First Half 2017 Results: Accelerating Growth & Profitability
July 27, 2017
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.
Strong H1 performance confirming 24 months of continued profit growth – Revenue growth +4%, Adj. EBITA +8%, Net income +18%, FCF +15%

Revenues Growth

• Reported H1 growth: +3.7%
• H1 organic growth +2.7%
• H1 org. growth in Building, IT, Industry: +4.1%

Acceleration in topline leading to upgrade in FY2017 target

Sustained Profit momentum

• H1 adj. EBITA margin: 14.1%
• H1 adj. EBITA growth: +8%
• H1 adj. EBITA margin: +60bps org.
• 24 months of continuous organic margin improvement

Strong Earnings & Cash

• Net Income growth: +18%
• Free Cash Flow: +15%

<table>
<thead>
<tr>
<th></th>
<th>H2 15</th>
<th>H1 16</th>
<th>H2 16</th>
<th>H1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income – Group share (m€)</td>
<td>688</td>
<td>809</td>
<td>941</td>
<td>958</td>
</tr>
</tbody>
</table>

Adj. EBITA margin (%)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Last 12 months to H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13.7</td>
<td>14.1</td>
<td>14.5</td>
</tr>
</tbody>
</table>
Acceleration in performance in H1 - Strategic roadmap over the past 24 months delivering

- Accelerated cross-selling - ~1/3 of overall offers cross-sold leveraging integrated sales force
- More Products - Growing + 4% organic
- More Services & Software - Orders up c.+4%
- More EcoStruxure – Big wins in Machine, Power, Data Center
- Continuous margin improvement: +60bps organic
- System margin improvement, up +1pt
- Infrastructure Rebound
  - Adj. EBITA margin double-digit in past 12 months, +1.5pt in H1;
  - Next phase of Infrastructure rebound launched
- Pricing – 90% of raw material inflation on products compensated outside China
- Highest H1 industrial productivity in 5+ years.
- SFC efficiency - SFC to Revenues ratio down 40bps
- Dividend paid in H1 representing 54% of adj. Net income FY16
- New share buyback of c.€1bn over 24 months effective June 1\textsuperscript{st}
- Continued focus on the core - disposal of DTN
- Potential selective acquisition in the core
### Accelerating cross-selling

<table>
<thead>
<tr>
<th>Businesses of Schneider Electric</th>
<th>IT</th>
<th>Building</th>
<th>Infrastructure</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure Power</td>
<td></td>
<td>Low Voltage</td>
<td>Medium Voltage</td>
<td>Industrial Automation</td>
</tr>
<tr>
<td>Reporting organized by Key technologies</td>
<td>Data Center &amp; Networks</td>
<td>Residential &amp; Non-Residential Buildings</td>
<td>Infrastructure</td>
<td>Industry &amp; Machines</td>
</tr>
<tr>
<td>Primary End Markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific Segments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud Finance</td>
<td></td>
<td>Hotel Healthcare</td>
<td>Utilities</td>
<td>O&amp;G, WWW, MMM, F&amp;B.</td>
</tr>
</tbody>
</table>

Integrated salesforce with specialization in specific channels & segments, offering entire portfolio
Maximizing the Group’s synergies and value proposition to customers in our end markets

<table>
<thead>
<tr>
<th>Key technologies (Business)</th>
<th>Energy Management</th>
<th>Automation</th>
<th>Significant Pull-through of technologies by end-market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secure Power (IT)</td>
<td>Low Voltage (Building)</td>
<td>Medium Voltage (Infrastructure)</td>
</tr>
<tr>
<td>Resi. &amp; Non-Res. Buildings</td>
<td>€0.8bn</td>
<td>€7.2bn</td>
<td>€0.9bn</td>
</tr>
<tr>
<td>Data Center &amp; Networks</td>
<td>€2.5bn</td>
<td>€0.6bn</td>
<td>€0.2bn</td>
</tr>
<tr>
<td>Industry &amp; Infrastructure</td>
<td>€0.2bn</td>
<td>€2.3bn</td>
<td>€2.1bn</td>
</tr>
<tr>
<td>Utilities</td>
<td>€0.0bn</td>
<td>€0.2bn</td>
<td>€1.6bn</td>
</tr>
<tr>
<td>Orders 2016¹</td>
<td>€4bn</td>
<td>€10bn</td>
<td>€5bn</td>
</tr>
</tbody>
</table>

