Capital Markets Day 2021

ACCELERATING

Jean-Pascal Tricoire
Chairman & CEO

Life Is On | Schneider Electric

A future worth investing in

Positioned in   **Accelerating Markets**

Developing   **Incremental Growth Drivers**

Leveraging   **Unique Operating Model**

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Carbon reduction 3x faster and do 3x more, implying opportunities

CO_2 emissions ($MtCO_2$/y)(*)

60 000
50 000
40 000
30 000
20 000
10 000
0

2000   2010   2020   2030   2040   2050

Business as usual

Stated Policies (IEA)

1.5 degree
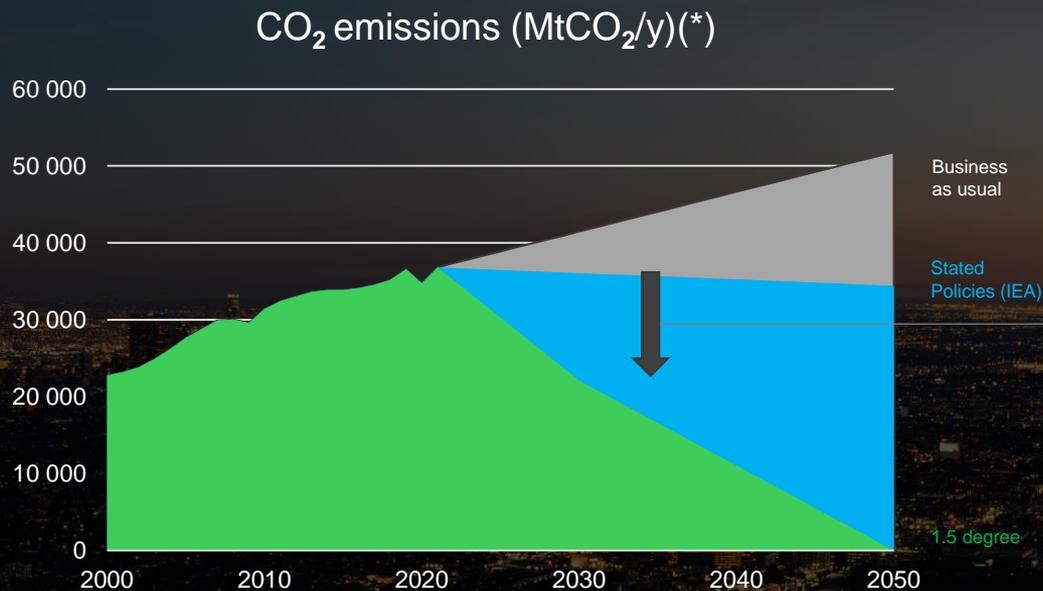
Source: Schneider Electric™ Sustainability Research Institute
(*) energy-related and industrial process emissions. *10-15 Gt :Based on assessment of circa. 30 Gts energy-related CO_2 emissions from NAM, Europe, China, and the Asian OECD nations, for the building, transport, industrial and power generation sectors*

10 Years not 30
10+Gt not 4Gt

Current annual CO_2 emissions savings pledged by 2030

Minimum required annual CO_2 emissions savings by 2030 to meet the 1.5°C trajectory

~3Gt CO_2/y

~4Gt CO_2/y

~10-15Gt CO_2/y

Pre-COP26

Post-COP26

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Opening the way to a radically different future

Path to 2030

	Supply		Demand			
To achieve needed 10-15Gt	Replace	45%	Electrify*	30%	Reduce	25%

Actions Needed

25% Fossil fuel reduction
Significant focus on coal phase out

1.5x Electricity in buildings, industry, mobility

10% Reduction in final energy demand

Anticipated Change

	Distributed generation: % Total Energy Demand	Buildings: % Electrical	Industry: % Electrical	Mobility: EV on the road**	Total: % Electrical
Current	~0%	33%	25%	<1%	20%
2030 What's needed	10%	50%	30%	20%	30%
2050 Target	45%	80%	80%	70%	60%

Source: Schneider Electric™ Sustainability Research Institute
*also includes additional process changes **Share of EV in total Passenger fleet

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Opening the way to a radically different future

Example of a home: Transitioning to All Digital, All Electric

Home Today

Grid-tied and fossil fuel-based generation sets for backup power

Furnaces and boilers for heating Gas-powered water heaters, ovens and burners

Inefficient lighting, shutters, heating systems and air conditioners

Manual controls, gas meters, traditional electrical distribution panels

Home of the Future

Decentralized and decarbonized grid. Self-generation with **Rooftop solar** panels and backup **battery systems**

