Continued strong performance in H1 2019, FY target upgraded
Revenue growth of +5.4% organic, Adj. EBITA up +11% organic, strong FCF
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.schneider-electric.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.
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
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<tr>
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<td>2019 Target Upgraded</td>
</tr>
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</tbody>
</table>
H1 2019 Business Highlights

Strategy continues to deliver strong performance

Photos: J. Deloy – SE Design Lab
Our unique positioning: Energy and Automation digital solutions for efficiency and sustainability

Energy Transition

Significant customer benefits...

- Energy efficiency: Up to ~65% (Average 30%)
- Productivity: Up to -50%
- CapEx (integration): Up to 0
- Reliability and Safety: Up to 50%
- Fewer incidents
- Sustainability: Aiming at 0 Carbon emissions

Serving 4 end-markets:

- Buildings
- Data Centers
- Infrastructure
- Industry
Our strategy continues to deliver strong financial performance.

**Energy Management**
- Energy efficiency

**Industrial Automation**
- Process efficiency

- **€13.2bn, +5.4%**
  - Group H1 2019 org. revenues

- **€10.1bn**
  - c. +80bps Org. adj. EBITA
  - +7% H1 org. sales growth

- **€3.1bn**
  - c. +30bps Org. adj. EBITA
  - +1% H1 org. sales growth

- **14.8%, +70bps**
  - Group H1 2019 org. Adj. EBITA

IA org. sales excludes the non-core U.S. panel offer.
H1 2019 Key Results:
Unique portfolio delivering strong growth

Strong revenue growth

- Revenue +5%
  Organic growth

More Software
Up double-digit
Organic growth

Sustained profit momentum

- More Products +4%
  Organic growth

More EcoStruxure
Above Group average
Organic growth

Strong shareholder focus

- More Services +8%
  Organic growth

Better Systems
+100 bps
Operating Margin on high-single digit growth
H1 2019 Key Results:
Continued and consistent expansion of Group adj. EBITA margin

- **Adj. EBITA**
  - **+10.9%**
  - Organic growth

- **Adj. EBITA margin**
  - **+70 bps**
  - Organic improvement

- **Adj. Net Income**
  - €1.3bn, **+10%**

**Consistent organic Adj. EBITA margin expansion in both lower growth and higher growth environments:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2015</td>
<td>12.5</td>
</tr>
<tr>
<td>H1 2016</td>
<td>13.3</td>
</tr>
<tr>
<td>H1 2017</td>
<td>14.1</td>
</tr>
<tr>
<td>H1 2018</td>
<td>14.4</td>
</tr>
<tr>
<td>H1 2019</td>
<td>14.8</td>
</tr>
</tbody>
</table>

Adj. EBITA margin: c.+330 bps organic + 230 bps reported

On track for c.+200bps margin ambition by 2021 (pre FX)
H1 2019 Key Results:
Focus on shareholder returns, strong free cash generation and disciplined capital allocation

**Strong H1 FCF**
€ 837m
2.0x higher vs. H1’18
2.4x higher including IFRS 16

**Share buyback**
€ 1.5 to 2.0bn
Over 3 years,
€80m since AGM approval in late April

**Portfolio management**
- L&T competition approval
- Pelco disposed
- US Panels disposed

**Continued success from recent acquisitions**
**AVEVA & Asco**
Both growing double-digit in H1
Consistent execution on our growth strategy pillars

MORE PRODUCTS
New connected products for greater efficiency across end-markets

MORE SERVICES
Clear plan for growth across geographies and businesses
Field services – continued progress in tracking installed base: 41% tracked
Digitally enabled services – multiple new offers and customer wins

BETTER SYSTEMS
Systems provides resilience across economic cycle. Orders growth in mid to late cycle segments
Engage with customers to add value while enabling profitable growth - from tendering to execution

>50 new offers launched in H1

<assets>
- Easergy P5
- TeSys Island
- Modicon M262
- Smart UPS Li-Ion
- Acti 9 iDT40
- ComPact NSX & NSXm Micrologic
- Vigi

