

Capital Markets Day 2023

The Next Frontier

Industrial Tech for the future

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CEO

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 Universal 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.

A global powerhouse in electrification and digitization

ESG champion
and sustainability partner

150k
employees

Multi-Hub
model

Global Market Leader
with strong legacy

World-leading portfolio
with increased digital footprint

€34bn
Revenues¹

€6bn
Adj. EBITA¹

€3.3bn
Free Cash Flow¹

1. Full year 2022

Committed as **responsible guardians** to preserve & enhance the **strong legacy** for decades to come



Industrial Tech

CONNECT

AVEVA



invenSys

APC

SQUARE D

Merlin Gerin

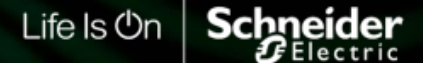


DIGITAL TRANSFORMATION

SUSTAINABILITY FOCUS

TECHNOLOGICAL LEADERSHIP

The Next Frontier...



We have curated a **unique portfolio** that is best equipped for growth on themes **enabling a sustainable future**

#1

- Complete end-to-end offers
- Unparalleled network of partners
- Global leadership
- Innovation leader
- Sustainability trusted partner through consultancy



#3

- Automation – Building, Grid, Process, Discrete
- Process, Safety & Cyber leader
- Software defined Open Automation
- Product leadership

#1

- Native connectivity
- End to End Lifecycle approach with AVEVA, etap, RIB Software
- Data driven insights
- Artificial Intelligence

Life Is On

Schneider
Electric

Electrical & Automation technologies are converging with Software & Sustainability as enablers for rapid acceleration

