Capital Markets Day 2021

ACCELERATING

Jean-Pascal Tricoire
Chairman & CEO
A future worth investing in

Accelerating Markets

Positioned in

Developing

Incremental Growth Drivers

Leveraging

Unique Operating Model
Carbon reduction 3x faster and do 3x more, implying opportunities
## Opening the way to a radically different future

<table>
<thead>
<tr>
<th>Path to 2030</th>
<th>Supply</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve needed 10-15Gt</td>
<td>Replace</td>
<td>Electrify*</td>
</tr>
<tr>
<td></td>
<td>45%</td>
<td>30%</td>
</tr>
</tbody>
</table>

### 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

<table>
<thead>
<tr>
<th>Current</th>
<th>Distributed generation: % Total Energy Demand</th>
<th>Buildings: % Electrical</th>
<th>Industry: % Electrical</th>
<th>Mobility: EV on the road**</th>
<th>Total: % Electrical</th>
</tr>
</thead>
<tbody>
<tr>
<td>~0%</td>
<td>33%</td>
<td>25%</td>
<td>&lt;1%</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>2030 What's needed</td>
<td>10%</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>2050 Target</td>
<td>45%</td>
<td>80%</td>
<td>80%</td>
<td>70%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Schneider Electric™ Sustainability Research Institute

*also includes additional process changes **Share of EV in total Passenger fleet
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
- Total Energy Demand (kWh): \(\div 2\) to \(3\)
- Fossil Spend ($USD/y): 0
- Electricity Spend ($USD/y): \(-10\) to \(-30\%\)
- Carbon Emissions (kgCO\(_2\)/y): \(\div 4\) to \(10\)
- Total Addressable Market for Schneider: \(x5\)

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

Sources: US Energy Information Administration AEO2021, Oxford Economics, Statista, BNEF, Schneider Electric™ Sustainability Research Institute

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Governments
$1.8tn green stimulus

Corporations
2,100+ companies setting emissions reduction targets through SBTi

Investors
$2.4tn AuM +45% inflows into ESG funds in first 9 months 2021
c. +50% out performance

1,000+ companies committed

ESG fund performance since 2013 vs overall funds performance

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

Sources: Vivid Economics, Science Based Targets Initiative (SBTi), Cross Asset Research (SocGen), *IHS Markit – November 2021
Four actions for a net-zero world

10x more retrofit

100% new builds net zero

Future-proof infrastructures

Innovation

- Digitization
- Energy Efficiency
- Circularity & Electrification
- MicroGrid
- Renewable
- Storage
- Design/ Build/
  Operate/ Maintain
- Software
- SmartGrid
- EV Infrastructure
- Recycling Plants
- Hydrogen
- CCU
- Storage
- Technology

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

Sources: Schneider Electric™ Sustainability Research Institute, International Energy Agency

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The equation for the future

Digital + Electric + Sustainable

For Efficiency

Eliminates waste, drives efficiency and optimizes from plant to plug

For Decarbonization

Most efficient energy and the best vector of decarbonization

Smart & Green

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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.
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

End Markets

<table>
<thead>
<tr>
<th></th>
<th>DATA CENTERS</th>
<th>BUILDINGS</th>
<th>INDUSTRY</th>
<th>INFRASTRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td></td>
<td></td>
<td>34%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Revenues (by Geography)

<table>
<thead>
<tr>
<th></th>
<th>WESTERN EUROPE</th>
<th>NORTH AMERICA</th>
<th>ASIA PACIFIC</th>
<th>REST OF WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td></td>
<td>29%</td>
<td>31%</td>
<td>14%</td>
</tr>
</tbody>
</table>
EcoStruxure digital platform for efficiency and sustainability

Connected Products
Edge Control
Apps, Analytics & Services
Connected Products

EcoStruxure Power
EcoStruxure Building
EcoStruxure IT
EcoStruxure Machine
EcoStruxure Plant
EcoStruxure Grid
Pushing 4x integration to a new level through continued R&D initiatives

