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Schneider Electric SE (SU.FR)

Q1 2020 Sales and Revenue Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by, and welcome to the Q1 2020 Results for Schneider Electric, hosted by Amit Bhalla.

I would now like to hand over to Amit Bhalla. Thank you. Please go ahead.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

Well, thank you, operator. Hello and welcome to all of you to Schneider Electric's quarter one 2020 revenue results. I hope you and your families are keeping well and keeping safe in these times. I'm joined on the call today, remotely of course, by Jean-Pascal Tricoire, our Chairman, CEO; with Emmanuel Babeau, our outgoing Deputy CEO and CFO; and Hilary Maxson, who takes over from Emmanuel as our Group CFO. The press release and presentation is available on our website already this morning. Post this presentation, we will have a Q&A session.

So without further ado, let's get started, I'd like to pass the floor to Jean-Pascal.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Thank you, Amit. Well I first hope that you are all safe and well. I'm talking to you from our Hong Kong office, where we have the privilege to operate almost normally, no lockdown, which has been really an advantage over

the past two months. It's really a pleasure to be with you, but for quite an extraordinary Q1 call for at least two reasons. First is specific conditions of reading Schneider's with the COVID crisis beyond China, which we talked about during the early results. On this event to be here with you to thank Emmanuel, Emmanuel Babeau for 11 years together building Schneider through good and tough times, and welcome Hilary as the new CFO of the company.

In my part this morning, I want to go back together with you to the fundamentals. While Emmanuel and Hilary will detail Q1 on what we're executing to face the rest of 2020. Well, I want to go back to the fundamentals to explain how we rely on them to navigate through the crisis, and more important so how we rely on them to prepare the after crisis.

So let me move to slide 5, to remind you the mission of Schneider, which is to empower all to make the most of their energy and resources and ensure that life is on everywhere, for everyone, at every moment. And in this time of coronavirus crisis which forbids many people to travel, to go to their work, and confine them into homes, we see the importance of our mission.

We supported Schneider mission critical functions in a world which is today under stress. I remind everybody that we power a lot of the hospitals around the world, including the ICU rooms, that we support the grid for electrical distribution, the water networks, life at home, where people are spending a lot of time at the moment. We are the biggest supplier of energy solution for data centers which are overheated by confinement at the moment on [indiscernible] (00:03:12) home working, and of course we supply the cold chain for food, beverage and pharmaceutical. So our role to the society has never been better exemplified than today.

The other part which I see really developing as a demand for more information of our customer is capacity to de-risk operations through online process and the use of digital technology, everything around remote control, remote monitoring, using digital for augmented reality on assisting operators underground from remote, so that you don't have two operators together, all of the technologies of digital control are finding vast application as we speak.

On moving to slide 8, few examples of what we do in healthcare worldwide as we speak and you see the things that we've done for hospitals to support hospital. I want to mention by the way that we've been classified in numerous countries as an industry, which is critical to the country and that we have to make sure our plans and our services will keep going through the crisis, which has been a support for us to keep our factories particularly going through the lockdowns.

And we also support in other critical supports again data centers and IT, critical sectors, sorry, in IT particularly in servicing some block facilities like airport or helping the health industry, pharmaceutical to go through the crisis and ramp up [ph] in front (00:04:51) as a unit.

So what we see today is that our core value propositions, which is merging energy and automation solution together for efficiency and sustainability is reinforced today by higher need for resilience, for those who were already following us in 2008 when we bought APC remember that at that time I explained that our vision was to make energy safe [indiscernible] (00:05:22) reliable, efficient and sustainable.

That reliability value in times where you need to rely on your energy infrastructure, on your control infrastructure to make sure that critical missions are keeping on going as being critically reinforced. And I would also underline that our model also is supporting our reaction to the specific condition and integrated model, and I'll come back on

that one, One Schneider, an open model relying on partners which makes it much more flexible, much more agile, and much more adaptable to the cycle – on the fast cycle, on the fast valuation of the market.

And finally the combination of multi-local on empowered, because though these sanitary crisis is global, it's eating the country one-by-one at different moments on the reaction of each country due to its culture, due to its political environment is very valuable from one point to the other one, and it's extremely important to be consistent locally to react to it. And we of course benefit from our country organization.

Moving on to slide 11, well, I wanted to remind you how much we have worked since the last crisis, since 2008, to make ourselves more resilient. More resilient and more structurally protected against [ph] violent cycles (00:06:53) as the one we are experiencing. The first evolution we've driven has been the evolution of our geographical exposure. We used in 2008 very exposed to mature economy and especially to West Europe, which tends to be far more rigid.

Today, our exposure is much more balanced, actually perfectly balanced. We do 41% of our business in emerging economies, and 60% of our business in mature economies. But within those mature economies, we do a lot of our business in North America, which is far more flexible than West Europe.

That's [indiscernible] (00:07:34) our people footprint, which has been much more balanced and is much more outside of Western Europe and outside also of our country of origin. 90% or 89% of our people outside of France. And that contributes to a much more reactive or much faster reaction to the local conditions.

Third point is working on the cyclicity of our portfolio. You know that after 2008, our obsession has been to rebalance the portfolio towards more long cycle parts of the market like industrial infrastructure and this has been achieved over the past 11 years, then we've developed more sticky, more recurrent business around software and services, which have doubled in our portfolio over the past 11 years.

We've kept working on the flexibility of our cost base making sure that a large part of it would be valuable and that is what we supply from our suppliers, our partner suppliers, but even within the 30%, the blue part which is so-called fixed part, we worked on making our compensation system more valuable and more adaptable to external condition.

And this has driven over time the cash flow conversion to a new level and we are rich, last year as you know in 2019, we've passed the threshold of €3 billion of cash flow generation. So, we enter this crisis with strong fundamentals, strong cash profile, business model which is CapEx light and even lighter than before because we have more services, we have more software, we have more of our business in new economies which are necessity or needing less CapEx. We have a low net debt and we have of course a strong balance sheet.

