
Financial Information

Schneider Electric highlights its growth initiatives and near term business focus at its Investor Day

Rueil-Malmaison (France), 20 February, 2014 – Schneider Electric is hosting today a meeting with investors and financial analysts during which Jean-Pascal Tricoire, Chairman and CEO, Emmanuel Babeau, Deputy CEO in charge of Finance and Legal affairs, and the company's management team will present the Group's growth strategy, the future prospects for its businesses and its near term focus. The attendees will also be able to see the most recent product innovation and solution offers.

The global specialist in energy management and efficiency technologies

As a global specialist in energy management and efficiency technologies, Schneider Electric has built a unique portfolio through the integration of power and automation to support customers' efficiency needs.

The Group has strong foundations thanks to balanced geography footprint with strong presence in New Economies, complementary business models and innovation. They are strengthened through

- Acquisition of Invensys to enhance capability to integrate power, automation and software
- Combination of Buildings and Partner to integrate solutions and expand channels
- Continued focus on segments, software and services for differentiated solutions

The Group will now focus on integration, technology innovation in products and solutions and capture efficiency gains in order to pursue significant growth opportunities and improve its returns.

Focus on organic growth and maximization of returns on investments made

Schneider Electric reaffirms its targets for performance across the cycles, including the ambition to deliver organic growth of world GDP +3 points, an adjusted EBITA margin in a range of 13% to 17% and a ROCE¹ in a range of 11% to 15%.

The focus for the next few years will be on organic growth and on improving the returns on the recent investments (organic and acquisitions). Hence the Group targets the following objectives:

Organic margin improvement will continue: Efficiency will be generated through industrial productivity, support function cost leverage and the generation of synergies from the Invensys acquisition. This will support the organic improvement of the adjusted EBITA margin going forward, from the 2013 proforma level including Invensys of ~14.0%.

¹ Return On Capital Employed

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Profitable growth and capital efficiency will drive EPS growth: In addition to the targeted opex efficiency measures, the focus on organic growth after a decade of building and improving the portfolio of businesses will allow for the strengthening of the balance sheet and the stabilization of the number of shares (neutralization of management and employee share plans through share buy-back). This should allow a strong EPS performance and the continuation of an attractive dividend policy. In 2014, the integration of Invensys is expected to be high single-digit accretive on a cash EPS² basis.

Objective to significantly improve ROCE in the next 2-3 years: the focus on shareholder returns is also materialized by a new ROCE³ target. Compared with the 2013 proforma ROCE including Invensys of ~11.0%, Schneider Electric targets to:

- return to the pre-Invensys ROCE in 1 to 2 years
- improve the ROCE in 2 to 3 years by 1.5 point to 2 points

ROCE will be a criterion of management compensation.

For more information, please visit www.schneider-electric.com/finance

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, efficient, productive and green, the company's 150,000 plus employees achieved sales of 24 billion euros in 2013, through an active commitment to help individuals and organizations "Make the most of their energy."

www.schneider-electric.com

² EPS excluding Acquisition costs of €60 million, Integration costs of ~€150 million over 2014-2015 and Amortization of purchase accounting intangibles

³ See definition in appendix

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Appendix – ROCE definition

ROCE is defined as: Adjusted EBITA after tax / Average Capital Employed

Tax: the tax rate will be adjusted for any benefits of the Invensys-related tax shield that would not be captured in the P&L.

ROCE calculation		
P&L items		2013 reported
EBITA	(1)	3,309
Restructuring costs	(2)	-176
Other operating income & expenses	(3)	73
= Adjusted EBITA	(4) = (1)-(2)-(3)	3,412
x Effective tax rate of the period	(5)	25.0%
= After-tax Adjusted EBITA	(A) = (4) x (1-(5))	2,558
Balance sheet items		2013 Avg of 4 quarters
Shareholders' equity	(B)	16,963
Net financial debt	(C)	4,532
Adjustment for Associates and Financial assets (at historical value)	(D)	-346
- Electroschild Samara (50% stake)		67
- Sunten Electric Equipment (40% stake)		80
- Fuji Electric FA Components & Systems (36.8% stake)		84
- NVC Lighting (9.2% stake)		115
= Capital Employed	(E) = (B)+(C)+(D)	21,149
= ROCE	(A) / (E)	12.1%

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