Electrified heating and cooking

Home automation and smart powered lighting, shutter controls, thermostats

Home Energy Management System coupled with **smart Energy Centers** and smart meters

Impact

÷2 to 3 — Total Energy Demand (kWh)

0 — Fossil Spend ($USD/y)

-10 to -30% — Electricity Spend($USD/y)

÷4 to 10 — Carbon Emissions ($kgCO_2$/y)

x5 — **Total Addressable Market for Schneider**

Range of shifts in 2025 in USA (230m² in US South, individual, 2 storey home) and France (150m², individual, 2 storey home)

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Accelerated by all stakeholders

Governments

$1.8tn

green stimulus

Corporations

2,100+

companies setting emissions
reduction targets through SBTi

1,000+

companies committed

BUSINESS AMBITION FOR 1.5°C

Investors

$2.4tn AuM +45%

inflows into ESG funds in first 9 months 2021

c. +50% out performance

ESG fund performance since 2013
vs overall funds performance

Schneider Electric #3

in number of ESG funds in shareholding
globally and across sectors*

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Four actions for a net-zero world

10x
more retrofit

Digitization

Energy Efficiency

Circularity & Electrification

100%
new builds net zero

MicroGrid

Renewable

Storage

Design/ Build/ Operate/ Maintain Software

Future-proof
infrastructures

SmartGrid

EV Infrastructure

Recycling Plants

Innovation

Hydrogen

CCU

Storage Technology

70% of emissions reduction achievable with already existing, proven and competitive technologies

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The equation for the future

Digital   **+**   **Electric**   ▶   **Sustainable**

For
Efficiency

For
Decarbonization

Smart & Green

Eliminates waste,
drives efficiency
and optimizes from
plant to plug

Most efficient
energy and the
best vector of
decarbonization

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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.

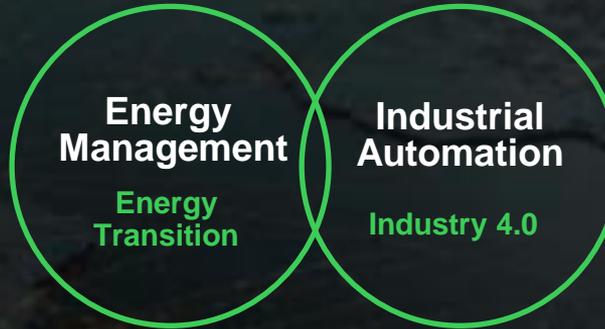Our mission is to be your digital partner for
Sustainability and Efficiency.

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Our unique positioning

€25bn Group FY 2020 revenues

128k+ Employees in over 100 countries

Energy Management
Energy Transition

Industrial Automation
Industry 4.0

Two Businesses

Electrification
SUSTAINABILITY **+** Digitization
EFFICIENCY

BALANCED

End Markets

16%	37%	34%	13%
DATA CENTERS	BUILDINGS	INDUSTRY	INFRASTRUCTURE

Revenues (by Geography)

26%	29%	31%	14%
WESTERN EUROPE	NORTH AMERICA	ASIA PACIFIC	REST OF WORLD

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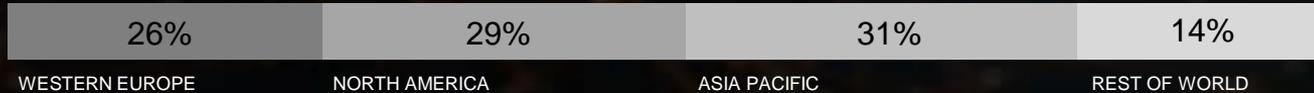
EcoStruxure digital platform for efficiency and sustainability