So, moving on to slide 12, one thing that we see immediately in this crisis is that, what is digital is more resilient, because it allows us to operate without a physical presence. And what we've done really in the past eleven years has been to build strong offers in digital. No need to remind EcoStruxure, which was launched in 2008 Version 1, and which has grown, developed and expanded in our portfolio.

More digital and connected offers, software portfolio with a creation of AVEVA particularly, but it's not the only thing we've done in this field. Lot of digital services which allow our customers to put their installation on the monitoring for predictive maintenance, for resilience, as well as targeting where they need to intervene and at what time, and finally apps and analytics to enhance our products and our control systems.

The second big transformation has been on the customer experience, the way customer interacts with us, with much more e-commerce, with much more interaction based on digital which of course is priceless at a time when people have still to connect, but very often from their homes. We've developed best-in-class digital tools for efficiency, for collaboration and productivity, and finally this has been kind of federative under the creation of Schneider Electric Exchange which gathers together our end-user customer, our partners, our integrators, and people from the company to exchange solutions on the design of our systems.

Moving on to slide 13, where we've seen our customer adoption of digital accelerating, asset management services, remote monitoring, predictive maintenance and once again in Q1, we had growth in the assets under management year-over-year of more than 40%, which shows that people are connecting, and believe me that today many of them or the ones who have connected their installation have truly an edge on the one who are not connected.

The second point is much more interaction with customers through digital tools under every format and really driven to our core [indiscernible] (00:12:02) application like healthcare, more services everywhere, everything linked to IT and data, commercial buildings on being able to operate them from remote and control them. OEM, CPG so machine manufacturing related to food, to pharmaceutical, and of course a lot of tools that we exchange with the natural extension of Schneider, our contractors, our integrators, and our specifiers.

And as I was saying a repository of all of those contacts on the marketplace of our ecosystem around Schneider Electric Exchange. When we face like we face to the times of [indiscernible] (00:12:46) disruption which are happening country by country, we leverage really the transformation that we've driven over the past 12 years.

We've been One Schneider, and I'm on slide 15. We've been One Schneider for the past 12 years, which means we have one IT, we have one supply chain, we have globalized functions, we've been digitizing the internal processes for all those many years, which means when we have to impulse reaction in the company, processes and global processes allow us to do that.

The second point, we've been in the multi-hub management empowering the countries for nine years. And you know that at Schneider you have a strong country structure. And in this time where every country reacts in a completely different manner, what we've been able to activate is a mode of reaction which is largely empowering the country or completely empowering the country with a tight coordination.

No need to tell you that we are used to remote and video management, which was probably not as obvious, 15 years ago. We have teams in the countries that take by themselves the actions to react to the local situation.

Digital communication has skyrocketed. We have 90,000 of our connected staff working from home concurrently without digital disruption. 80% of our customer care teams are operating remotely without impact on service level, and all the management process are ready for managing the COVID-19 conditions. For us managing from remote, managing the time from home was absolutely natural.

One of the biggest challenges that we have to face, and I'm moving on to slide 16, has been of course the continuity of the supply chain. Finding our way between the regulation of the country, the penetration of the virus on all the measures and recommendations, which we are very variable from one country to the other one. [indiscernible] (00:14:59), we've really leveraged the fact that as you well know, we worked on the model, which is highly multi-local.

So first point, our factories are serving their region and therefore, it's much more – it's – the production or the level of supplies is much better coupled to the level of demand. The supply chains at Schneider are already quite short, and that allows us to manage each local situation in a much more agile and reactive manner.

The second point that we have really leveraged is the fact that we have decentralized now for a long time all of our supply chain system and we produce fundamentally where we sell and we know that some part of the world are more rigid, are more complicated to adapt, that's typically the case of West Europe and France, both of them are now representing roughly their part of the sales in the allocation of the cost of goods sold, that mean the quantities on the volume we produce.

We have today 95% factories and DCs operating, again many countries have qualified our supply chain as mission critical and made sure we could continue to operate. China is back to fully available and has full manpower capacity and other regions are at different levels, but which are largely compatible with the demand.

When you look and when I sum up our priorities at the moment it's pretty simple. First priority health, health of the people working with us and we've made sure that each site of Schneider is equipped with the right protective equipment with the right processes, so that our people can operate in full safety, that's true for the people on our site, that's true also for the people who do services for our customers on the sites where they are allowed to go.

Second point [indiscernible] (00:17:05) is business continuity, making sure that we keep operating our factories, we keep operating our service teams, we keep answering to our customers and we keep serving all the mission critical applications I was referring to at the beginning of our interview, because this is probably our biggest contribution to society at the moment.

The third point of course is leveraging all of our reactivity to work on cash and to work on our cost. So, all the elements that I mentioned before are multi-local, variable cost, the profile of our business, we are acting on them to adapt to each reality of volume of business region by region.

I would say that a large part of the team was already there in 2009. And as the experience of a brutal crisis, I'll tell you that there has been no time for all of us to recover the reflexes that we have had at that time to react to what we are facing.

The fourth point is to make sure that we are ready for rebound, that we keep facing the customer and keep working on the offers that will be crucial for the rebound of each country after the crisis.

And the fifth point is to work on the communities around us and keep contributing to those communities. Our overall arching target here is to be ready for the post-crisis, ready, because we are going to have passed the crisis with the right level of adaptation, strong level of adaptation already, because we are going to be in the position to serve the needs of our customers post-crisis.

We've structured – and I'm on slide 18, we structured the crisis management team, it's mostly local, tightly coordinated globally. We are operating a rapid interval. We have dedicated teams. We have empowered execution using our multi-hub organization. And we've put together a global control tower to make sure we optimize the level of supply with the level of demand.

Now, yes, we are dealing with a crisis, but we remain focused on our fundamental for the future and those fundamentals have not changed, and I'm in slide 19. First, we absolutely remain committed to our equity ambition,

committed to our growth engines, committed to the road that leads us to 17% margin, committed to our shareholders on the return to them and committed to keep increasing on improving the cash generation.

Second priority is to keep working on the fundamentals of trust in regard to our customers and the society around us, the safety of people, quality of our products, cybersecurity and the ethics in everything we do.