Energy Management



Med. Voltage Products & Equipment



Molded-case Breaker



Uninterrupted Power Supply, Single & 3 Phase



Final Distribution



Wiring Devices



Building Management

Software & Sustainability



AVEVA PI System



EcoStruxure Resource Advisor



VPPA

Sustainability & Renewable consulting
Energy Performance contracting



Energy as a Service

Industrial Automation



Variable Speed Drives



Contactors



Motion Control



Signaling



Push buttons



Automation Expert

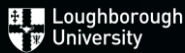


Triconex



Foxboro DCS

DATA CENTERS



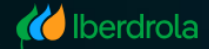
BUILDINGS



INDUSTRY



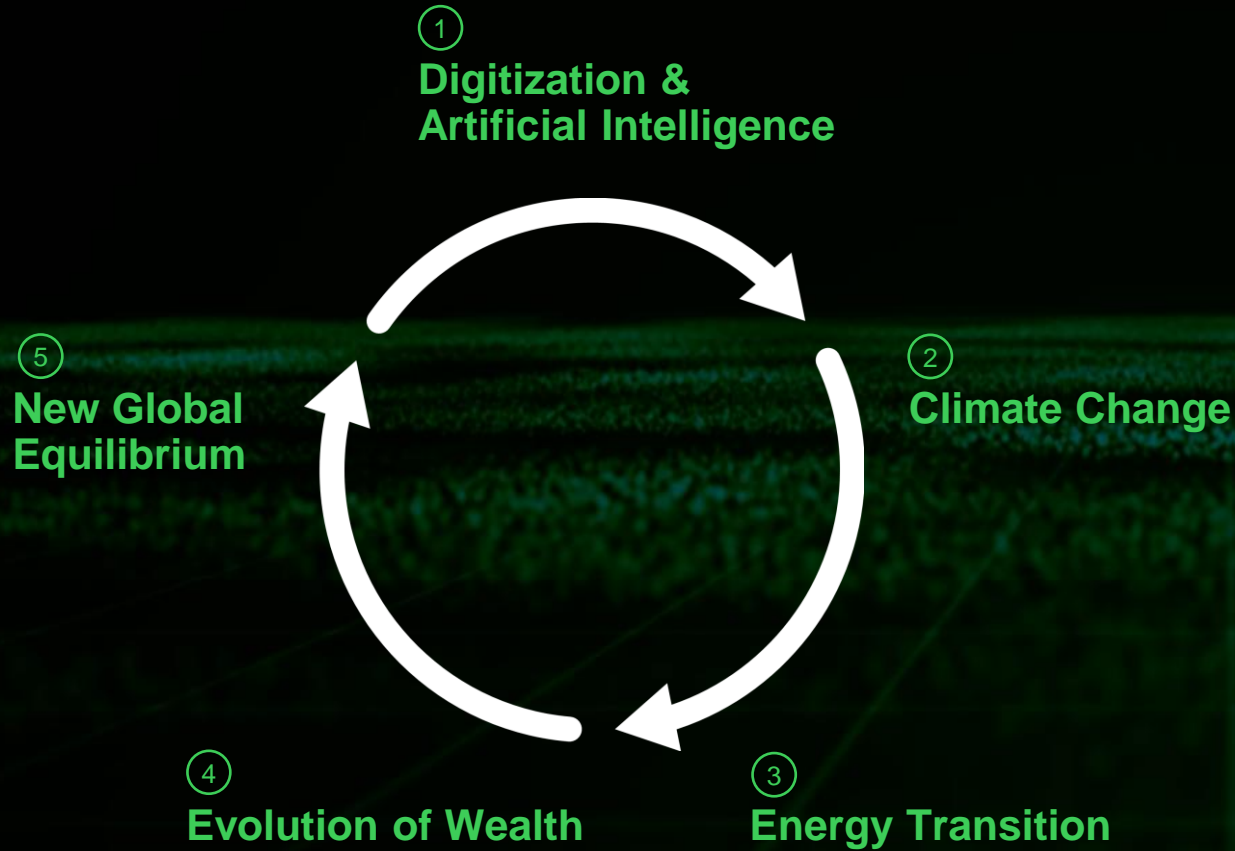
INFRASTRUCTURE



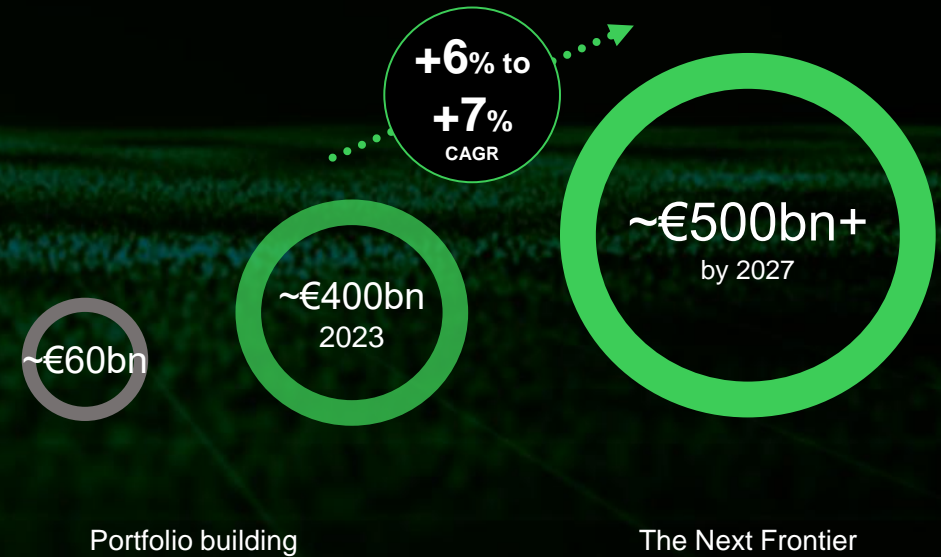
Life Is On



Megatrends driving The New Frontier



Potential Addressable Market Estimates
2023-27, in €Bn



Change is happening - accelerating **Digital disruption** in the world

Artificial Intelligence

Exponential expansion
Leading to enhanced opportunities for data centers
AI as productivity tool

Digital Twins

Process twin
Energy twin
Carbon twin

Digitization

Artificial Intelligence and Machine Learning
Structured data
Connected products

2mths

Gen AI adoption

Reaching 100M users vs. 7 years for world wide web
Source: Citi Research, SimilarWeb, OpenAI

20GW

AI power demand to grow by 2028

Schneider Electric: The AI Disruption: Challenges and Guidance for Data Center Design

Decade of **Climate Change**: Imperative measures ahead

What decarbonization activities are pursued most **today**?