EcoStruxure™
Innovation At Every Level

Building | Data Center | Industry | Infrastructure

End to End Cybersecurity

Cloud and/or On Premise

Apps, Analytics & Services

Edge Control

Connected Products
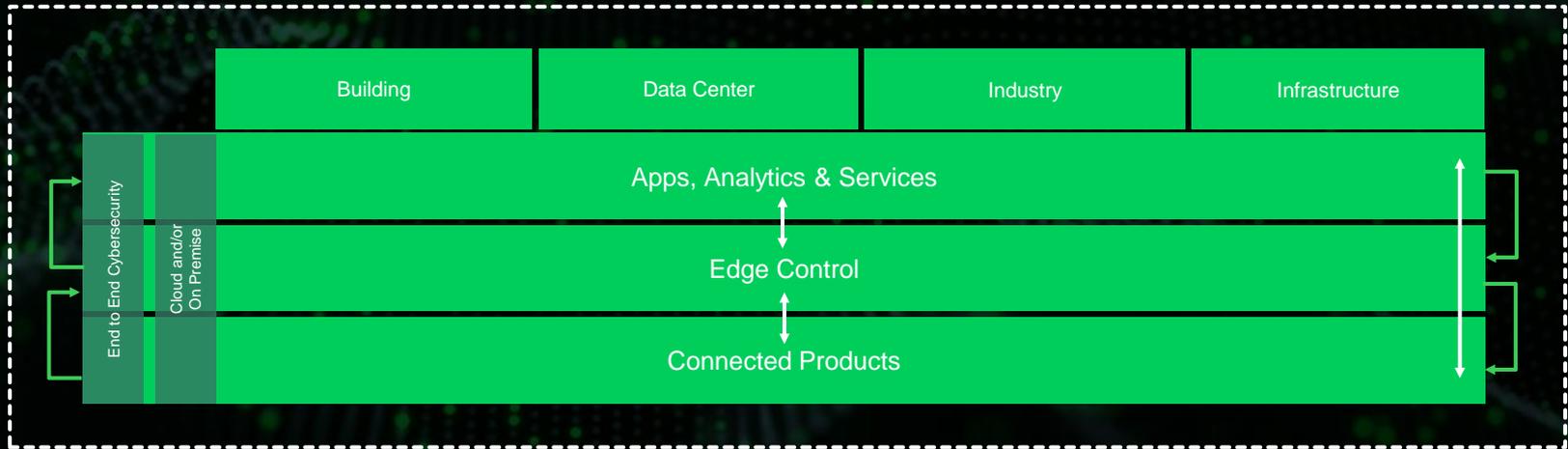
EcoStruxure Power

EcoStruxure Building

EcoStruxure IT

EcoStruxure Machine

EcoStruxure Plant

EcoStruxure Grid

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Pushing 4x integration to a new level through continued R&D initiatives

1	Energy + Automation	Most innovative range of Connected Products	PowerLogic HeatTag & ThermalTag SM AirSeT
2	End Point → Cloud	EcoStruxure™	
3	Design & Build → Operate & Maintain	Software	AVEVA RIB PLANON IGE+XAO GROUP ALPI etap
4	Site-by-Site → Unified Company Management	Unified operation centers	

Increase of R&D to sales ratio over time

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Build   Integrate   Scale

2003   2021*

Revenue from IoT
~€1bn   **Digital**   ~€11bn

Revenues
~€6bn   **Electric**   ~€22+bn

Green business
~5%   **Sustainable**   70%

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The next step

Accelerating Markets ▶ **Electric + Digital**

Sustainable Growth ➤

+

Incremental Growth Drivers

Leveraging

Unique Operating Model

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Our four end-markets are well positioned for structural growth

Building

All electric, all digital and net-zero smart buildings

Strong opportunities for renovation of existing building stock

Increased importance of Software across the lifecycle

Electrical content CapEx x2

Data centers

Increased focus on need for energy efficiency

New innovations and renewable power infrastructure to drive sustainability outcomes

Need for global deployment through localization and edge

Continued focus on resilience, reliability and speed of deployment

IP traffic c. +30% CAGR

Infrastructure

Grid optimization necessary to enable increased complexity from distributed energy sources

Resilient infrastructures vital to combat impacts of climate change

Global roll-out of infrastructure for Electric Vehicles and a growing electricity mix