Third point, really keeping on working on the digital transformation of our industry, more software, more digital services, more digital experience in the way we deal with our customers. And my personal feeling is that at the moment we go through a gigantic fast forward in the digitization of everything we do and everything we propose, and [indiscernible] (00:20:31) something positive that this crisis could bring us, it is these acceleration towards more digital.

Fourth point is innovation and keeping on investing in EcoStruxure, bringing more connected products to the market, and keeping our commitment to R&D, and finally at the time where people realize how much some of their installations we are weak and not up-to-date, make sure that we propose services, some of them are catalyzed by the capacity to put together remote services, many sustainability services, sustainability is not going away, and a lot of field services, particularly in all the installations which have been under stress.

So that's a flashback on the reminder of all of our fundamentals on how we leverage them to pass this specific period and prepare for the future. And what we should all realize that somewhere this crisis is accelerating some of the transformation we are preparing for.

Now I'd like to move on the more precised view on Q1, and I'm going to hand over to Emmanuel and Hilary. Well, I really want to take this occasion, and I would have wished it wouldn't have been a phone conference to really thank Emmanuel for the 11 years that we've done together, journeyed together, building a very different Schneider, transforming Schneider and making it much more future feat and future proof. So I want to wish him good luck for the future, but really again thanking for all those very important years we've did for the company.

And I want to welcome onboard, Hilary Maxson. So Hilary has been three years already with Schneider. She came to us through the Hong Kong office, but she comes with a strong experience in the field of energy, a large multinational experience between North America, US, South America, Africa and Asia, and a deep knowledge of Schneider being today or before the CFO of Energy Management, which is 70% of the business of Schneider.

With that, Emmanuel, the mic is yours.

Emmanuel Babeau

Deputy Chief Executive Officer & Chief Financial Officer, Schneider Electric SE

Thank you, Jean-Pascal. Hi, everybody. So thanks for joining the wishes of good health for you and your family formulated by Jean-Pascal and the whole of Schneider.

I'm here with Hilary, so we got to comment in detail the Q1 sales number, I will enter into some detailed number and then Hilary will tackle everything we're doing to make sure that we exit this crisis strong, and that we prepare the company for what is coming next.

But of course, I want to start thanking Jean-Pascal for his very kind words, thank you, Jean-Pascal, that really as you come straight to my heart, but I would like to thank all of you, because indeed these 11 years have been absolutely amazing for me. I can tell you that will remain as an amazing professional moment, fabulous moment, and I think you really have your fair share for making these 11 years dance, intense challenging, but always full of

learnings with many achievements and full of fun, and the feeling of doing important thing. So, thank you, because I really enjoy every moment spent with you and you've been playing a key role in making again these 11 years very special to me.

So, I'm moving to page 21, entering into the detail of our sales for Q1. So, our sales amounted to €5.8 billion. It's on the like-for-like basis a decrease of minus 6.4%, and you can see the two businesses behaved relatively the same during this Q1. Energy Management is down minus 6.1% at €4.4 billion, and Industrial Automation is down minus 7.3% at €1.4 billion.

When we look at the driver, of course, you know that I'm going to come back on that, the profile of the quarter which is China, I would say difficult almost since the beginning of the quarter with some signs of improvement as we were ending the quarter. And on the contrary many other regions that progressively entered into the crisis of the COVID-19 and showing decline towards the end of the quarter.

I am now moving to the page 22. Of course during this crisis, we are facing a number of headwinds, but we see a continuation of a lot of customers that needs our technology to improve their efficiency, reliability, resilience, Jean-Pascal talked about that, and of course the sustainability challenge is still there.

So you have on the page many very interesting projects that we've won and delivered over the quarter. I'm not going to comment all of them, of course, if you want to receive more reference on some of them we are happy to provide them. But just a couple of them I would like to underline, the first one is a Circular Quay Tower in Australia. I'm sure many of you know it is a very iconic [indiscernible] (00:26:21) in Sydney, and here we've been providing for the building, I would say the state-of-the-art smart building technology through our infrastructure architecture that is including building advisor, edge control, and the building is full of connected products. And that is really delivering the unique customer and user experience.

The other project on which I would like to elaborate is Danske Bank, which is a big bank in Denmark as you know with a very nice project through which we have provided the full reliable electrical distribution system and obviously reliability is critical for the banks and they are actually hosting their trading department in that facility, so that was absolutely critical for them.

I'm now moving to the page 23, providing a bit more detail on the sales. So €5,830 million for Q1. When you look at the various components of the [indiscernible] (00:27:29) stuff is Forex, which is slightly positive plus 0.7%, which is largely the dollar and the Chinese Yuan moving favorably versus the euro. But we started to see a number of currency and especially in the emerging countries moving south versus euro. And now in wave on the current forex [indiscernible] (00:27:56) when we look at the full year we expect for the top line for sales and in fact that should be above neutral or slightly negative.

But when we look at the margin, because of some very strong depreciation some time that we see from emerging country currency versus euro, we could have a negative impact on the adjusted EBITDA margin that could be in the range of minus 30 basis points to minus 40 basis points.

The scope impact is negative, minus 1.9%, that is of course coming from all the disposal that we have been doing in 2019. You know them Pelco, Converse, the US Panels, Electroshield Samara at the beginning of 2020, so we should continue through the year to have a negative scope impact.

And then you have the organic evolution of sales. I mentioned it minus 6.4%. And as you can see we have a transactional business that is down in line with this decrease for the whole group at minus 6.2%. System is

actually slowing even more with a double-digit decline and we continue to grow which is of course a good sign in Software and Services at more than 3% organic growth.

I am now moving to page 24, and here you have the global vision by region of the performance in our Q1. And obviously, it was expected that Asia-Pacific that is massively going south with an organic decrease of minus 19%, and that clearly first driven by China. And China has been decreasing by more than 20% in Q1 with a profile that I was describing. So the whole quarter has been impacted, but it really started very early in the year, February was very difficult, and we started to see some early sign of beginning of an improvement, I would say, towards the end of the quarter.