Asset advisor
- Asset efficiency and optimization
- Uptime & consistent plant operations

Building advisor
- Monitoring 6.7m sq.feet across 49 buildings
- Over $900K in energy savings in year 1
More Digital:

Enriching our offer

Multiple launches of new EcoStruxure Advisor apps

Some examples:

- EcoStruxure Building Engage
- EcoStruxure Workplace Advisor
- EcoStruxure Process Safety Advisor
- EcoStruxure Clean-In-Place Advisor

Strong progress in digitizing customer engagement & ecosystem

Strong growth of Assets Under Management

2.4m + 40% YoY

Launch of Schneider Electric Exchange

Create

Collaborate

Scale

45,000+ registered users
200 apps developed
23 communities

Strong performance through apps, analytics and digital services

Strong growth of SE software portfolio for Data Centers and Smart Grids

IGE+XAO growing c.+8%

Energy services projects gaining traction

AVEVA revenue synergies on track
- Revenue growing double digit in H1’19
- Enhancing portfolio through Maxgrip

EcoStruxure Layers 2 & 3 growing faster than Group average in H1
Selection of H1 customer successes across markets

**BUILDINGS**

- **Major medical institution**
  - Middle East

  - **Energy Management digital solution** – covering electrical distribution and BMS, supported by SE strong technical capabilities
  - Green solution: replacing additional batteries by innovative control schemes
  - Comprehensive data & monitoring to enhancing energy efficiency

**DATACENTERS**

- **Marina Bay Sands**
  - Singapore

  - **EcoStruxure for Data Center** to upgrade the existing facility and support the growth of the business
  - From connected products (electrical distribution, cooling, racks, UPS) to analytics
  - Enhanced monitoring for increased reliability and greater efficiency

**INFRASTRUCTURE**

- **Urban transportation**
  - Argentina

  - **Global management system of the electrical distribution**, integrating all resources (water pumping, lighting monitoring, electric alarms, etc.)
  - 30% cost saving on maintenance through predictive maintenance and remote control capabilities
  - 20% energy saving

**INDUSTRY**

- **Baowu Steel**
  - China

  - **EcoStruxure Plant solution** to help customer achieve their smart manufacturing goals
  - From sensors and connected products to edge control, advisors and Wonderware platform
  - Solving specific pain points through EcoStruxure Hoisting Expert Operation
  - 10% efficiency increase
Sustainability at the heart of our strategy and business

Schneider Sustainability Impact: 6.78/10 in Q2

<table>
<thead>
<tr>
<th>Indicators &amp; objectives 2020 - selection</th>
<th>Q2 2019</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLIMATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>120,000 metric tons CO₂ saved on our customers' end thanks to our EcoStruxure offers</td>
<td>70</td>
<td>55</td>
</tr>
<tr>
<td>CIRCULAR ECONOMY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 sites labeled towards zero waste to landfill</td>
<td>185</td>
<td>178</td>
</tr>
<tr>
<td>HEALTH &amp; EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>90% of white collars have individual development plans</td>
<td>72%</td>
<td>-</td>
</tr>
<tr>
<td>ETHICS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+5.5 pts increase in average score of ISO26000 assessment for our strategic suppliers</td>
<td>+2.3pt</td>
<td>+2.2pt</td>
</tr>
<tr>
<td>DEVELOPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>x4 turnover of our Access to Energy program</td>
<td>x1.42</td>
<td>x1.09</td>
</tr>
</tbody>
</table>

Schneider wins the Philips supplier innovation event
Royal Philips, Netherlands

- Schneider value proposal: greater efficiency through new generation technology and sustainable business models
- Schneider received an engagement letter to pursue business

Galaxy VX with ECOversion mode

CUSTOMER BENEFITS
- Up to 70% UPS energy consumption reduction
- 11t CO₂ annual emission savings
Our distinctive DNA is externally recognized