1. Energy + Automation

2. End Point → Cloud

3. Design & Build → Operate & Maintain

4. Site-by-Site → Unified Company Management

Most innovative range of Connected Products

Increase of R&D to sales ratio over time

AVEVA and the AVEVA logo are a trademark or registered trademark of AVEVA Group plc in the U.S. and other countries.
Build

Integrate

Scale

2003

2021*

~€1bn

~€6bn

~5%

Revenue from IoT

Digital

Electric

Sustainable

Revenues

~€11bn

~€22+bn

70%

*Last 4 quarters, Q4 2020 – Q3 2021

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The next step

Sustainable Growth

Accelerating Markets

Electric + Digital

Incremental Growth Drivers

Leveraging Unique Operating Model
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

**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

**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

**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

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**Electrical content**
- CapEx x2

**IP traffic**
- c. +30% CAGR

**Grid investment**
- c. +10% CAGR

**IIOT**
- c. +17% CAGR to 2023

Source: Schneider Electric™ Sustainability Research Institute
Source: Cisco
Source: International Energy Agency
Source: Credit Suisse

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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

<table>
<thead>
<tr>
<th></th>
<th>Schneider Electric</th>
<th>Peer A</th>
<th>Peer B</th>
<th>Peer C</th>
<th>Peer D</th>
<th>Peer E</th>
<th>Peer F</th>
<th>Peer G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth CAGR 2017 – 2021</td>
<td>+4.1%</td>
<td>+3.4%</td>
<td>+2.6%</td>
<td>+2.5%</td>
<td>+1.7%</td>
<td>+1.6%</td>
<td>+1.5%</td>
<td>+1.5%</td>
</tr>
</tbody>
</table>

**2022 - 2024**

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

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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
The next step

Sustainable Growth

Accelerating Markets

Incremental Growth Drivers

Services
+ Software
+ Sustainability

Leveraging Unique Operating Model
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

**Future ambition**

Grow Field Services x2 faster than Group average

**Value Drivers**

~15% of total assets serviced

Strong potential for sustainable growth

- **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 EcoFeT
  - Remove SF-6 (23,500X CO₂) with AirSeT MV switchgear

1€ CAPEX  
2€ OPEX  
2€ over the lifecycle  

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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 Circulariry

Repair

Maintain

Power Digital Twin services plan

Consulting  
Sustainability, digitization & electrification  
Safety & cybersecurity

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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<table>
<thead>
<tr>
<th>Industry &amp; Infrastructure</th>
<th>Design</th>
<th>Build</th>
<th>Operate &amp; Maintain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AVEVA</td>
<td>AVEVA RIB</td>
<td>AVEVA Ecostruxure</td>
</tr>
<tr>
<td>Power</td>
<td>AVEVA</td>
<td>AVEVA RIB</td>
<td>AVEVA Ecostruxure</td>
</tr>
<tr>
<td></td>
<td>etap</td>
<td>RIB</td>
<td>Ecostruxure</td>
</tr>
<tr>
<td>Building</td>
<td>Partnerships</td>
<td>RIB</td>
<td>Ecostruxure</td>
</tr>
<tr>
<td></td>
<td>IGE+XAO</td>
<td>RIB</td>
<td>Ecostruxure</td>
</tr>
</tbody>
</table>

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Unified Asset Lifecycle Management
Unification and federation to **drive software growth**

**Unified**

- Digital Twin across the Lifecycle
- Data Federation
- Algorithm Portfolio & AI Capability
- User Experience
- Software Federation
Sustainability business to achieve **double digit growth** and drive more of Green Revenue

**Sustainability Business**

~€0.5bn

**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)

*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*
Continuing our transition to a hybrid digital company

- **Increased across domains**
  - Edge Control
  - Field Services
  - Software + Digital services
  - Connectable products

- **Moving towards** c.60% of Group revenues by 2025*
  - Leveraging installed base, servicing of Assets under Management
  - Growing proportion of natively connected products through R&D, replacing non-digital offers

*As a function of expected organic revenue growth and impact of previously announced disposal program
Ambition to grow **Software and Services**