But other countries have been also negative in Asia-Pacific, some of them gradually impacted by the lockdown and the intensity of the lockdown, of course, may vary from one country to the other, but India, Australia, Indonesia, Japan, they all have been negative in Q1.

Then, if you look at Western Europe, minus 3%, actually the quarter started relatively well, and at the end of February, we were positive in Europe. And of course, certainly as we all know in March, many countries imposed lockdown and we are seeing the economy slowing down significantly. And that means that we finished the quarter with, of course, the big country impacted early in the curve like Italy and Spain being negative.

France, which started well the year, turned negative into March. The UK is with more reduced decrease, but still negative. There is one country Germany, which has been with a lighter lockdown I would say, which remained positive for the quarter.

Rest of the world, negative, minus 2%, but contrasted I would say, we have a positive evolution in Russia and in South America. And we know that some of this country are less impacted or are taking so far different measures on the COVID-19. When Middle East and Africa have been negative in Q1 and Middle East of course impacted by the sanitary crisis, but also by a very big price for the oil.

And then North America which managed to be positive over the quarter with plus 1% organic growth, not only driven by the US, Canada was stable and Mexico was also positive with clearer [indiscernible] (00:32:12) impact of the COVID-19 that came much later in the quarter, and therefore with a lower level of impact, no doubt that Q2 will be more impacted by the crisis.

All right let's go now into the detail of our two businesses, Energy Management sales of €4,383 million, it's minus 7.5%. You have of course here the forex, the scope. Organically, it's down minus 6.1% and when you look at the detail of the performance of Energy Management, then of course China that has been massively down, I would say as expected.

We as Jean-Pascal said to the very specific focus on critical segment that continue to behave well given the specific needs that continuously exist in this crisis like hospital, the food chain, life science project, data centers are down, but on very high comparable. And we see that data center remain absolutely essential in this crisis with the digital economy certainly supporting the world today, and we see a very interesting underlying trend on the pipeline.

EcoStruxure also has seen some traction coming from the need for remote monitoring. Building end market weakened, construction has been slowing down or stopped in many sites because of the COVID-19, and services performed well and notably in specific segments like consumer good and transportation.

I'm on page 26, if you look rapidly by region, so as I explained Asia-Pacific down minus 20%, that first of all China, but many other markets were impacted in the region by the lockdown, so that explains that Energy Management has been negative in many other countries that are mentioned there. When we look at rest of the world is down 4%, as I said good growth in South America, but we've seen a very severe decrease in other region notably in Middle East, and even in Central Europe and the CIS region were down.

Western Europe, a moderate decrease, I would say, again with the phasing I described, and a good start to the quarter in Jan and Feb and then March turning negative. And really, I have to [indiscernible] (00:35:04) everywhere back in Germany where a number of specific projects and as I said lower intensity on the lockdown allowed for growth in Q1.

And then looking at the growth in North America, we are north of 1% organic growth, it's certainly weakening that we are seeing in the building whether resi or non-resi, but of course [indiscernible] (00:35:32) towards the end of the quarter. We've seen an activity that remain dynamic in data center.

We may have been [indiscernible] (00:35:45) by some distributor stocking, very difficult to value-add it can be, but as you are seeing news coming from Europe, some people building inventory in case there will be some disruption on the supply chain, and Mexico was also facing some [indiscernible] (00:36:06) comparable, but also posted growth in Q1.

Moving to page 27 on Industrial Automation, sales of €1,447 million, it's down 7.7%, here again you have forex positive scope a bit negative and an organic growth of minus 7.3%. But obviously we will all remember that some of the Industrial Automation end markets were already impacted by the economic cycle and of course [indiscernible] (00:36:40) discrete automation, we were hoping for some sign of rebound at the beginning of 2020.

Well, unfortunately on top of the economic cycle, we've had to face the COVID-19 crisis. So that means that now both discrete and process and hybrid technologies are down in terms of sales, but we can see the process and hybrid are relatively better, probably given the mid-late cyclical nature, and also because of the nice software component for process and hybrid. We can say that certain segments clearly proved more resilient in line with all the comments that we made, but when you look at the water and wastewater, consumer goods, utility, transportation, everywhere was [indiscernible] (00:37:26) criticality that was more resilient and software and digital services continued to grow and to grow very nicely very often.

Moving to page 27, again [indiscernible] (00:37:40) to give the impact starting by Asia Pacific, minus 16%. So it's a bit better than for Energy Management. But it's really here the growth that we are seeing in software in many countries that is really seeing a little bit decrease, but it has been an intense decrease notably in China.

Europe very negative, Europe was already suffering notably because of OEM, and the discrete automation business where you can imagine that countries such as Italy, UK, Spain have been quite significantly impacted by the COVID-19 crisis on top of a situation which was already not the one of a super strong growth.

North America is negative when it comes to Industrial Automation. In the US, we can certainly flag the fact that the oil and gas and the mining situation is weighing down the performance very clearly. And let's highlight the fact that Canada was growing in Q1 for Industrial Automation.

And one region is growing, so Rest of the World, so 3.1% with several countries facing good growth like Russia, like many countries in South America and even in Middle East we did see growth in a number of areas. So apart from Africa, Rest of the World has been behaving relatively well during this Q1.

Enough for looking at the detail of our Q1 sales number. And now, I'm going to hand over to Hilary, who is going to enter into all the action that we are carrying to weather the storm, make sure that we – I would say pass the difficulty with the greatest success and with the best outcome and that we exit the crisis strong.

Hilary, to you.

Hilary Maxson

Incoming-Chief Financial Officer, Schneider Electric SE

Thanks, Emmanuel. And I'll also start by sharing my wishes for the well-being of everyone on the call with us today as well as their families. I look forward to meeting many of you in the future, whether virtually or in person as I get going in the role.

And I'm on now slide 29, where I'll start with liquidity. As we've spoken about already quite a bit, we're in a strong balance sheet position and we're a strong cash generating company. We finished 2019 with free cash flow of more than €3 billion. In Q1 and in response to the crisis, we've bolstered our liquidity with two bond issuances, totaling €1.3 billion, including a €500 million tranche in April that was significantly oversubscribed. We've also enhanced our available credit lines. [indiscernible] (00:40:36) we're confident, we're in great shape to manage through this crisis from a liquidity standpoint with around €9 billion in liquidity today.