1. Estimated based on non-GAAP 2016 orders aimed at providing segment split

Legend:
- **Leading Business**
- **Pull-through from other businesses**

Confidential Property of Schneider Electric | Page 7
Significant wins in H1 leveraging complete portfolio

Naya Raipur – Smart City
First Real Integrated Smart City
End to end Smart Grid solution & Water Management system including Medium Voltage, Process Automation and Software
Integrated Building Management System

World Class Reference Data Center in Africa
With a leading telecom services company in Africa
Large UPS system with ~50% attach rate in Power Management and Industrial offers

Shanghai Metro Maintenance Co., Ltd
Major transportation operator
Full solution including operation system, distribution system, electromechanical devices and spare parts

Business Mix

- Low Voltage: 10%
- Secure Power: 52%
- Industrial Automation: 38%

- Low Voltage: 37%
- Secure Power: 54%
- Industrial Automation: 5%

- Low Voltage: 43%
- Secure Power: 57%

Legend:
- Low Voltage
- Secure Power
- Industrial Automation
- Medium Voltage
Our strategic priorities
More products through channels

✓ **Mid-single digit** organic growth in Wiring Devices & Final Distribution

✓ **Impactful Launches** across businesses

- Powerpact B
  Boasting unrivalled reliability for heavy-duty applications

- Galaxy VM
  Highly efficient 3-phase UPS for medium size datacenter

- EasyPact Exe
  Designed to connect building infrastructure or industrial plant processes to the power grid

- TeSys D Green
  New contactor series with electronically controlled coil

- Ecoflair
  Air Economizer

- Sequence
  Luxury range for Europe

Launch of 8 “hero” offers

✓ **Mobility for Customer Engagement**
  Anytime, Anywhere

- New web experience, with traffic +16%
- New Digital Catalog roll out with traffic +60%
- 400,000+ channel partners on our digital portal

**c. +4%** organic growth in product revenues in H1
More Services

Performance highlights
- Good progress on tracking installed base – exceeded 35%;
- Launched EcoStruxure Asset Advisor

Execution priorities
- Continue to track installed base and monetize through value-added services
- Digitization of service delivery

More Software

Performance highlights
- Good growth in orders in Q2
- Strong performance of HMI/SCADA
- O&G stabilizing with growth in downstream
- Launch of Next Generation EcoStruxure Industry Platform

Execution priorities
- New launches planned in H2
- Continue development on industry segment verticals
- Continued focus on operational efficiency
- Manage transition to subscription business model for some parts of the offer

c. +4% orders growth in H1
Our Digital Journey progressing

1.4 million of Assets under Management, growing 15%

Brand new EcoStruxure Cloud Platform scaling up: data flow in cloud x2 vs Q4 2016

Community developing: 10,000+ SIs and Developers working with us on our platforms

More to come… Digital Day on October 26th
## Innovation enriching EcoStruxure

<table>
<thead>
<tr>
<th>End-market</th>
<th>BUILDING</th>
<th>DATA CENTER</th>
<th>INDUSTRY</th>
<th>INFRASTRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apps &amp; Analytics</td>
<td>EcoStruxure Asset Advisor&lt;br&gt;Remotely monitors the mission critical</td>
<td>EcoStruxure Substation Operation&lt;br&gt;Digital control system for substation</td>
<td>EcoStruxure Profit Advisor&lt;br&gt;Enables plant personnel to identify</td>
<td>EcoStruxure ADMS&lt;br&gt;Innovative software to optimize grid planning and to</td>
</tr>
<tr>
<td></td>
<td>assets of our customers and proactively recommends actions to protect</td>
<td>automation based on PACiS technology&lt;br&gt;Provides fast data acquisition,</td>
<td>trueperformance-improving initiatives&lt;br&gt;Helps digitize and bring new</td>
<td>deliver safer, more reliable, and more efficient network management</td>
</tr>
<tr>
<td></td>
<td>their installation and secure their processes.</td>
<td>control and monitoring software for electrical distribution networks</td>
<td>levels of intelligence, decision making capabilities, productivity and</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>efficiency</td>
<td></td>
</tr>
<tr>
<td>Edge Control</td>
<td>EcoStruxure Asset Advisor&lt;br&gt;Remotely monitors the mission critical</td>
<td></td>
<td>EcoStruxure Power SCADA Operation&lt;br&gt;Designed to make your operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>assets of our customers and proactively recommends actions to protect</td>
<td></td>
<td>simpler, more effective, more convenient and to make your processes and</td>
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</tr>
<tr>
<td></td>
<td>their installation and secure their processes.</td>
<td></td>
<td>assets more reliable</td>
<td></td>
</tr>
<tr>
<td>Connected Products</td>
<td>Masterpact MTZ&lt;br&gt;Combines performance and reliability with new digital</td>
<td>Galaxy VX&lt;br&gt;3-phase UPS with Lithium IoN&lt;br&gt;Ecoflair&lt;br&gt;Air Economizer</td>
<td>SM6 connected&lt;br&gt;MV IoT smart switchgear with embedded connected</td>
<td></td>
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<tr>
<td></td>
<td>capabilities</td>
<td>HyperPod&lt;br&gt;Free Standing PoD Frame&lt;br&gt;Micro Data Center Xpress&lt;br&gt;IT</td>
<td>devices</td>
<td></td>
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<td></td>
<td></td>
<td>Vendor Certified, shock resistant with 2 – 3 week lead time</td>
<td>Easergy T300&lt;br&gt;A powerful Remote Terminal Unit for feeder automation</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Smart RMU&lt;br&gt;EcoStruxure-ready Ring Main Unit with embedded Easergy T300</td>
<td></td>
</tr>
</tbody>
</table>