Grid investment c. +10% CAGR

Industry

Increased need for sustainability and digitization to drive efficiency

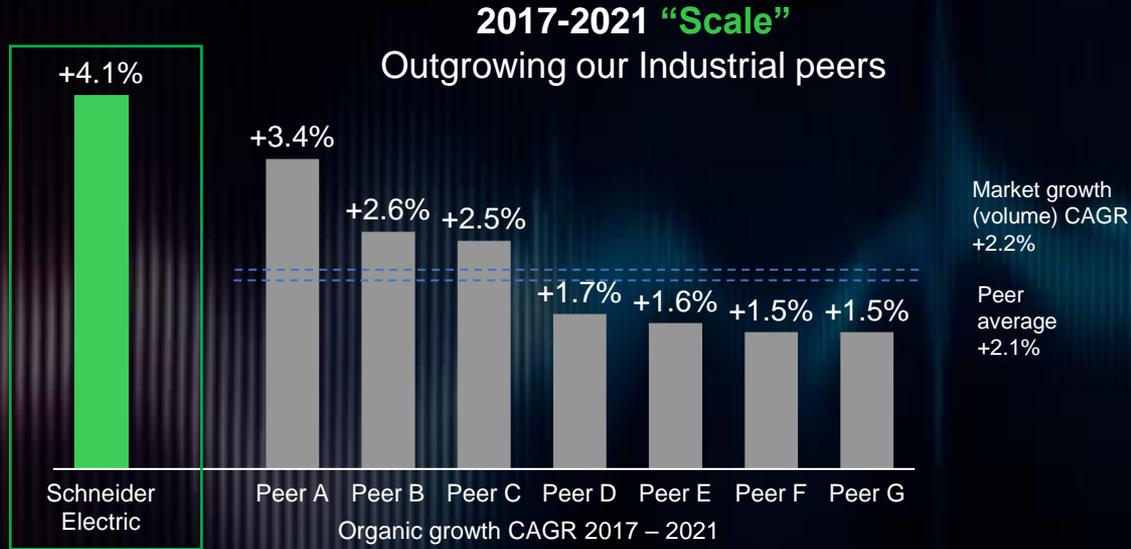Data driven decision making based on Software, AI and analytics

Software-centric solutions to drive customer value

Shorter supply-chains and reshoring

IIOT c. +17% CAGR to 2023

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Our complete portfolio is delivering growth, with markets set to accelerate in the coming years

2017-2021 "Scale"
Outgrowing our Industrial peers

2022 - 2024

Market growth (volume) CAGR in the next 3 years expected to be around 4%

+4.1%

+3.4%

+2.6% +2.5%

+1.7% +1.6% +1.5% +1.5%

Market growth (volume) CAGR +2.2%

Peer average +2.1%

Schneider Electric | Peer A | Peer B | Peer C | Peer D | Peer E | Peer F | Peer G

Organic growth CAGR 2017 – 2021

1) January 2017 – December 2021 for December year-end companies, October 2016-September 2021 for September year-end companies
2) FY21 growth based on midpoint of organic growth guidance for December year-end companies
3) Market growth (volume) CAGR based on Industrial Production (IP) as sourced from Oxford Economics
4) Peer average based on arithmetic mean, unweighted

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The next step

Accelerating Markets

Sustainable Growth

+

Incremental Growth Drivers

▶

Services
+
Software
+
Sustainability

Leveraging

Unique Operating Model

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Services continues to be a high potential incremental growth engine

Strategic focus to grow Services

Ensure recurring Digital Services with all new natively connected offers

Continued traction for tracking and servicing existing serviceable assets installed at customer sites

Enable new functionalities and value-added service offerings through EcoStruxure Advisors

~15% of total assets serviced

▼

Strong potential for sustainable growth

Future ambition

Grow Field Services x2 faster than Group average

Value Drivers

Safety Prevent Injury
- Augmented reality training
- EcoStruxure Service Plan to connect with experts remotely

Resiliency Avert Interruption
- Protect critical assets
- Catch overheating before damage w/Power Logic Heat Tag

Efficiency More Productivity
- Condition-based maintenance
- Digital twin services with ETAP

Sustainability Decarbonize
- Asset modernization with EcoFiT
- Remove SF-6 (23,500X CO_2) with AirSeT MV switchgear

1€ — **CAPEX** — **OPEX** — 2€ over the lifecycle — **RECURRING**

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Delivering customer peace of mind with **Services**