Moving to the next slide, a key focus for us currently is cost management. In particular, we want to ensure we're reacting quickly and with agility to the different impacts from the crisis across the world, while at the same time making sure that we're prepared for our recovery. We've implemented some strict cost management measures already, primarily tactical in nature and we're leveraging our multilevel organizations to be prepared for multiple scenarios in the future.

We also have already talked about our operational efficiency plan, we announced it earlier in 2019 and we'll look to accelerate those plans as possible.

Moving to the next slide, I'll finish by highlighting that our capital allocation priorities remain unchanged during the course of the crisis. As you know, our share buyback program remains suspended until we reestablish our 2020 guidance. And our 2019 dividend proposal will be voted on at our AGM this afternoon.

As you know, we also had two larger M&A transactions underway. For L&T, we have a delay in the closing due to the nationwide lockdown in India, which is certainly understandable. For RIB, the date for tendering shares as per the offer was yesterday. If the offer is successful, we hope to complete the deal in second quarter.

We also announced today a bolt-on acquisition of the German-based company ProLeiT. This acquisition will enhance our offering in the Consumer Packaged Goods segment, specifically focused on food and beverage, chemical and pharmaceutical industries, we will integrate their process control offer into our EcoStruxure plant. And we remain committed to our portfolio optimization plan of disposals of assets with revenues in the range of €1.5 billion to €2 billion. However, pursuant to the €600 million that we've already addressed last year, we don't have anything significant to report in Q1.

So with that, I will move to slide 33 and hand over back to Jean-Pascal.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Thanks, Hilary. Well, now looking ahead, we enter the crisis with strong fundamentals. We have a well-defined strategy and a key organization, strong balance sheet, strong cash generation. We have reinforced our growth engines which are going to be very relevant in the post-crisis. China which is a strong market for us is on the solid path to recovery. We are all prepared for very difficult Q2 and therefore H1, and the name of the game here will be our speed on capacity of adaptation, our agility to adapt the situation. We are absolutely committed to our journey to 17% adjusted EBITA and our return to shareholders and we are suspending the guidance, the time for us to reassess, once all the lockdowns are kind of open and the situation is a bit clearer.

Moving on to slide 34. We are prepared for the post-crisis world. Our [ph] offers (00:43:55) serve efficiency in very core segments, hospitals, homes, grids, city infrastructure, water networks, food and pharmaceutical, and will allow customers not only to upgrade their installation, but also to save on cost.

Digital will be big, people will want more digital. Resilience has become huge on the agenda about critical infrastructure, the need for micro-grids that we had started to develop pre-crisis. There will be industrial relocation in all geographies that will serve our automation and industrial business and certainly more regionalization which goes well with our multi-hub model.

And finally we see that the journey to sustainability or the objective of sustainability is remaining strong with companies as very often sustainability is also associated to the [ph] health change (00:44:52) as one of the fundamental needs for the future as we invest.

And certainly many of the stimulus packages that are put together by the countries will serve the need to [ph] five (00:45:04) climate change as well as to increase or elevate or improve the health system. So that serves a future that will be all sustainable, digital, and electric.

At the same time we don't forget our responsibility to society, we've created a dedicated fund, the Tomorrow Rising Fund, dedicated to face COVID-19 crisis with the objective to help the society to react, to prepare for future to respond and to prepare for future with more resilience. We've participated through a number of initiatives, production of ventilators, production of protective equipments. So, all of the company is mobilized to go through the crisis, but more to prepare for the future.

With that, [indiscernible] (00:45:52) realized we wanted to give you the full perspective of how we prepare to face this very specific period, we are now ready to take your questions. Thank you.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

Well, thank you for that, Jean-Pascal. So we are close to the hour mark, but I think it's – we are going to extend in order to make sure we take the questions within the remaining timeframe. I'm sure there are lot of questions, but we'd request that we will keep each to one question per analyst. So let's get started. Operator, can you please pass the first question. Thank you.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Andreas Willi from JPMorgan. Please ask your question.

Andreas Willi

Analyst, JPMorgan Securities Plc

Q

Yeah. Good morning, everybody, and welcome to Hilary to the kind of investor community. In terms of the cost measures that you're taking, maybe you could help us a little bit to understand what to expect as we then also go into Q2 in terms of your ability to reduce salaries, to participate in government programs, I think we have seen that you in France will not participate. What should we expect in terms of cost reduction potential on the compensation side during the lockdown relative to the potential sales decline? Thank you very much.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Thank you, Andreas. I'm going to just – I'm just going to navigate the questions. So I think I'll pass this one to Hillary and Jean-Pascal to answer this.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Hillary, you want to go first?

Hilary Maxson

Incoming-Chief Financial Officer, Schneider Electric SE

A

Sure. Thanks, Jean-Pascal. So I think I spoke a little bit on the call on some of the actions that we're taking, the first thing I would say is that the – while the crisis is worldwide, obviously the impacts are not the same from a geography to geography standpoint and the different actions that the governments are taking both in terms of containing the health crisis and also like you pointed to in managing from an economic standpoint are very different whether their own tactical actions or their actions from a stimulus standpoint.

So, what I would say we're doing is, we're looking and we already had put a press release out earlier on strict cost containment actions for 2020. A lot of those are tactical in nature and we are looking geography by geography at the opportunities that we have there, whether put into place by the government today for this crisis or whether that are already there as an opportunity to manage.

So, everything from a lot of benefits that most companies will get from travel reduction for example, that perhaps could continue at our company on a going-forward basis, but also less time and less pay for less work and these types of opportunities.

So geography by geography we're looking at the best way to handle that. We're also like I said looking at our operational efficiency program that we already had underway starting in 2019 and some opportunities to accelerate and potentially enhance that if it makes sense.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Yeah. To complement the great edge we have here is that we are very structured by countries, so country by country we can adapt the most adapted measures, so it can be [indiscernible] (00:49:43) scheme, it can be furloughs, restructuring in some places. So – but that goes very fast on geography by geography, because one has to understand that's a global crisis, but it goes – it's very local in terms of time it's hitting the economy and also very local in the way society and politics on the economy reacts country by country. So you have really to understand well the context to react properly to the situation.