Offers serving all end markets
## Proven value for customers: EcoStruxure delivered in H1

<table>
<thead>
<tr>
<th>Building</th>
<th>Industry</th>
<th>IT</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MGM (USA)</strong></td>
<td><strong>Water Treatment Plant (Italy)</strong></td>
<td><strong>Interxion (Europe)</strong></td>
<td><strong>Train network (Australia)</strong></td>
</tr>
<tr>
<td>Enable energy efficiency including 50% green energy by 2030n through EcoStruxure Power gathering BMS, LV &amp; MV</td>
<td>10%+ Increase in operational efficiency thanks to a complete EcoStruxure Plant and EcoStruxure Power</td>
<td>Reduced CapEx by 11% thanks to a full EcoStruxure offer incl. Critical Power, Cooling, Energy management &amp; Software</td>
<td>Greater operational flexibility, with staff able to remotely manage the network and isolate issues, thanks to MV switchgear &amp; Services</td>
</tr>
<tr>
<td>75%</td>
<td>25%</td>
<td>37%</td>
<td>63%</td>
</tr>
</tbody>
</table>
Focused on higher growth businesses & segments

Strong positioning in fast growth segments & businesses

- Wiring devices and final distribution
- Energy & sustainability services
- EcoStruxure Machine
- EcoStruxure Grid
- Cloud & services providers Segment

Our strong value-proposition to customers enabled us to win the following in H1:

**Sustainability Services for AkzoNobel**
Assessment of Power quality issues and Design of a one-shop integrated EcoStruxure Power & Building solution

**EcoStruxure Machine in Packaging OEM**
Full cabinet conversion, from HMI to controllers and analytics

**Advanced Distribution System for U.S. utility**
Full ADMS solution and software integration with other existing IT&OT applications
Business Performance Highlights
Sales and margin performance drive strong growth in adj. EBITA, +8%

H1 2017 ORGANIC GROWTH, %

**Group:** +2.7% org.
**Outside Infrastructure:** +4.1% org.

- **Low Voltage (Building):** 4.0
- **Secure Power (IT):** 2.1
- **Medium Voltage (Infrastructure):** -3.7
- **Industrial Automation (Industry):** 5.7

**c.+1% excl. selectivity of c. €100m**

H1 2017 Adj. EBITA, %

**Group:** +60bps org.
**Group EBITA adj:** +8% reported, +7% org.

- **Low Voltage (Building)\(^1\):**
  - H1 2016 restated: 20.5
  - H1 2017: 20.8
- **Secure Power (IT):**
  - H1 2016 restated: 15.7
  - H1 2017: 14.5
- **Medium Voltage (Infrastructure):**
  - H1 2016 restated: 6.9
  - H1 2017: 8.4
- **Industrial Automation (Industry):**
  - H1 2016 restated: 15.9
  - H1 2017: 16.7

\(^1\) Restated from Solar deconsolidation
Building (Low Voltage) – Strong growth in top line and margin