Consulting
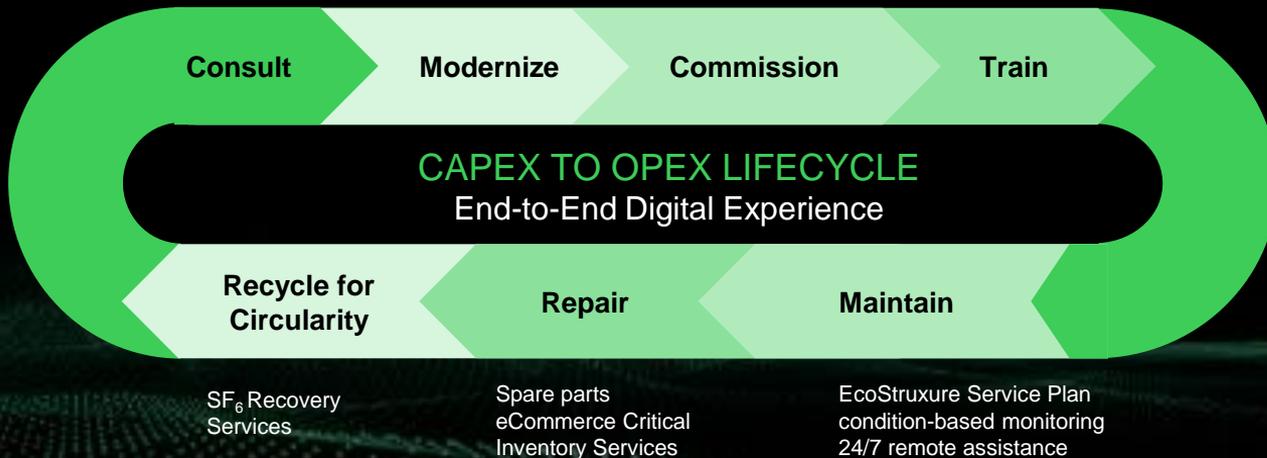Sustainability, digitization & electrification
Safety & cybersecurity

EcoFiT™ pre-engineered partial
replacement of breakers limiting
up to 70% of waste

Seamlessly and securely
connect hardware

Training Center
& eLearnings

Consult → **Modernize** → **Commission** → **Train**

CAPEX TO OPEX LIFECYCLE
End-to-End Digital Experience

Recycle for Circularity → **Repair** → **Maintain**

Power Digital Twin
services plan

SF_6 Recovery
Services

Spare parts
eCommerce Critical
Inventory Services

EcoStruxure Service Plan
condition-based monitoring
24/7 remote assistance

6,500+ highly-trained field
services engineers across
400+ service centers

15 Connected Services Hubs
providing support to **6,000**
customers

80% customers highly satisfied
with technician support and
safety compliance

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	Design	Build	Operate & Maintain
Industry & Infrastructure	AVEVA	AVEVA RIB	AVEVA EcoStruxure
Power	ALPI etap IGE+XAO GROUP	RIB	EcoStruxure
Building	Partnerships	RIB	PLANON EcoStruxure

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Unified Asset Lifecycle Management

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Unification and federation to drive software growth

Unified

Digital Twin across the Lifecycle

Data Federation

Algorithm Portfolio & AI Capability

User Experience

Software Federation

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Sustainability business to achieve double digit growth and drive more of Green Revenue

Sustainability Business
~€0.5bn

Consulting Services
Helping customers define & implement their climate strategy. Climate Advisory Services

⬆️⬆️

Digital services
Enabled by EcoStruxure Resource Advisor & Neo Network Platform

⬆️⬆️

Energy Performance Contracting

➡️

⬆️ Indicative growth rate

Enables
C-Suite engagement
Implementing net-zero strategy
Leveraging end-to-end lifecycle portfolio
Energy efficiency program