Navigating the **New Energy Landscape**



~€55bn
Combined new market

1. Carbon Capture, Utilization & Storage

Enabling a new flexible energy system for “Prosumers”

Climate Change ②

x2 PAM

2023-2027 Prosumer potential available market

Data source: Model with data from BNEF, Frost and Sullivan, & SE business intelligence.

Prosumers **produce**, consume and control their own energy while providing **flexibility** to electrical grid

 Residential




 Buildings



 Utilities




energysage 

Qmerit

evconnect

uplight

 AutoGrid

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Technologies already exist to make companies **energy resilient** and net zero

70%

CO₂ emissions can be removed using existing technologies



Save

Digitalization as disrupter

- Energy efficiency
- Process efficiency
- Circularity
- Digital twin & metaverse

Electrify

Electricity 4.0

- IT
- EVs
- Heat pumps

Decarbonize

- Smart grid
- Microgrid
- Renewables
- Storage
- VPP, aggregation, contract & demand management

Electricity as part of Energy mix

20% in 2020 ► **30% in 2030** ► **50% in 2050**

Sources:
Schneider Electric™ Sustainability Research Institute
IEA The untapped potential of energy efficiency

Increased demand focus and investment choices on **mature & new economies**

Electrification & Data

New Construction

Rise in first time demand

Build better and for Net Zero in **New Economies**

India + MEA

by 2050

Population

+1.4bn

Growth

+1.5bn

Urban

Buildings

+100bn m²

Growth

Size of what exists in Europe & China today

Infrastructure Refresh

Supported by government investment

Mature Economies need radical **acceleration** with retrofits

Europe Today

75%

buildings are inefficient

0.5%

current rate of energy retrofit

>6x

faster on retrofits by 2030 to meet EU climate targets

Sources: Schneider Electric Sustainability Research Institute

Versailles 10x10 **iea**

10 Actions

To accelerate energy efficiency

10x Faster

Evolving horizons: Change in the global landscape - we are well positioned in the shift in paradigm

Supply Chains

Rebuilt resilient and autonomous, importance of electronics

Reshoring

Critical industries

Trade Barriers

Obstructs free trade, favoring domestic production

\$516bn
investment

“Manufacturing the future” investments announced by private companies under present US Administration
Source: whitehouse.gov

x2
by 2030

European Union ambition to double its size in the global semiconductors market
Source: European Commission

These **Megatrends** reinforce our strategic vision - creating **unprecedented opportunities** in our end-markets through the cycle

Our purpose is to empower all to
make the most of our energy and resources
bridging progress and sustainability for all.
At Schneider, we call this Life Is On.

Our mission is to be your digital partner for
Sustainability and Efficiency.

Addressing the opportunities from structurally growing end-markets

End-markets Exposure¹

Data Centers & Networks

Buildings

Industry

Infrastructure

19%

34%

35%

12%

Market Positioning

#1

#1 in electrical distribution
Most complete portfolio

#1

#1 in electrical distribution
Present within 1 out of 4 buildings

Complementary EM and IA offers

#1 in electrical distribution

#1 industrial data and safety

#1 in electrical distribution

#1 in industrial data

#1 in Grid

Market CAGR to 2027

>10%

+4% to +5%

+5% to +6%

+5% to +7%

Key Drivers

Artificial Intelligence

Decarbonization

Reshoring & mega-projects

Big government funding

Market Segments

- Cloud and Service providers
- Enterprise IT
- On- Premise Enterprise Datacenter
- Commercial & Industrial

- Office & public buildings
- Healthcare
- Hotels
- Residential
- Commercial buildings
- Retails chains

- Energies & Chemicals
- Consumer Packaged
- Metals, Mining & Minerals
- Machine sol. / OEMs
- EV & Battery manufacturing