**MEANINGFUL**
Commitment to sustainability: Climate, Ethics, Circular economy, Health and Equity, Development

- Global 100
- CDP: Disclosure Leadership Action
- CIRULARS 2019

**INCLUSIVE**
Empowered Diversities; Inclusive Practices; Inclusive Behaviors; Advocacy

- 7th year
- 9th year
- EcoVadis - Gold medal in recognition in CSR achievement

**EMPOWERED**
Lean Organization; Multi-Hub Model; The Schneider Way; #FreeUpYourEnergy

- Batam Smart Factory in Indonesia designated as an Advanced 4th Industrial Revolution Lighthouse
- Supply Chain Rankings 2019: #11 Global / #3 in Europe
- Wiser Radiator Thermostat Best Product of the Year 2019
- WESOP wins Best Plan Effectiveness
- #1 award in EDI, Digitization & Statistics
- #1 vendor in Energy as a Service Solutions Providers

Investor Relations - Schneider Electric
Business performance highlights

Strong portfolio delivering growth
H1 2019 - Key performance highlights

- Strong growth across portfolio, end-markets and regions; NA +12%, Asia Pac +7%
- Data center segment growing strongly in both large and small installations
- High-single digit order growth in industrial segments, benefitting from cross-selling
- Offers for residential markets growing mid single digit, up across all regions
- CIB offers delivering growth leveraging EcoStruxure
- ASCO delivering double-digit growth, IGE+XAO up high single digit
- Good trend in Services across technologies, growing org. high single digit

H2 2019 business outlook

- CIB outlook remains positive across geographies
- Compelling offers for data centers to continue to drive growth across regions
- Residential remains a growth market despite some moderation in new starts in certain geographies
- Infrastructure well oriented with opportunities across geographies

Split of H1 2019 revenue by geography:

- Western Europe: 25%
- Asia Pacific: 32%
- North America: 28%
- Rest of the World: 15%
Organic growth by region in H1 2019 – Energy Management

### NORTH AMERICA
- United States: +12%
- Canada: +12%
- Mexico: +12%

### WESTERN EUROPE
- France: +3%
- Germany: +3%
- United Kingdom: +3%
- Spain: +3%
- Italy: +3%

### REST OF WORLD
- Russia: +4%
- South America: +4%
- Middle East: +4%
- Africa: +4%

### ASIA PACIFIC
- China: +7%
- India: +7%
- Australia: +7%
- Indonesia: +7%
- Singapore: +7%
Industrial Automation: Complete & resilient industrial automation portfolio

**€3.1bn**

24% of Group H1 2019 revenues

**Industrial Automation**

**Performance in H1 2019**

Organic growth

c.+1%¹

Adj. EBITA margin

17.6% / c.+30bps org.

(+30 bps reported)

---

Split of H1 2019 revenue by geography:

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Europe</td>
<td>32%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>15%</td>
</tr>
<tr>
<td>Asia Pac.</td>
<td>32%</td>
</tr>
<tr>
<td>N. America</td>
<td>21%</td>
</tr>
</tbody>
</table>

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**H1 2019 performance highlights**

- Resilient growth thanks to the balanced portfolio across cycle
- Demand in process & hybrid markets (c.50% of IA revenue) continues to be positive, with double-digit orders growth
- Slowdown in the discrete (c.50% of IA revenue) end-markets across regions, in part driven by tough base of comparison but also market softness. US Panels activity sold in Q2
- Good progress on developing joint value proposition with AVEVA, with good trends in industrial software
- Double-digit service growth over H1

---

**H2 2019 business outlook**

- Discrete end market softness across geographies expected to continue in H2
- Process & Hybrid expected to remain positively oriented, project execution phasing in H1 to benefit H2 performance

¹ Excluding US panels business
Organic growth by region in H1 2019 – Industrial Automation