At the same time I said 12 years of One Schneider that has been really beneficial because we benefit from that integrated model, where we can take also global measures, and you spoke about salary cuts starts from me on May 6 on my variable, but followed immediately by [indiscernible] (00:50:33) followed immediately by all the executives of the company in different fashions around the world according to the way to do it in those countries. But that has generated an immediate movement in the company.

We've cancelled the [indiscernible] (00:50:47) also this year which is probably the first time in 15 years. But just to make sure that we would have a little bit more reserve given to go through that.

Then over the past years, we had installed more variable in the compensation of everybody in the company and that will play also as we go forward, and as much as we leverage our integrated model to be fast, digitized and transparent on what is happening in the company, we also leverage our non-integrated value chain with suppliers and partners, because it's lighter and allows you – allows us sorry, to adapt faster to the cost reduction.

So what I see today, very difficult to have visibility. It depends on every country. We have visibility – more visibility in China of course, but in the other places, it's difficult to have visibility. But our objective is to adapting to the situation to present situation with a maximum flexibility. And at the same time, make sure we prepare for the future [indiscernible] (00:51:54) that will be very important for the future. That's it Andreas.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Right. Thank you for that. Thanks, Andreas. Next question, please.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Hello?

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Yes, we can hear you. Operator, can you move to the next question?

Operator: Okay. Your next question comes from the line of...

Martin Wilkie

Analyst, Citigroup Global Markets Ltd.

Q

Thank you, guys. Good morning. It's Martin from Citi. Just a question on cash conversion. I mean, you pointed out in the presentation some of the things that you've been able to do. Obviously, if we look back to the financial

crisis, which was, I guess, I'll frame the reference as to how you can liquidate inventory, manage cash flow et cetera, in a downturn. Is it different this time around? Are you able to liquidate inventory and release cash from working capital given presumably some countries, the sales are down by very significant double-digits. Just to get some sort of sense as how you think about that cash conversion in countries where the sales could have come maybe not a halt, but certainly [ph] were down (00:52:49) presumably over 50% in some cases?

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Sure. Thanks, Martin. I think we'll pass it to probably Emmanuel for the last crisis, and then Hillary, if you want to complement on that.

Emmanuel Babeau

Deputy Chief Executive Officer & Chief Financial Officer, Schneider Electric SE

A

[indiscernible] (00:53:01) take it. I mean, so the profile of Schneider hasn't changed in term of the capacity to generate cash if top line is going down. We are feeling quite clearly in 2009 when it was recorded cash flow generation despite minus 60% for the top line and I do expect that if the top line is going down significantly then the reduction of inventory ultimately there will be also a reduction in the receivables. So, working capital [indiscernible] (00:53:39) is ultimately going to help the cash generation.

Now one of the difference versus 2009 for the time being is that the type of crisis that we are facing today is generating disruption on the supply chain, and that was not really the case in 2009. So, the first consequence of that can be that the inventory reduction can take more time, and it can even go at the beginning the other way around because of shortages, because of uncertainty on supply, and then Jean-Pascal insisted on the importance of really being able to ensure continuity of supply and services to our customers.

So we have to ensure that we have inventory and the availability to do that. So I would say maybe in the next phase we'll have some impact due to the specificity of the crisis that we are not fully aligned I would say the evolution of the inventory with the top line, but ultimately once we have absorbed that we are in the same position as in 2009 and [indiscernible] (00:54:45) will mean a positive contribution coming from the working capital.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

All right. Thanks. Thanks for the question Martin.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Okay, just to complement also our mix of activities more favorable, right, mix of geographies we are more agile on lighter in CapEx on services and software should be also more generative of cash.

Martin Wilkie

Analyst, Citigroup Global Markets Ltd.

Q

Yeah. Thank you.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Operator, we'll move to the next question, please.

Operator: And your next question comes from the line of Alexander Virgo. Please ask your question.

Alexander Virgo

Analyst, Bank of America Merrill Lynch

Q

Thanks very much. Good morning, everyone. I trust you all are well and thanks for taking my question. It was a question really around the prognosis for Energy Management in the context of what you are seeing around customer conversations, customer dynamics, in construction markets in particular. And I guess I'm thinking more about if we're not seeing projects being signed or we're seeing project decisions being deferred now, what sort of implications that have over the next, say, 12 months to 18 months and the implications for the shape of recovery? Thank you.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Thanks. Thanks for your question.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Yeah.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

I think, yeah, Jean-Pascal, you want to take that one.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Yeah. On Energy Management, well, first let's not forget that this is going all across the markets of Schneider, it's not only building, it's data centers, it's industry and it's infrastructure, that's really across in all over. So there is a turmoil at the moment, it maybe sometimes on the orders, but not [indiscernible] (00:56:18) so far it's been on disruption of work sites. So places where because of the lockdown you don't access to the worksites, so that can stop the flow for some time, but then your worksite is still there and you have to go back there when – at one stage.

What we see in Energy Management is that first some business will certainly have a much stronger demand as we go forward. Of course, at a scale, because everything has been put on the stress and I see many countries have realized that their [indiscernible] (00:56:48) infrastructure is not at the level.

Second point is going to be IT, digital, data centers, which has been put on the stress [indiscernible] (00:56:55) overused and more and more everyday, so that needs more capability in the future.

But what I see on that discussion we had several times in the past, you know that we've developed multiple offers to connect power distribution, which is nowadays much less connected than any industrial automation system, while we see many customers coming [indiscernible] (00:57:18) where they are confined, they have more time to speak about architecture. On the future, they really want to speak about their capacity to connect those installations for at least two reasons.

The first one is resilience, being able to do predictive maintenance, while today there are many installations completely blind. And second, to make sure that they can repair in an unmanned manner some of their installations, because at the moment, operators don't want to go on certain number of sites.