- Grid
- Transportation
- Water Wastewater

Business Models¹



Key Data Points

From CPU to GPU technology

x 3 to 4 kW requirement per rack

Strong renovation momentum

> 85% today's buildings are likely to still be in use in 2050

Accelerated software deployment

c.+10% market CAGR

Increased share of electricity

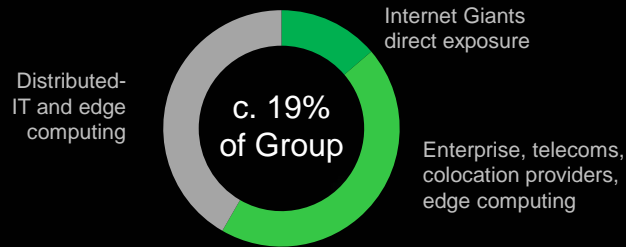
From 20% to 50% by 2050

■ Products ■ Systems ■ Software & Services

1. Based on 2022 Orders

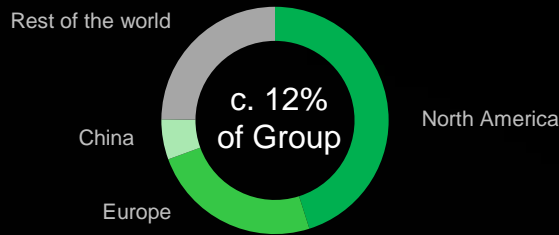
Data center market growth driven by unprecedented trends

We cover all types of data centers



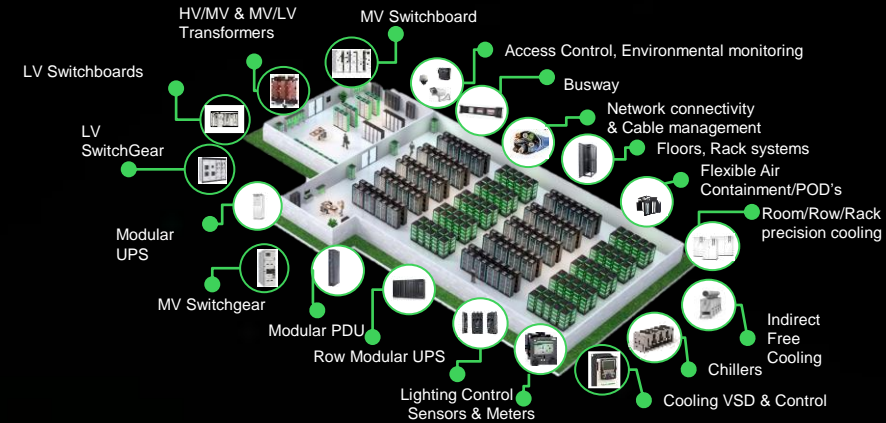
Split of 2022 Data Centers & Networks orders by segment type

Growth continues to be balanced across the world



Split of 2022 Data Centers orders by main markets

Providing large offer spectrum across the lifecycle



Data center end-market has been growing in recent years

Double-Digit
in data centers

Sales CAGR in data centers 2017 to 2022

Mainly **Systems, Software & Services**

Mid-Single Digit
in distributed-IT

Sales CAGR in distributed-IT 2017 to 2022

Mainly **Products**

Strong future growth expected with **important need for electrical content**

Boosted by turning point in technology from hyperscalers, to colocations and edge

Large share of **electrical content** within total data center CAPEX

c.43% Electrical equipment % of total data center CAPEX

Source: BofA Global Research

Sustainability drivers positively impacting all our end-markets

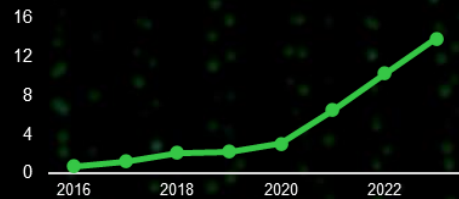
Electrification

Automation

Digitization

ELECTRIC VEHICLES¹

Electric car sales, 2016-2023 (million)

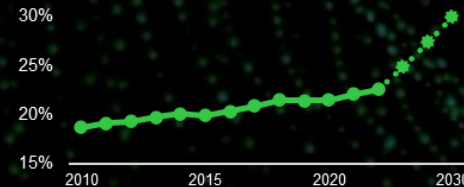


+40%

power load increase at avg US household from single EV

PROCESS ELECTRIFICATION¹

% electricity in Industry final energy consumption



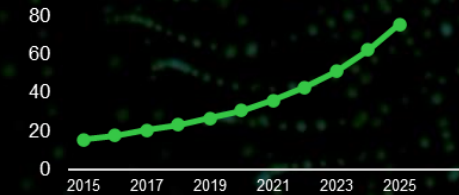
FOCUS on electro-intensive Industries

x1.5

Expected electrification in glass industry

DIGITALLY ENABLED DEVICES²

IoT connected devices (billion units)