% Business Sales

Org. growth

NORTH AMERICA

- United States: 21%
- Canada: c.-2%*
- Mexico: +3%

WESTERN EUROPE

- France: 32%
- Germany: 32%
- United Kingdom: +2%
- Spain: +2%
- Italy: +2%

REST OF WORLD

- Russia: 15%
- South America: +3%
- Middle East: +3%
- Africa: +3%

ASIA PACIFIC

- China: 32%
- India: +1%
- Australia: +1%
- S. Korea: +1%
- Japan: +1%

* Excluding the non-core US panels offer
H1 2019 Finance Presentation

Delivering consistent and strong financial performance
Based on current rates, the FX impact on FY 2019 revenues is estimated to be in a range of c.+€300m to +€400m. The FX impact at current rates on adjusted EBITA margin is expected to be in the range of c.-10bps to -20bps.
H1 2019 - Energy Management: growing in all regions

### North America +12%
- U.S. delivering double-digit growth
- Continued strong growth in Residential and Commercial & Industrial Buildings
- Leveraging complete powertrain solution for data center
- Asco Power delivering strong growth since integration

### Western Europe +3%
- Growth in offers for Residential markets supported by new product launches
- France grew in Q2 but down in H1 on soft utilities market
- Strong growth in Italy with successful channel initiatives
- U.K. grew with project execution, though softening due to Brexit
- Good growth in Germany delivering on data centers & utilities

### Rest of the World +4%
- Strong growth in South America, Africa and Central & Eastern Europe
- Middle East down on utility markets in Saudi Arabia and residential markets in the Gulf. CIS also down

### Asia Pacific +7%
- China delivered a strong performance despite a high base helped by distributor stocking & channel initiatives.
- India delivered high-single digit revenue growth
- S.E. Asia and Australia continued strong performance, notably in data center, CIB & smart grid

Split of H1 2019 revenue by geography:

- North America: 25%
- Western Europe: 32%
- Asia Pacific: 28%
- Rest of the World: 15%
H1 2019 - Industrial Automation: resilience across regions from balanced portfolio

**H1 Org. growth**

Split of H1 2019 revenue by geography:

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. America</td>
<td>32%</td>
</tr>
<tr>
<td>W. Europe</td>
<td>21%</td>
</tr>
<tr>
<td>Asia Pac.</td>
<td>32%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>15%</td>
</tr>
</tbody>
</table>

**North America c.-2%**
- Mexico saw a big decline in Q2 due to trade uncertainty
- The U.S. was stable in H1 excluding the phase-down of panels
- Demand for core discrete and OEM softened during Q2
- Process Industries remain well oriented though Q2 impacted by project phasing and very high base of comparison

**Western Europe +2%**
- Good growth in sales to process & hybrid end markets
- France, Germany, Spain and U.K. all grew
- Good demand in targeted segments

**Rest of the World +3%**
- Good growth in South America and CIS, Africa and Central & Eastern Europe stable.
- Discrete and process/hybrid both growing across region
- Middle East down driven by the Gulf and Turkey

**Asia Pacific +1%**
- China stable, despite OEM slowdown from U.S. trade situation
- India grew across both Discrete and Process/Hybrid
- Japan down on short-cycle decline

*-4.5% organic pre panels adjustment
Organic growth derived from products, systems, services and software

- Good growth driven by Buildings end-markets while Discrete industrial markets were down in several geographies.
- > 50 new offers launched during H1 2019
- Leveraging complete product portfolio across strong global network of partners

- Strong growth in technologies serving mid/late cycle
- Focus on profitable systems growth
- Good growth in infrastructure and data center end markets

- Strong growth in services to data centers and industrial customers, good performance in field services.
- AuM reached 2.4 million, up +40% year-on-year
- Software grew double-digit including AVEVA
Gross Margin up +30bps organic in H1

GROSS MARGIN: ANALYSIS OF CHANGE (%)

H1 2018: 39.1
H1 2019: 39.4

- Net price: 0.8
- Productivity: 1.1
- Mix: -0.6
- R&D & Prod. Labor infl.: -0.5
- FX: -0.3
- Scope & Others: -0.2

- Reflects geographic mix and stronger growth in mid/late cycle businesses
- H1 Productivity +€144m includes tariffs impact and other inflationary factors
- Reflects technical risks, the depreciation of some inventory + scope impacts
- H2’18 pricing action carry-over delivering in H1’19: +€115m; Raw material slightly positive in H1: +€27m
- In H2, pricing on products can be expected to generate a lower positive contribution, while raw material impact should still be positive