So I see from that point of view, a massive accelerator or massive transformer of the demand, catalyzer of the transformation for the future for the digitization of power distribution on which we have invested a lot, but it's still only a fraction of what we sell which is connected. I think that will change quite a lot in the future.

Now, if you look at the present turmoil on the market, there are countries where construction kept going. And that actually has been majority of the countries where we operate on some of the countries, where construction had been stopped together with the lockdown, it's on anyway I'm expecting in the month of April, the beginning of Q2 to be very, very disturbed by all the contradicting rules that are happening in many of the geographies. But take China, which is our blueprint for recovery, while people are going back to on the construction sites, activities is restarting on actually quite – in a quite solid manner.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Right. Thanks. Operator, we'll go to the next question.

Operator: Okay. And your next question comes from the line of Gael De Bray.

Gael De Bray

Analyst, Deutsche Bank

Q

Thanks. Good morning, everybody. Can I have two quick questions please. The first one is about the current level of activity. A couple of some of the couple of all the industrial companies indicated that they experienced drop in sales of about 25% in the final weeks of March. I was wondering if that's consistent with what you saw as well?

And the second question I have is perhaps a question for Emmanuel and Hilary, during the global financial crisis in 2009, I mean the group delivered I think up to €500 million of gross savings on [ph] so called function (00:59:47) expenses. And I think at that time basically the group achieved in one year what was supposed to be delivered over three years. So if needed this time around, you think this kind of achievement could be repeated, do you think the organization is today as flexible as it was back then and that you have the same cost cutting potential?

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Thanks, Gael. Gael I think we'll take the second question first, so Hilary and Emmanuel and then we come back with your first question if we still have time there. So Hilary and Emmanuel do you want to take the question on the cost?

Emmanuel Babeau

Deputy Chief Executive Officer & Chief Financial Officer, Schneider Electric SE

A

Yeah. Yeah. I'm taking. Hi, Gael. Back to 2009, you're right, there was a very strong and very efficient reaction from the group. I would certainly believe that while the group has changed, but the flexibility, the capacity to react has not changed, and I think Hilary said it very clearly we are on the agenda mix of acceleration of the structural measure that we have shared with you before the crisis started. There will be some opportunistic and tactical saving as well. So the combination of the two is, I would say giving us the possibility to be as reactive as in 2009.

And therefore, I don't think that we are in a different position than where we were 10 years, 11 years ago. Jean-Pascal, do you want to take the one on sales or do you want me to react to it?

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Yeah, well, if you want to keep going, then I...

A

Emmanuel Babeau

Deputy Chief Executive Officer & Chief Financial Officer, Schneider Electric SE

No, I'm happy to take that one. So the minus I think you said 25%, I mean there are certainly markets where we've seen this kind of evolution in the second part of March as some very strict lockdown were implemented and restricting some time to capacity to work. We know that lot of construction site are being closed. It's very difficult to answer, because I mean that's first and foremost in Europe that we are seeing this kind of decrease, and even [indiscernible] (01:01:52) in a consistent manner because of course the lockdown measures are quite different from one country to the other. So there are certainly market that we're experiencing this kind of evolution. But it doesn't mean that all market were on this kind of trend obviously.

A

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Yeah, and if I may add on 2009, I think the big difference is that in 2009 we faced a crisis at the time when we decided to be One Schneider. So we are on one side fighting the crisis on the other side changing upside down the organization, which we are benefiting now. I will have to do that again. I would have not done it at the same time frankly. Here we are entering the crisis or we are in the crisis with one strategy, one organization, an experienced team and different profile of business which is more balanced geographically, more balanced in terms of business, more balanced in terms of cycle, and [indiscernible] (01:02:48) very responsive on all of this.

A

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

Okay. Thanks.

A

Gael De Bray

Analyst, Deutsche Bank

Thanks very much.

Q

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

Let's move to the next question and we'll stick with one question please.

A

Operator: And your next question comes from the line of Simon Toennesen from Jefferies.

Simon Toennesen

Analyst, Jefferies

Yes. Good morning, everyone. My question is on the software and services business. Obviously you saw some growth still in Q1, but could you maybe elaborate a bit how you think about software and services as the year progresses? I'm sure you run scenarios for this business? And maybe add to that if we look back and see how software has managed during the oil and gas crisis several years ago, do you think the software business has

Q

evolved when it comes to for example the level of subscriptions you have to weather this downturn better than you've seen for example in 2015 and 2016?

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Yeah. I'm going to take that one, [indiscernible] (01:03:43) that question that you should ask to AVEVA which is a part of all software but although our software has evolved, diversified it in the market, on the increase of part as a service on [indiscernible] (01:03:57) subscription that's no doubt.

Now there will be in this crisis which again is hitting country by country, it's not phrased exactly in the same manner everywhere, there's going to be different phases. What we see on the service part and especially the field services that at the beginning of the crisis in the lockdown the teams cannot move anymore to the customer, so it creates a little bit of an interruption and disruption. But [indiscernible] (01:04:25) often the first one to be called back, because there's nobody on the site. And they want somebody to come out people are equipped protection equipment and actually we see some possibilities coming up because the sites are empty, and it's a good time to do the retrofit or the review of installations.

And the second point I said it several times during our session, but I've seen some massive fast forwarding in digitization. When we think about it I mean people were agitating on the adoption. But the thing that works in crisis [indiscernible] (01:04:58) is digital. Will it be in the contact with customer in using configurator, selectors in ordering your product, in remotely controlling what is now happening on the field, everything which is digital is much more resilient than what is not, and people realize it. So I'm expecting more digitization as we did at every level of EcoStruxure, more connected products, more controls and more software.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Okay.

Simon Toennesen

Analyst, Jefferies

Q

Thank you.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

Thanks, Simon. I think we'll probably go another few minutes maybe 5 minutes to 7 minutes. So let's go to the next question please.

Operator: And your next question comes from the line of Denise Molina.