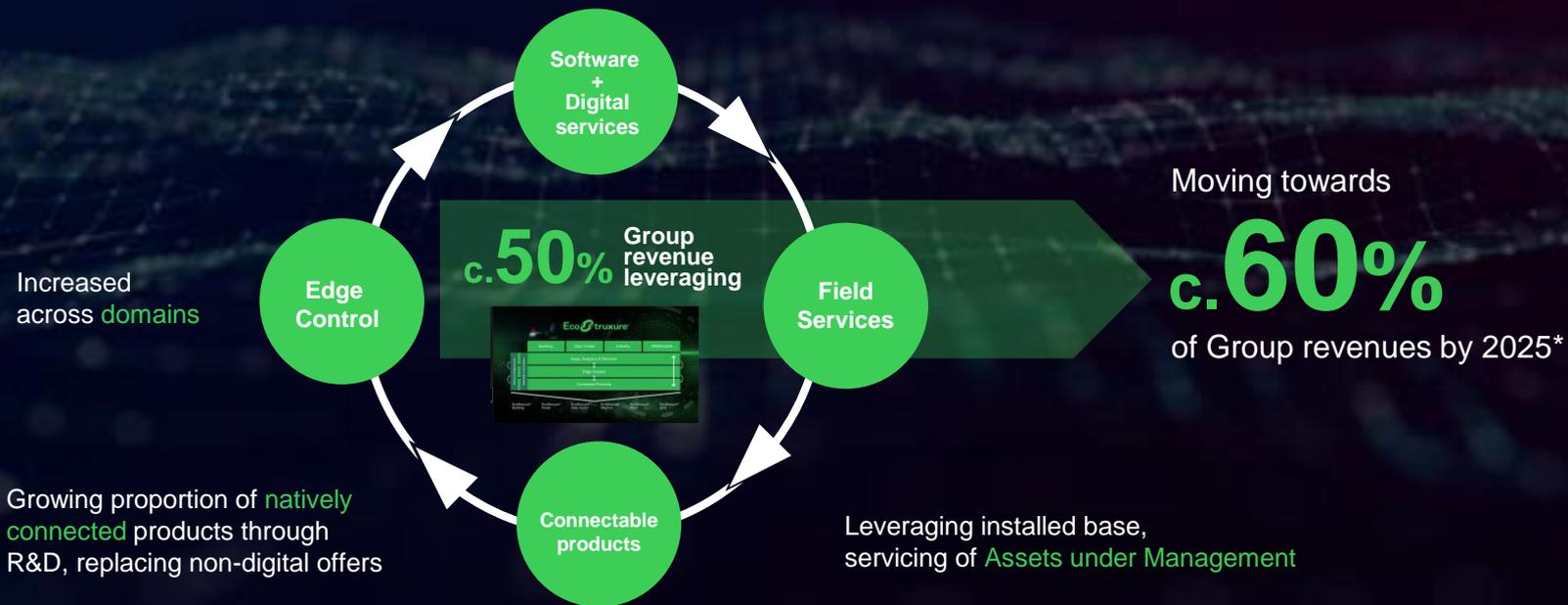**Positively impacting Schneider Electric**
Green revenues*
(70% of Group in 2020 moving to 80% by 2025)

>800M
tons of CO_2 saved and avoided

For customers, between 2018-2025

*Offers that bring energy, climate or resource efficiency to our customers, while not generating any significant harmful impact to the environment. As per Schneider Electric definition and methodology

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Continuing our transition to a **hybrid digital** company

Software + Digital services

Edge Control

c.50% Group revenue leveraging

EcoStruxure

Field Services

Connectable products

Moving towards

c.60%

of Group revenues by 2025*

Increased across domains

Growing proportion of natively connected products through R&D, replacing non-digital offers

Leveraging installed base, servicing of Assets under Management

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Ambition to grow Software and Services

Where we stand today:

Ambition by 2025:

Software, Sustainability & Services
% of Group Revenues

c.18% ▶ **+5 pts**

Recurring Revenue
% of Software and Services

c.30% ▶ **+15 pts**

ARR metrics to be reported from FY 2022 results

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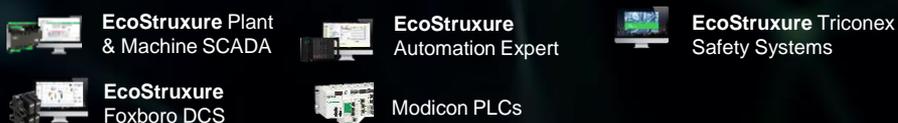
Sustainable Industries – Integrated & Circular

1. Energy + Automation

Asset Performance: AVEVA™ Predictive Analytics, EcoStruxure Advisors, Services
Simulation & Optimization: AVEVA™ Process Simulation, AVEVA™ XR for Operations and Maintenance, PI System
Critical Asset Management: EcoStruxure Asset Advisor
Optimize TOTEX: EcoStruxure Power and Process
Microgrid + Energy, ETAP

Substation Operation

Galaxy UPS

Master**Pact** MTZ

Smart power & Motor Control

2. End Point > Cloud

Asset Performance: AVEVA™ Predictive Analytics, EcoStruxure Machine Advisor, Services, EcoStruxure Resource Advisor
Planning & Control AVEVA™ System Platform
Simulation & Optimization: AVEVA™ Process Simulation, AVEVA™ XR for Operations and Maintenance, PI System
AI: EcoStruxure Plant Advisor – Data Hub

EcoStruxure Plant & Machine SCADA

EcoStruxure Automation Expert

EcoStruxure Triconex Safety Systems
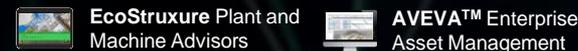
EcoStruxure Foxboro DCS