1. Price less raw material impact
Consistent improvement in Gross Margin

Gross Margin improves to 39.4%, up +240bps in 4 years

Main drivers

- Strategically positioned toward high value added
- Margin accretive Industrial Productivity
- Portfolio optimization
Strong performance in adj. EBITA; +11% organic growth, +70 bps organic margin improvement

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Reported change</th>
<th>Organic change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>12,317</td>
<td>13,202</td>
<td>+7.2%</td>
<td>+5.4%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>4,818</td>
<td>5,202</td>
<td>+8.0%</td>
<td>+6.2%</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td>39.1%</td>
<td>39.4%</td>
<td>+30bps</td>
<td>+30bps</td>
</tr>
<tr>
<td><strong>SFC(^1)</strong></td>
<td>(3,049)</td>
<td>(3,242)</td>
<td>+6.3%</td>
<td>+3.6%</td>
</tr>
<tr>
<td><strong>SFC(^1) ratio</strong></td>
<td>24.8%</td>
<td>24.6%</td>
<td>-20bps</td>
<td>-50bps</td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>1,769</td>
<td>1,960</td>
<td>+10.8%</td>
<td>+10.9%</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>14.4%</td>
<td>14.8%</td>
<td>+40bps</td>
<td>+70bps</td>
</tr>
</tbody>
</table>

Overall SFC to Sales ratio continued to reduce from 24.8% to 24.6% improving organically by 50bps. The Group will continue to focus on the organic improvement of SFC to sales ratio while ensuring appropriate investment in critical growth drivers for the mid- to long-term. R&D (partly in COGS, partly in SFC) increased by +8% organic.
## IFRS 16

<table>
<thead>
<tr>
<th></th>
<th>H1 2019 (pre-IFRS 16)</th>
<th>H1 2019 (IFRS16)</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>13,202</td>
<td>13,202</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>5,202</td>
<td>5,202</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>1,950</td>
<td>1,960</td>
<td>+€10m</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>14.8%</td>
<td>14.8%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Financial Income/(loss)</strong></td>
<td>(120)</td>
<td>(140)</td>
<td>-€20m</td>
</tr>
<tr>
<td><strong>Net Income pre-tax</strong></td>
<td>1,294</td>
<td>1,285</td>
<td>-€10m</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-€289</td>
<td>-€286</td>
<td>+€3m</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>1,000</td>
<td>993</td>
<td>-€7m</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>703</td>
<td>837</td>
<td>+€134m</td>
</tr>
</tbody>
</table>

**Immaterial impact on P&L in H1**
Net neutral to cash flow, benefit to FCF, additional cost to financing activities

Additional €1.3bn of fixed assets and other liabilities
### Strong underlying profit growth: Adj. Net Income of €1.3bn, up 10%

<table>
<thead>
<tr>
<th>In ¤m</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITA</td>
<td>1,769</td>
<td>1,960</td>
<td>+11%</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>(64)</td>
<td>(346)</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>(87)</td>
<td>(101)</td>
<td></td>
</tr>
<tr>
<td>Amortization &amp; depr. of purchase accounting intangibles</td>
<td>(79)</td>
<td>(88)</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>1,539</td>
<td>1,425</td>
<td>-7%</td>
</tr>
<tr>
<td>Financial costs</td>
<td>(159)</td>
<td>(140)</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(318)</td>
<td>(286)</td>
<td></td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(35)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Equity investment &amp; Minorities</td>
<td>(7)</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Net income (Group share)</td>
<td>1,020</td>
<td>993</td>
<td>-3%</td>
</tr>
<tr>
<td>Adjusted Net income¹</td>
<td>1,143</td>
<td>1,255</td>
<td>+10%</td>
</tr>
<tr>
<td>Adjusted Earning per share¹</td>
<td>2.04</td>
<td>2.27</td>
<td>+11%</td>
</tr>
</tbody>
</table>