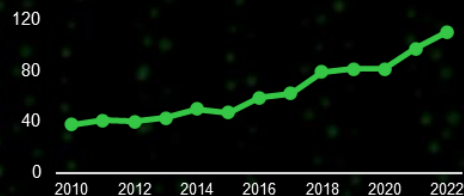


~\$150bn

Total addressable market for generative AI software

HEAT PUMPS¹

Residential heat pump sales (GW)

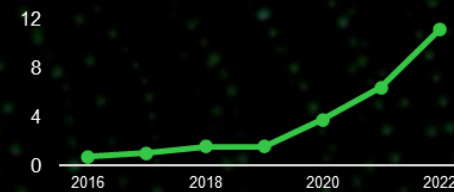


from few hundred to 100k€

incremental revenues to electrify building using heat pumps

BATTERY STORAGE¹

Grid-scale battery storage additions (GW)



50+ gigafactories

would be needed by 2030

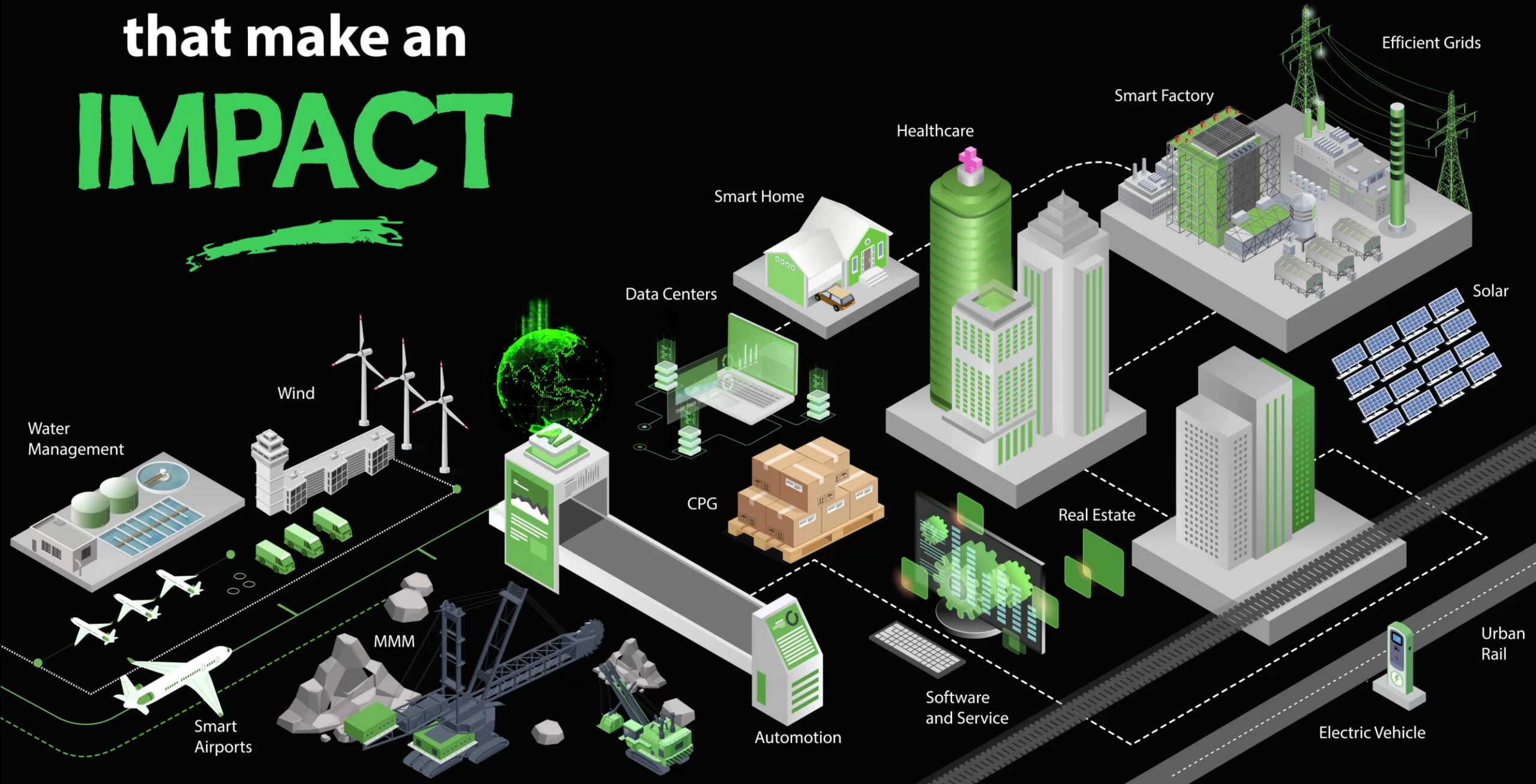
Industry 4.0

Driven by strong growth of

- Internet of Things
- Artificial Intelligence
- Structured data
- Digital Twins

1. Source: IEA
2. Source: Statista

IoT enabled solutions that make an **IMPACT**



IoT enabled solutions
that make an

IMPACT

Transforming to be the “Industrial Tech” leader



Delivering on our promise of **holistic efficiency** for customers

One Digital Twin
across the lifecycle

Energy Twin + Process Twin + Carbon Twin



One User Experience

CONNECT

AVEVA

etap

 RIB

 Schneider
Electric

One Data infrastructure



AVEVA PI System

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 Schneider
Electric

Key markers & strength of Schneider Electric

1

Ecosystem & partner model

2

Multi-hub model

3

Global balanced footprint

4

Focus on sustainability

5

Culture & empowered workforce

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A unique ecosystem based on long-term partnership model

Ecosystem & partner model ①



Unprecedented
Distribution Network

6k

Distributors globally

+120k

Distributors POS



Panel Builders &
System Integrators

4k EcoXpert

Certified partners

~20k

Partners platformed

c.60%

Group revenues
through partners



Electricians

300k

Electricians in
our network

100%

Electricians trained
(field & digital training)