Modicon PLCs

3. Design & Build > Operate & Maintain

Digital Twin: Digital Services, Machine Expert Twin
Design 3D – Plant & Process: Asset life cycle management, AVEVA™ E3D Design, AVEVA™ ENGAGE
Plug & Produce design: EcoStruxure Automation Expert
Sustainable, efficient, safe operations: EcoStruxure Advisors, Maintenance Plan, EcoStruxure Services Plan

EcoStruxure Automation Expert

AVEVA™ United Engineering

4. Site-by-site > Integrated Company Management

Asset Performance: AVEVA™ Enterprise Asset Management
Planning & Control: AVEVA™ Unified Supply Chain
Cybersecurity & Safety: Assessment Services, Cybersecurity Application Platform, EcoStruxure Secure Connect, EcoStruxure Triconex Safety Systems
Enterprise-level Decision-making: EcoStruxure Advisors
Sustainability: Sustainability and Energy Consulting, Climate Change Consulting Services

EcoStruxure Plant and Machine Advisors

AVEVA™ Enterprise Asset Management

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Customer video

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Sustainable Buildings – People-Centric, Resilient, Hyper Efficient

1. Energy + Automation

Integrated building, power, and occupancy management

EcoStruxure
Building Operation

EcoStruxure
Power Operation

EcoStruxure
Microgrid Operation

2. End Point > Cloud

Integrated IoT devices and sensors, providing data to cloud applications

EcoStruxure
Connected Room Solutions

Consulting & Modernization Services

3. Design & Build > Operate & Maintain

Design & Build

etap

MTWO
From RIB software

Operate, Maintain, and Optimize

PLANON

EcoStruxure
Building Engage

EcoStruxure
Building Advisor

Maintenance Services

EcoStruxure
Power Monitoring Expert

EcoStruxure
Power Advisor

4. Site-by-site > Integrated Company Management

EcoStruxure
Resource Advisor

EcoStruxure
DERMS

EcoStruxure
Microgrid Advisor

Energy & Sustainability Services, Climate Change Consulting Services

reddot

SOLARIMPULSE 1000 EFFICIENT SOLUTIONS

iF DESIGN AWARD 2020

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AECOM

Customer video

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The next step

Accelerating
Markets

**Sustainable
Growth**

+

Incremental
Growth
Drivers

Leveraging

**Unique
Operating
Model**

▶

Integrated

Partnership & Open Ecosystem

Multi-Hub

ESG

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The integrated company

ONE

Sales

Marketing

Digital

Supply Chain

Associated Software

Benefits for — Customer / Company

Customer experience

Digital journey

Data for digitization

Attractiveness for talents

Scale for deployment and strategic positioning

Simplicity and cost efficiency

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Extended by an open ecosystem & largest network of partners

60% Revenue done through partners

23k+ Suppliers in production / direct procurement
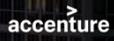
Startups