**Notes:**

1: Adjusted net income and EPS calculation in appendix

- **Including Pelco disposal some asset impairments along with some M&A/integration costs**
- **FY19 expectation unchanged for restructuring to be in the range €200m to €250m as announced at June CMD**
- **Including €40m lower finance costs due to continued decrease in the cost of debt, offset by additional finance charge of +€20m due to IFRS 16 change**
- **H1 2019 ETR 22.3%, compared to 23.0% last year. In line with the expected range of 22-24% in 2019**
- **Including the net result after tax of Solar activities**
- **Including AVEVA minority interest and including Group share of Delixi Net Income of €34m, up c.€4m**
Strong Free Cash Flow from high operating cash-flow and good working capital management

<table>
<thead>
<tr>
<th>Analysis of debt change in €m</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt at opening Dec 31</td>
<td>(4,296)</td>
<td>(5,136)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>1,515</td>
<td>1,791</td>
</tr>
<tr>
<td>Capital expenditure – net</td>
<td>(308)</td>
<td>(380)</td>
</tr>
<tr>
<td>Operating Cash Flow net of capex</td>
<td>1,207</td>
<td>1,411</td>
</tr>
<tr>
<td>Change in trade working capital</td>
<td>(562)</td>
<td>(381)</td>
</tr>
<tr>
<td>Change in non-trade working capital</td>
<td>(295)</td>
<td>(193)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>350</td>
<td>837</td>
</tr>
<tr>
<td>Dividends</td>
<td>(1,223)</td>
<td>(1,333)</td>
</tr>
<tr>
<td>Acquisitions – net</td>
<td>(698)</td>
<td>(74)</td>
</tr>
<tr>
<td>Net capital increase</td>
<td>(160)</td>
<td>(76)</td>
</tr>
<tr>
<td>FX &amp; other (including IFRS 16)</td>
<td>(32)</td>
<td>(297)</td>
</tr>
<tr>
<td>(Increase) / Decrease in net debt</td>
<td>(1,763)</td>
<td>(943)</td>
</tr>
<tr>
<td>Net debt June 30</td>
<td>(6,059)</td>
<td>(6,079)</td>
</tr>
</tbody>
</table>

- Includes €134m benefit of IFRS 16
- Slight increase in CapEx due in part to capacity investment and capitalized R&D, CapEx/Sales stable at ~3% of revenues
- Strong topline growth resulted in increased consumption of working capital
- €703m pre IFRS 16 contribution
- 2018 impacted by AVEVA and IGE+XAO transactions
- Including progress in H1 2019 on share buyback program
- Year-on-year differential primarily due to FX and €134m IFRS 16
H1 FCF offers strong start for 2019

Free cash-flow evolution (€m)

<table>
<thead>
<tr>
<th>H1'16</th>
<th>H1'17</th>
<th>H1'18</th>
<th>H1'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>446</td>
<td>501</td>
<td>350</td>
<td>703</td>
</tr>
</tbody>
</table>

Strong FCF for a first half, recovery to a more normative level following the working capital challenges in H1 2018

FY19 cash expectations unchanged

IFRS 16 impact positive for FCF
Good progress on portfolio optimization; stable and consistent approach to capital allocation

M&A in the core

- Acquisition of Larsen & Toubro E&A division approved by Competition Commission of India (CCI) in Q2. Closing anticipated in the next several months
  - Software for electrical design
  - Software for smart grids

Recent core M&A continues to deliver

AVEVA, ASCO, IGE+XAO

Contributing double-digit growth in Q2

Disposal of non-core activities

Further progress in Q2 on actions toward the €1.5 billion - €2.0 billion in revenues identified as less strategic in the long run

- Pelco divestment closed in Q2
- Disposal of U.S. panels business signed in Q2
- Other small disposals

€0.3 billion completed

Strong capital allocation discipline
Full Year 2019 Target

Upgraded following strong H1 performance

Photos: J. Deloy – SE Design Lab
In its main markets, the Group currently expects the following trends in H2 2019:

- In North America, the Group anticipates a continuing favorable environment overall, noting a high H2 base of comparison in Energy Management. In Automation, process remains positively oriented while softening in discrete automation markets remains.

