next years

The Group will share its clear plan to create attractive shareholder value over the next years by announcing the key elements below:

1. *Revenue organic growth:*

- Targeting average organic growth of around 3% over the next 3 years, excluding Infrastructure, with a gradual ramp-up through the years. Infrastructure focus is geared to profitability enhancement

2. *Improve profitability and deliver organic growth in Adjusted EBITA:*

- A targeted +20bps-50bps average organic improvement in Adjusted EBITA margin over the next 3 years driven by organic top line growth, improvement in mix and systems profitability, positive net pricing, industrial productivity and Support Function Costs efficiency.
- The Infrastructure business is focusing on improving its profitability and its "Rebound" plan is aimed at bringing the Adjusted EBITA margin of the division to a "10% to mid-teen" level across the economic cycle. The higher selectivity on systems (projects and equipments) for the division is expected to result in a negative revenue impact of ~-€400m-450m, of which about -€200m is expected in 2016.
- The Group is increasing the Support Function Cost savings target¹ for 2015-17 to €700m-800m. This results in overall cost savings target for the Group for 2015-2017 being enhanced to €1.7bn-1.8bn. The restructuring charges to generate the cost-savings are expected to be around €900m over 2015-2017.

¹ Gross Support Function Cost Savings before inflation and around €200m of reinvestment mainly in digital, services and marketing capabilities

- Based on the targeted organic growth and the adjusted margin improvement, the Group targets a yearly average +4% to +7% organic growth in Adjusted EBITA over the next 3 years.
- The Group is targeting strong growth in underlying EPS² over the next 3 years on account of solid organic growth in adjusted EBITA, lower cost of financing, and share buyback program.
- The Group continues to target ~100% conversion from net income into Free Cash Flow across the economic cycle.

3. *Efficient use of capital:*

- The Group reaffirms its progressive dividend policy with a ~50% payout from Net income³
- The Group confirms its current share buyback program of ~€1.5bn over 2015-2016. In addition to the neutralization of employee share plans, potential opportunistic share buyback/special dividend could be considered in the next years
- M&A, though not mandatory given the Group's current portfolio, could be considered only if highly synergetic to the core & with a clear value creation to shareholders.
- The Group continues to prune its portfolio to focus on its core and announces a strategic review of its DTN business

In addition, the Group confirmed its targets across the cycle.

The Investor Day presentations are available at www.schneider-electric.com

2016 Full Year Revenues will be presented on February 17, 2017

About Schneider Electric: Schneider Electric is the global specialist in energy management and automation. With revenues of €27 billion in FY2015, our 160,000 employees serve customers in over 100 countries, helping them to manage their energy and process in ways that are safe, reliable, efficient and sustainable. From the simplest of switches to complex operational systems, our technology, software and services improve the way our customers manage and automate their operations. Our connected technologies will reshape industries, transform cities and enrich lives. At Schneider Electric, we call this **Life Is On**.

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² Underlying EPS growth excluding impact of scope and one-offs such as capital gains or losses and/or asset impairments

³ Based on net income excluding one-offs such as Capital Gains or Losses and/or asset impairments