50+ Investments

100+ Partnerships

4.2k+ EcoXpert program partners

650k+ Service providers & partners

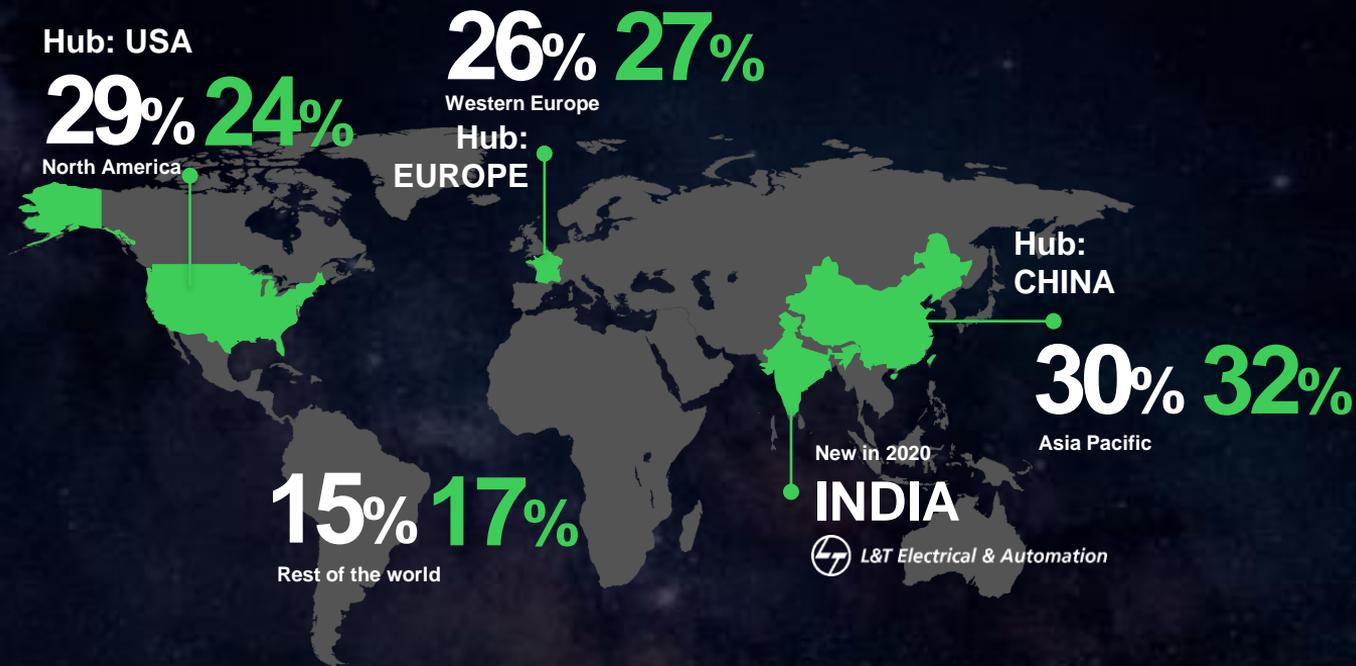**42k+** System integrators & developers

Technological

Alliances

Microsoft   accenture   WIND RIVER   intel   IBM.   amazon web services   Capgemini   salesforce   cisco

Exchange

100k+ Collaborators

600 Offers listed

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Our Multi-hub operating model decentralized for people empowerment

Hub: USA
29% **24%**
North America

26% 27%
Western Europe
Hub: EUROPE

Hub: CHINA
30% 32%
Asia Pacific

15% 17%
Rest of the world

New in 2020
INDIA
L&T Electrical & Automation

⚪ % of revenue by geography
🟢 % of total employees by geography

2020 Figures

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Our Multi-hub operating model **strengthened with India as 4th hub**

Extensive geographical reach

Cities Presence
300+ to 500+

Point of Sale
90k+ to 147k+

Wide-range of products and technologically superior solutions

Strong talent base
Employee Strength
20k+ to 31k+

Enhanced manufacturing footprint (in India)

Factories
20+ to 30+

Distribution Centre
25 to 35

INDIA

L&T Electrical & Automation

Products

R&D

Suppliers

Supply Chain

Sales

Strong R&D & Software base

India R&D & Software Staff **4k+**

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Going beyond the scope of operations

Communities **Customers** **Employees** **Suppliers** **Investors**

2025 IMPACT

50M
people

access to green
electricity

1M
people

trained in energy
management

800Mt
of CO_2

saved and avoided,
delivered through our
solutions

Carbon neutral

in our operations

2030: Net-Zero Operations
2030: Net-Zero Biodiversity Loss
       in Operations
2040: Carbon Neutral Value Chain
2050: Net-Zero Supply Chain

÷2
emissions

of highest emitting
1000 suppliers

80%
green revenue

ESG disclosure
and compliance

We aim to mobilize our entire ecosystem to act for a climate positive world

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Governance: Our business runs on Trust

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Great people make a great company

Employee Value Proposition

Meaningful Purpose

To bridge progress and sustainability for all

Inclusive Culture

We want to be the most diverse, inclusive and equitable company, globally

Empowered People

Use their judgement, do the best for our customers, make the most of their energy

Engagement

Incentives

STIP & LTIP ESG Component

WESOP

Flexibility at Work

Access to Energy

Community Work

Access to and retention of talent

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Our ambition for the future…

Accelerating

| Accelerating Markets | Incremental Growth Drivers | Unique Operating Model |

Financial Targets

		Sustainable Revenue Growth	Adj. EBITA Margin Expansion	Free Cash Flow
	2022-2024	Between +5% to +8% organic, on average	Between +30 bps to +70 bps organic, per year	c. €4bn by 2024
	Longer Term Ambitions	5%+ organic, on average across the cycle[1]	Opportunity to further expand with business mix and operational leverage	

Aspiration

To consistently be a Company of 25*

[1] across the economic cycle, incorporating Sustainable Growth targets for 2022-2024   *sum of organic revenue growth % and adj. EBITA margin %

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