- China continues to face a softening OEM demand but remains a growth market in aggregate with dynamism in many end markets including construction, infrastructure and parts of industry; though construction end markets could moderate in coming quarters.

- The Group expects Western Europe to grow at a moderate pace.

- The Group expects several new economies to perform well, including in South East Asia and India, whereas some regions including Russia and the Gulf remain challenged.
Following the strong H1 and considering developing macro-economic trends, the Group upgrades its 2019 target as it deploys its strategic priorities in key markets and its focus on the c. +200 basis points (at constant FX) margin ambition for 2019-2021.

2019 Target: Adj. EBITA growth between +6% and +8% organic

Levers:

2019 Revenue growth: +4% to +5% organic

2019 Adjusted EBITA margin: Upper half of +20 bps to +50 bps organic range
Investor Relations ready to engage

**Upcoming events:**
Proposing quarterly interaction with investors showcasing specific businesses, geographies or functions

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-5 Sep</td>
<td>Management roadshow, Europe</td>
</tr>
<tr>
<td>5 Sep</td>
<td>Morgan Stanley Industrials CEO’s Unplugged Conference, London</td>
</tr>
<tr>
<td>18 Sep</td>
<td>Management roadshow, Singapore</td>
</tr>
<tr>
<td>23-27 Sep</td>
<td>Management roadshow, US</td>
</tr>
<tr>
<td>26 Sep</td>
<td>Update on Sustainability Topics</td>
</tr>
<tr>
<td>2 Oct</td>
<td><strong>Schneider Electric Innovation Summit, Barcelona</strong></td>
</tr>
<tr>
<td>24 Oct</td>
<td>2019 Q3 Revenues</td>
</tr>
<tr>
<td>4 Dec</td>
<td>Societe Generale Premium Review Conference, Paris</td>
</tr>
</tbody>
</table>

Information on [www.schneider-electric.com/finance](http://www.schneider-electric.com/finance)
• **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2019 revenues is estimated to be between +€300 million to +€400 million. The FX impact at current rates on adjusted EBITA margin could be between -10bps to -20bps.

• **Industrial Productivity:** While the increased level of inflation and tariffs will weigh on productivity in 2019, the Group continues to expect a strong level of gross industrial productivity.

• **Tax rate:** The ETR is expected to be in a 22-24% range in 2019.

• **Restructuring:** For the full year 2019, the Group expects restructuring charges to be in the range €200 million to €250 million, in line with announcements in the recent Capital Markets Day.
## Definitions

<table>
<thead>
<tr>
<th><strong>EBITA</strong></th>
<th>EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>EBITA before restructuring and other operating income and expenses</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>EBIT before depreciation, amortization, provisions and before share-based compensation cost</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>Adjusted EBITA before depreciation, provisions and before share-based compensation cost</td>
</tr>
<tr>
<td><strong>Cash Conversion</strong></td>
<td>Free cash flow / Net income (Group share)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>Operating cash flow less change in working capital less net capital expenditures</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>Return On Capital Employed</td>
</tr>
</tbody>
</table>
### Schneider Sustainability Impact 2018 – 2020, Results as of Q2 2019

<table>
<thead>
<tr>
<th>Objective 12/2019</th>
<th>Beginning 01/2018</th>
<th>Results Q1 2019</th>
<th>Results Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Score of 10</td>
<td>7/10</td>
<td>3</td>
<td>6.23</td>
</tr>
</tbody>
</table>

#### CLIMATE
- **80%** renewable electricity
- **10%** CO₂ efficiency in transportation
- **120 million metric tons** CO₂ saved on our customers’ end thanks to our EcoStruxure offers
- **25%** increase in turnover for our Energy & Sustainability Services

#### CIRCULAR ECONOMY
- **75%** of sales under our new Green Premium program
- **200** sites labeled towards zero waste to landfill
- **100%** cardboard and pallets for transport packing from recycled or certified sources
- **120,000** metric tons of avoided primary resource consumption through ECOFIT™, recycling and take-back programs