Denise Molina

Analyst, Morningstar Holland BV

Q

Thanks so much for taking the question. I'll be brief. So I guess we're thinking about the recovery when you get to the other side and Jean-Pascal, we really appreciate your comments on digitization. But I just want to dig into that a little bit deeper, because if you think about demand destruction coming out of this, and you have some end markets where you could feasibly see demand destruction from the energy and hospitality end markets which may not be your core end markets. But on capacity increases and increased investment in digitization which has

the long-term growth driver for you. If you think about your end market mix right now, utility customers obviously are slow to allocate capital to increase investment quickly over time to change habits. So if you think about your exposure to that end market relative to some of the other end markets might be quicker to adapt to digitization. Do you think your mix right now is where it should be or is the investment and probably including [indiscernible] (01:06:41) and other end markets away for you to get exposure to end markets that might be quicker to adapt to digitization. So I guess the question is really whether or not this trend towards automation can take place at a rapid rate or whether or not, it's kind of a slow burn?

Jean-Pascal Tricoire*Chairman & Chief Executive Officer, Schneider Electric SE*

A

Okay, digitization is a very large world and what you would have to identify what is the engine or what is motivation behind it. But first on above all, the notion of resilience is coming back up at a very high level at the moment, because you can't send people on site and at the same time, you've got in some cases residential for instance that doesn't [indiscernible] (01:07:25) much more load to manage. So that's one. Frankly, while when we bought APC, I was saying it was really to make, to go from energy save to energy reliable. That had kind of been tune down in the worries on the concern of other customers, it's back with a revenge that's number one.

Second thing, it's everything I described extensively about unmanned and doing without people, because you need to keep going even when it's dangerous or perceived as dangerous to go out. My perception is that we still get a lot of requests about sustainability, as countries are putting stimulus package out there. Many are coming by saying well let's do it, so that it goes in the direction of climate change, because I've not forgotten that the part of the constituency, the green, the young, they want something much sustainable, they want investment in more sustainable technologies.

So in digitization also because there will be probably for residents we think more localization of the supply chains. If you do that in high cost countries, there is no other way then to do it based on automation on software, on digital, because you won't find the labor, it's too expensive and to run your factories in a competitive manner, we need to go to the next level of digitization. And of course CPG is one of the segments, and by the way we just invested in ProLeiT, which is a software company dedicated to Food & Beverage that completes nicely what we do.

But not only, I mean we spoke about it healthcare, data centers, critical infra, water, as everybody will be looking at the water network and trying to understand [indiscernible] (01:09:14) varies or not. The grid I mean speak about utilities have realized that in some countries the power in industry was coming down 40%, but the one in residential was going up by 20%, 30%, 40%, and it's very difficult to manage that if you don't have a smart grid. It's very complicated. And when everybody is confined if you have a power breakdown it can be a riot, okay, becomes really a political problem.

So all of this means that [indiscernible] (01:09:43) plenty of places that will be impacted by this shift in the priorities of customers and many are coming into our direction.

Amit Bhalla*Vice-President Financial Communication & Investor Relations, Schneider Electric SE*

A

Thanks. We'll take the next question.

Operator: Next question comes from William Mackie from Kepler Cheuvreux.

A

Okay. We can't hear Will, let's take an alternate question then, if we have one.

Operator: Next question comes from Wasi Rizvi from RBC Capital.

Wasi Rizvi

Analyst, RBC Capital Markets

Q

Hi. Good morning. Good to hear you're well and thanks for taking my question. I'll keep it to one then. You mentioned some distributors stocking in the US and looking forward do you have feel for inventory levels of customers and a potential that they de-stock as they prepare for lower growth or do you think they're pretty lean and it will be more closely match your demand?

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Look, it's very variable country by country but you had a lot of pumping in – we had some variation sizes due to perceived shortages in parts of the world, I don't think it's excessive. But anyway let's be prepared for second quarter from that point of view, due to the lockdowns in the countries which are lockdown second quarter that would be very difficult. That's all. But the most important is to take a little bit of a longer view on to prepare for what we see today in China which is a strong restart.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

All right. Operator, I think let's just see is it a final question that we might take or we take one last question.

Operator: [indiscernible] (01:11:13).

Q

I hope you can hear now. The question relates to the post crisis positioning of the group, I mean clearly your company is in an excellent position with its multi-local footprint and supply chains. But I wonder when you look into the future and you talk about the globalization and the reduction of supply chains, to what extent do you feel that you have the right global balance on your footprint or do you think that there will be further adjustment perhaps altering your supply chains from China towards India or diversifying across Southeast Asia. For example, what extent do you think you need to alter in the next three, five years the way that your footprint is made to align with perhaps a less global world? Thank you.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

A

Yeah. I don't know if we – certainly the world would be more local. I don't know – it will keep being global. People will keep – I don't know if we'll travel as much, but they will still be growing, thanks to digital, growing flow of information on exchanges around the world. But you know that our priority has been always to believe that it would be very local on the speed wins. So from that point of view, our supply chain is much far better than many to the situation we are facing at the moment which is due to an impossibility to transit travel in many places and

we had also chosen in the past to have relatively smaller factories than the average of our industry to be closer to our customers and that helps also because that gives you more resilience in case one of the sectors is lockdown.

So I would say globally we are in a much better shape than what I would assess of some other companies. Now, we are also learning to this crisis, there will be some adjustments to be made but they will be region to region, we don't have big, big transfers and too many or maybe a few transfers to be done in in the future. But what we were accepting as de-optimization as a choice of organization which is multi-local [indiscernible] (01:13:29) factories, proves in the case like this to be rather favorable.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

A

All right. Thank you for that. I think we will probably stop it there. My apologies for the 10-minute delay in the start due to some technical issues of connection. But...

[indiscernible] (01:13:46)

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Amit, thank you all for staying with us during our long conference and big apologies for keeping you waiting. That's not our style. It won't happen again.

Amit Bhalla

Vice-President Financial Communication & Investor Relations, Schneider Electric SE

Yeah. So, the IR team is available, we'll set our slots and at the same time we look forward to connecting with all of you in the coming days and weeks. With that we will conclude the call this morning. Thank you.

Jean-Pascal Tricoire

Chairman & Chief Executive Officer, Schneider Electric SE

Thank you. Bye, Bye.

Operator: That does conclude our conference for today. Thank you for participating you may all disconnect.

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