Key
Transformations

MORE DIGITAL

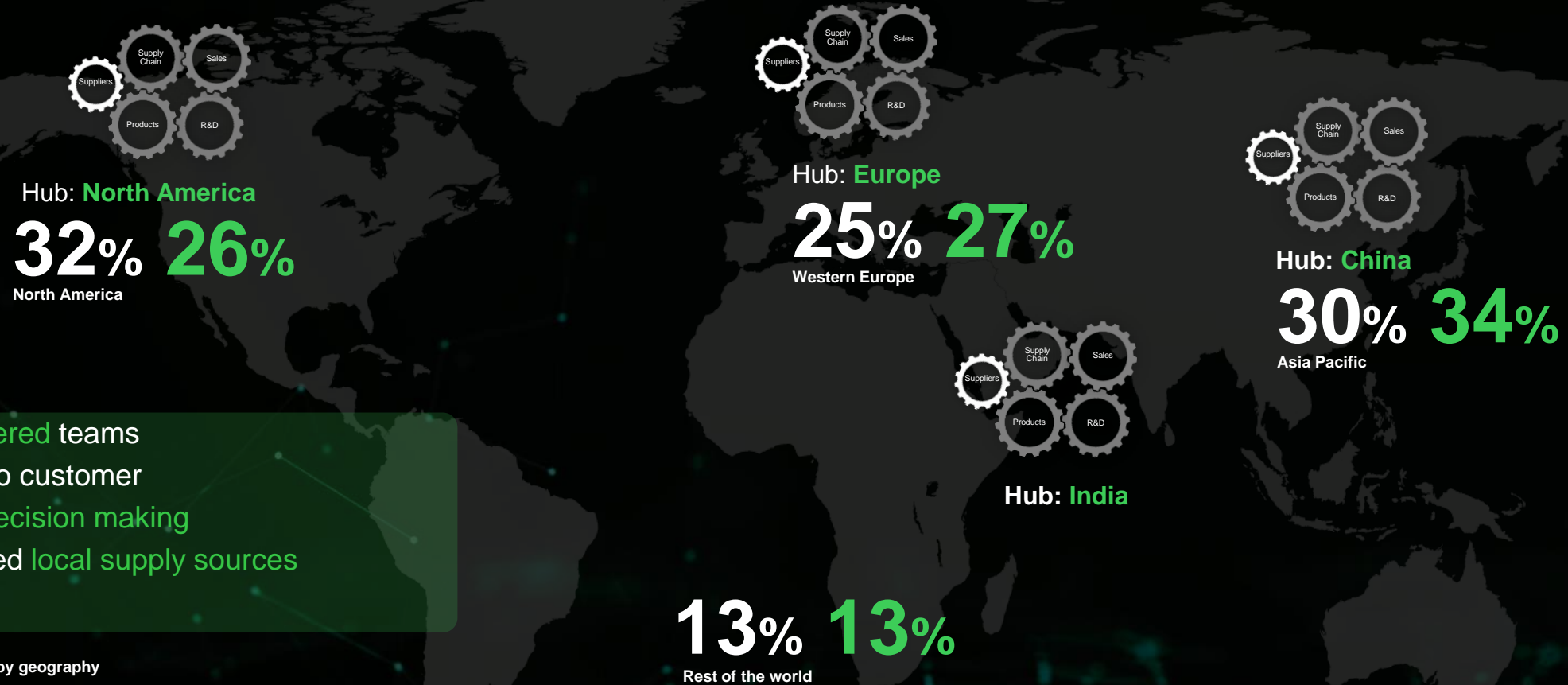
92% Digital
orders

23% Through
e-commerce

Increased ease
of use and training

Software & Digital
Services network

Multi-hub operating model decentralized for people empowerment



- Empowered teams
- Closer to customer
- Quick decision making
- Increased local supply sources
- Fail fast

- % of revenue by geography
- % of total employees by geography

Most local of global companies and **reshoring champion**

Global balanced footprint ③

Most Local of Global Companies

Balanced **global footprint**

Significant exposure to **emerging countries**

India

60 years of presence
In the country

3rd Largest market
for Schneider Electric

Unrivaled footprint

with the combination of



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Electric

Reshoring Champion

Increased demand for **software & automation** while reshoring

Replicate **Smart Factories program** for customers



Ranked #1

Top 25 **Gartner** Supply Chain

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Going beyond the scope of operations in Sustainability

Focus on sustainability ④

Sustainability Business

40% of the Fortune 500 as clients

€40bn+ Energy spend under management

16 GW Globally advised corporate PPAs

3,000+ Sustainability experts worldwide

Walmart  Gigaton PPA program

Catalyze **Energize** **ecoact**
an Eviden business

APPLIED MATERIALS

intel.

Zeigo Network
by Schneider Electric

 **Strategize**

Climate and energy domain expertise

 **Digitize**

Leading lifecycle software and digital services

 **Decarbonize**

No. 1 in energy management

Walmart    **PEPSICO** 

Johnson & Johnson  **HSBC**  **SAINT-GOBAIN** 

Blackstone  **TARGET**  **U.S. AIR FORCE** 

New route to market: C-Suite engagement
Pull-through for the rest of the portfolio