#### HEALTH & EQUITY
- 70% scored in our Employee Engagement Index
- **0.88** medical incident per million hours worked
- **90%** of employees have access to a comprehensive well-being at work program
- **100%** of employees are working in countries that have fully deployed our Family Leave policy
- **100%** of workers received 15 hours of learning in the year with 30% digital learning
- **95%** of white collars have individual development plans

#### ETHICS
- **5.5 pts /100** increase in average score of ISO26000 assessment for our strategic suppliers
- **350** suppliers under Human Rights & Environment vigilance received specific on-site assessment
- **100%** of sales, procurement, and finance employees trained every year on anti-corruption

#### DEVELOPMENT
- **x4** turnover of our Access to Energy program
- **400,000** underprivileged people trained in energy management
- **15,000** volunteering days thanks to our VolunteerIn global platform

**UP** = Unpublished. Indicators amplified in Q1 2019 to upgrade Schneider Electric’s sustainability ambitions are marked with a ★
Organic growth across regions in Q2

**NORTH AMERICA**
- United States: +9%
- Canada: 29%
- Mexico: +2%

**WESTERN EUROPE**
- France: +5%
- Germany: 26%
- United Kingdom: +2%
- Spain: 30%
- Italy: +5%

**REST OF WORLD**
- Russia: 15%
- South America: +4%
- Middle East: +4%
- Africa: +5%

**ASIA PACIFIC**
- China: 18%
- India: 29%
- Australia: +4%
- S. Korea: +5%
- Japan: +5%
H1 Adj. EBITA up +11% organic thanks to strong top line performance, productivity and pricing actions

Analysis of Change of Adjusted EBITA (in €m)

- **Volume**: 1,769
- **Net price**: 218
- **Productivity**: 144
- **Mix**: -78
- **R&D & Prod. Labor infl.**: -58
- **SFC**: -118
- **FX**: -4
- **Scope & Others**: -55
- **H1 2019**: 1,960

1. Price less raw material impact

- H2’18 pricing action carry-over delivering in H1’19: +€115m; Raw material slightly positive in H1: +€27m
- In H2, pricing on products can be expected to generate a lower positive contribution, while raw material impact should still be positive

Reflects geographic mix and stronger growth in mid/late cycle businesses

H1 Productivity +€144m includes tariffs impact and other inflationary factors

Reflects technical risks, the depreciation of some obsolete inventory + scope impacts

1. Price less raw material impact
## Adjusted Net Income calculation

<table>
<thead>
<tr>
<th>In €m</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (group share)</td>
<td>1,020</td>
<td>993</td>
</tr>
<tr>
<td>Impact of business disposals and other asset impairments, post tax</td>
<td>24</td>
<td>160</td>
</tr>
<tr>
<td>Major acquisition / integration costs net of tax¹</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>Restructuring charges net of tax¹</td>
<td>67</td>
<td>78</td>
</tr>
<tr>
<td>Impact from Tax reforms</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Net Income</td>
<td>1,143</td>
<td>1,255</td>
</tr>
<tr>
<td>Adjusted EPS (€)</td>
<td>2.04</td>
<td>2.27</td>
</tr>
</tbody>
</table>

¹ Calculated post-tax at the half-year effective tax rate (ETR)
Key management messages…

Group positioning – Digital Solutions for Energy Transition & Industry 4.0

Strategy – More products, More services, More software, Better systems

Balanced portfolio – by geography, by end-market, from early to mid-late cycle

Organic growth - sustained growth to deliver Energy and Process efficiency

Portfolio optimization - up to €2bn of 2018 revenues to be reviewed and addressed in 3 years (2019 to 2021)

Continued margin improvement - targeting c.+200bps (const. FX) over period 2019 to 2021 (in a normal macro-environment)

Focus on shareholder value - share buyback, progressive dividend, strong governance
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Phil Buller – Investor Relations Director, Tel: +44 207 592 8291, Email: phil.buller@se.com