Driving Digital Transformation

Industrial Automation Business
Peter Herweck
Executive Vice President, Industrial Automation
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 Annual 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.
Peter Herweck
Executive Vice President, Industrial Automation

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Industrial Automation

€6.2bn
2018 revenues

18.0%
Adj. EBITA margin

#1
Worldwide Safety systems, HMI software, control & signaling, motor protection & control

8%
R&D spend

Split of 2018 revenue by end market:

- Discrete
- Process & Hybrid

31%
Western Europe

31%
Asia Pacific

22%
North America

16%
Rest of the World
From electromechanical to software leader
Growing faster than market due to targeting segments of strength

“Full liner in automation” reducing impact of cyclicality

CAGR 2013-2018: 7.6%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>€4.3</td>
</tr>
<tr>
<td>2014</td>
<td>€5.5</td>
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<tr>
<td>2018</td>
<td>€6.2</td>
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</tbody>
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Presenter

Craig Hayman
Chief Executive Officer,
AVEVA

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AVEVA – 60% shareholding
Fully consolidated into Schneider Electric

Strong operating performance

AVEVA revenue
12% revenue growth
In the year ending 31 March 2019

54% recurring revenue

Accretive to Schneider Electric Group margins
(AVEVA adj. EBIT margin 23.8%)

Generating value now…

AVEVA market capitalization
+ £3bn In the post-acquisition period to 31 March 2019
Added to FTSE 100

AVEVA share price
outperforming peers since deal closing on 1 March 2018

…and in the future

Mid-term targets announced:
• At or above market revenue growth
• Increase recurring revenue to 60%
• Improve adj. EBIT margin to 30%

EV/EBITDA ’19

AVEVA 27.3x

Software companies trade at higher multiples
Integrations for efficiency creating new opportunities

1. Combining **Energy** and **Automation**

2. From **Sensor/Actuator to Cloud** (OT/IT Convergence)

3. Integrated software from **Design & Build to Operate & Maintain**

4. **Cybersecurity** as a business

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**€100 Billion**

4% growth*

*3 year CAGR, 2018-2021*

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**Sources:** ARC Advisory Group, Cambashi, IDC, IoT Analytics, Markets and Markets study, Schneider Electric. Market data for year 2019. Industrial Engineering Software excluding EDA.
AVEVA fully integrated into EcoStruxure architecture
Building clear advantages of full EcoStruxure solution recognized by customers

Asset Life Cycle
- Improve Return On Capital
  - Asset Performance
  - Monitor and Control
  - Plan and Schedule
  - Operate and Optimize
  - Engineer Procure Construct

Operations Life Cycle
- Improve Profitability
  - Plan and Schedule
  - Operate and Optimize
  - Monitor and Control
  - Asset Performance

EcoStruxure™ is Schneider Electric’s open, interoperable, IoT-enabled system architecture and platform.

AVEVA
- Engineer Procure
- Construct
- Operate and Optimize

AVEVA fully integrated into EcoStruxure architecture
Building clear advantages of full EcoStruxure solution recognized by customers

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Mature joint go-to-market in place
Capturing superior growth in all 3 models

Slide content deliberately omitted
Example: North American International Oil & Gas Company

Integrations driving growth

2019
- Strategic Relationship Management Partner Category
- + SW

2018
- Energy Management Partner
- + MEC

2014
- Industrial Automation & Software Partner
- + MAC

2013
- Transactional Sales
- €15M annual average sales*1

Product Sales
- €50+M annual average sales*2

SW: Software, MEC: Main Electrical Contractor, MAC: Main Automation Contractor
*1 2010 – 2013
*2 2014 – 2018
Demonstration
Example: Digital transformation at ADNOC

ADNOC is one of the world’s energy producers, operating across the hydrocarbon value chain.

Business challenge
ADNOC is transforming into an Industry 4.0 organisation to maximise returns from every barrel of oil. To begin this journey, data was centralised and integrated into a single operating platform.

Solutions provided
- **Monitoring & Control** to provide a real-time overview of operations
- **Asset Performance Management** to reduce maintenance costs and downtime
- **Planning & Scheduling** to optimise production planning
Example: Black Rock Mining South Africa
Energy Management pulls Industrial Automation & AVEVA

Easy integration due to open communication protocols

2-3 month design, switch-over and commission of centralized control room

20% increased equipment utilization resulting in 20% production improvement

Installed base of Energy Management pulls through Industrial Automation with AVEVA
Customer video
Example: North American Food Company
Integrations drive strong results

Energy + Automation + Software opening new opportunities

18% CAGR & growing

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Example: Smart Factory efficiency gains
EcoStruxure solutions driving improvements at our Smart Factories

In >60 Smart Factories and growing

Le Vaudreuil had 5–15% OEE improvement in 3-4 weeks on Contactor Line using EcoStruxure

15% reduction in energy consumption through Power, Automation and Software

OEE: Overall Equipment Effectiveness
Digital transformation changes hardware & software content balance…

- **70%** less I/Os
- **15%** less relays

**Elimination** of auxiliary wiring

**Integration** of network switches and protection relays
Savings for the customer with incremental value for Schneider

Value to customers:

20% cost savings*

+ added value of reduced downtime & machine as a service option

Value to SE:

Up to 33% additional SE content
i.e. From PLC I/O to intelligent field device

Move from electromechanics to IIoT

*compared to a traditional solution for application including connectivity, wiring, engineering costs
Machinery continues to take market share
In targeted segments driven by digital transformation and domain expertise

Growing 3x faster than market

- Focus on strategic segments to take share
- Sales execution model executing well since 2013
- Software pulling through automation
- Commercialization for EcoStruxure Advisors gaining traction
Cybersecurity Business
Operational technology (OT) cybersecurity

Example: Middle-East NOC

- IT / OT integration
- DMZ implementation
- Design and deploy secured architecture
- Secure remote access, device control, and asset management
- Honeywell / GE / Schneider Electric / third-party management common cybersecurity infrastructure

OT: Operational Technology
IT: Information Technology
DMZ: De-militarized Zone

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Balanced full liner in automation and software well positioned…

… for strong growth through cycle

… to deliver superior value by convergence to software

… through EcoStruxure with AVEVA

7.6% CAGR (2013-2018)

+130 bps

margin appreciation (2016-2018)

Double-digit growth

in the post-acquisition period to 31 December 2018