2021-2025
SCHNEIDER
SUSTAINABILITY
IMPACT



Commit to
ZERO

Life Is On | **Schneider**
Electric

Our People & Culture lead us into new frontiers

Culture & empowered workforce ⑤

A culture led & skills first organization enabling

IMPACT

3.8%

Employee shareholding
#3 largest group of shareholders

73%

2023 Employee Engagement
(vs. 64% in 2019) **+3 pts vs 2022**

77%

Digital upskilling

~60%

WESOP
(Employee Shareholding plan) in 42 countries



Key focus areas as CEO

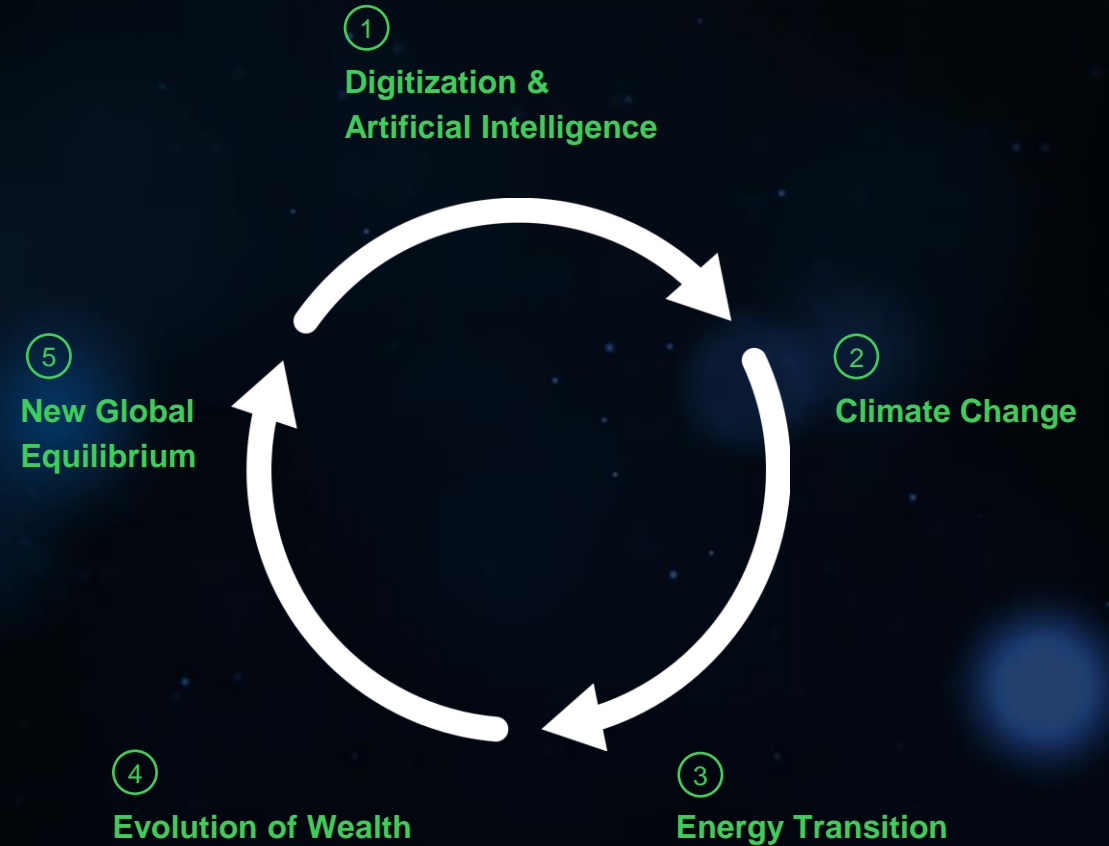
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Key focus areas as CEO

1

Execute for Sustainable growth



1

Execute for Sustainable growth

We are **ideally positioned** at this pivotal time

Driving **growth culture** for the company

2

Expand position as ESG champion

Electrification + Digitization = **Sustainability**

Embedded **across organization**

Sustainability trusted partner for our customers

Clear path towards **net-zero value chain**

2025
Carbon neutrality
in our operations

2030
25% absolute GHG
emissions reduction
across the entire value chain

“Net-Zero ready” in our operations

2040
Carbon neutral
across the entire
value chain

2050
Net-Zero CO2 emissions
across the entire
value chain

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3

Organic expansion of product franchise

Future-Ready R&D for Greater Impact & Efficiency

World-class **products R&D**

Appropriate **return on investments**

4

Expand Software and prosumer

One Data – One Experience
One Digital Twin

Digitization partner
of our customers

Driving **Industrial Tech**

5

Artificial Intelligence

Driving unprecedented
opportunities for
data centers

AI as **growth enabler**

AI as **efficiency enabler**

Focus areas give roadmap for maximizing shareholder value

Management priorities

1

Growth
Culture

2

Sustainability -
The Next Frontier

3

Organic expansion
of product franchise

4

Software &
Prosumer

5

AI everywhere

Coupled with

Agile operating
model

Strong governance
& business ethics

Disciplined capital
allocation

Return on capital
employed

= Total shareholder returns

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Capital allocation priorities in order of preference



The **next milestone** on our journey...

€50bn
Revenues

€10bn
Adj. EBITA

Free Cash Flow conversion¹ expected to be around 100% across the cycle

¹ Free cash flow as a proportion of Net Income – Group share



IMPACT

starts with us

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