**Where we stand today:**

- **Software, Sustainability & Services**
  - % of Group Revenues
  - c.18%

- **Recurring Revenue**
  - % of Software and Services
  - c.30%

**Ambition by 2025:**

- +5 pts
- +15 pts

ARR metrics to be reported from FY 2022 results
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

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

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

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

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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
   - 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
Customer video
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

Customer experience

Digital journey

Data for digitization

Benefits for

Customer Company

Attractiveness for talents

Scale for deployment and strategic positioning

Simplicity and cost efficiency
## Extended by an open ecosystem & largest network of partners

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue done through partners</td>
<td>60%</td>
</tr>
<tr>
<td>Suppliers in production / direct procurement</td>
<td>23k+</td>
</tr>
<tr>
<td>Service providers &amp; partners</td>
<td>650k+</td>
</tr>
<tr>
<td>System integrators &amp; developers</td>
<td>42k+</td>
</tr>
<tr>
<td>Investments</td>
<td>50+</td>
</tr>
<tr>
<td>Partnerships</td>
<td>100+</td>
</tr>
<tr>
<td>Suppliers in production / direct procurement</td>
<td>23k+</td>
</tr>
<tr>
<td>Alliances</td>
<td></td>
</tr>
<tr>
<td>Technological</td>
<td></td>
</tr>
<tr>
<td>EcoXpert program partners</td>
<td>4.2k+</td>
</tr>
<tr>
<td>Service providers &amp; partners</td>
<td>650k+</td>
</tr>
<tr>
<td>System integrators &amp; developers</td>
<td>42k+</td>
</tr>
<tr>
<td>Exchange</td>
<td></td>
</tr>
<tr>
<td>Collaborators</td>
<td>100k+</td>
</tr>
<tr>
<td>Offers listed</td>
<td>600</td>
</tr>
</tbody>
</table>

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Our Multi-hub operating model decentralized for people empowerment

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

- **Hub: EUROPE**
  - Western Europe: 26%
  - Rest of the world: 15%
  - 27% revenue

- **Hub: CHINA**
  - Asia Pacific: 30%
  - New in 2020
  - INDIA: 17%
  - 32% revenue

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+
  - Points of Sale: 90k+ to 147k+

- **Enhanced manufacturing footprint (in India)**
  - Factories: 20+ to 30+
  - Distribution Centre: 25 to 35

- **Wide-range of products and technologically superior solutions**

- **Strong talent base**
  - Employee Strength: 20k+ to 31k+

- **Strong R&D & Software base**
  - India R&D & Software Staff: 4k+
5 guiding principles

Performance
the foundation for doing good

All Stakeholders
in our ecosystem

All ESG
dimensions

Business
digital partner for Sustainability and Efficiency

Model & Culture
set up for global and local impact
Going beyond the scope of operations

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

Communities
- 50M people
  - access to green electricity

Customers
- 800Mt of CO₂
  - saved and avoided, delivered through our solutions

Employees
- Carbon neutral
  - in our operations

Suppliers
- 2/2 emissions
  - of highest emitting 1000 suppliers

Investors
- 80% green revenue
  - ESG disclosure and compliance

2025 IMPACT

- 1M people
  - trained in energy management

We aim to mobilize our entire ecosystem to act for a climate positive world
Governance: Our business runs on Trust
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

Access to and retention of talent

Engagement

Incentives
STIP & LTIP ESG Component
WESOP

Flexibility at Work
Access to Energy
Community Work

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**Our ambition for the future…**

<table>
<thead>
<tr>
<th>Accelerating Markets</th>
<th>Incremental Growth Drivers</th>
<th>Unique Operating Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Targets</strong></td>
<td><strong>Sustainable Revenue Growth</strong></td>
<td><strong>Adj. EBITA Margin Expansion</strong></td>
</tr>
<tr>
<td>2022-2024</td>
<td>Between +5% to +8% organic, on average</td>
<td>Between +30 bps to +70 bps organic, per year</td>
</tr>
<tr>
<td>Longer Term Ambitions</td>
<td>5%+ organic, on average across the cycle(^1)</td>
<td>Opportunity to further expand with business mix and operational leverage</td>
</tr>
</tbody>
</table>

**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 %