€5.3bn
43% of Group H1 2017 revenues

Low Voltage
↓
#1 worldwide

Performance in H1 2017

+4.0%/ ~+5%¹
Organic growth

20.8%/ +0.3pt
Adj. EBITA margin

Performance highlights

• All 4 regions grew
• Final Distribution & Wiring Devices continued strong +6% org. growth, in line with past trends
• EcoStruxure Power / Building points growing double-digit
• Double-digit growth of LV in Data Centers

Execution priorities

• Accelerate sales through partners
• Strong growth in Wiring Devices/ Final Distribution
• Grow new connected offers, Analytics & Digital Services
• Attention to cost and pricing

₁. Including the performance of Delixi deconsolidated since 2016
IT (Secure Power) – Strong growth in Datacenters and New Economies

Performance highlights

- New economies, up +7%
- Product business growing low single-digit despite destocking in Japan thanks to residential power, edge computing and medium offers
- Datacenter (DC) – Group sales in DC up mid single-digit
  - IT sales up low single digit
  - MV/LV sales in DC up double digit
- Services performed strongly
- Margin impacted by negative mix, raw material impact, investments and one-offs

Execution priorities

- Ensure margin improvement in H2 (cost control, mix, pricing)
- Maximize Group’s growth through IT channel for datacenters
- Expand Residential Power offers across geographies
- Push Secure Power offer in critical buildings

Performance in H1 2017

- Organic growth: +2.1%
- Adj. EBITA margin: 14.5% / -1.2pt

Secure Power

- #1 worldwide
- €1.8bn
- 15% of Group H1 2017 revenues
Data Center (DC) – A growth segment. Our value proposition and complete portfolio through IT channels results in strong opportunities for LV & MV

**DC: an attractive end-market for all offers of the group**
- DC represent €2.2bn of 2016 revenues
- Group sales to DC segment growing **mid-single digit** in H1, mostly through cloud & services providers
- Complete DC offer - secure power / low voltage / medium voltage / Building Management System

**A high share of cross-selling using IT channels and sales network**
- c.€800m of revenues of Low Voltage, Medium Voltage, Building Automation sold to DC in 2016
- LV market share in DC
  - 5 to 10pts higher than in other segments;
  - increasing over 18 months

**A strong performance in cross selling in H1**
- c. 2/3rd of largest 100 DC opportunities won in H1 had cross selling
- IT - sales to DC up c.+2.5%
- LV - sales to DC up **double-digit**
- MV - sales to DC up **double-digit**
Industry (Industry Automation) - Strong performance growing top line and margin

€2.9bn
24% of Group H1 2017 revenues

Industrial Automation

#2 worldwide  
discrete

#4 worldwide  
process

Performance in H1 2017

+5.7%  
Organic growth

16.7%/ +0.8pt  
Adj. EBITA margin

Performance highlights

• Strong growth across all 4 regions, with good growth in China
• Strong products & OEM performance driven by channel initiatives
• EcoStruxure Machine growing double-digit
• Process Automation revenues turn positive
• Software orders up in Q2; O&G showing initial positive signs

Execution priorities

• Grow business through distributors & partners
• Grow OEM solutions & EcoStruxure Machine
• Continue roll-out of EcoStruxure offers for Plant & Machines
• Keep developing Software packages by segments
• Monitor supply tension in some electronic components in H2
Infrastructure (Medium Voltage) reaches double-digit margin over last 12 months (LTM) – improvement continues

€2.2bn
18% of Group H1 2017 revenues

Medium Voltage
#1 worldwide

Performance in H1 2017

-3.7%/~+1%¹
Organic growth

8.4%+/+1.5pt
Adj. EBITA margin

Performance highlights

- Adj. EBITA Margin improved to 10.4% LTM: selectivity & execution
- Product sales through LV partners growing high single-digit
- Services orders up high-single digit
- System margin improving strongly, driving business margin improvement
- More EcoStruxure Grid: ADMS (Advanced Distribution Management System – software enabling smart grid) ranked Leader in 2017 Gartner Magic Quadrant; Good traction with numerous wins
- Portfolio pruning: disposal of DTN

Execution priorities

- Next stage in implementing Rebound strategy (slide 22)
- Grow Products, Services and EcoStruxure Grid
- Further adjust cost-base and optimize industrial footprint for systems
- Continue to deliver margin improvement

¹: excluding c. €100m of selectivity in H1 2017
Infrastructure Rebound: plan on track, moving to next phase

Infrastructure Rebound on track

10.4%
Adjusted EBITA margin reached in last 12 months,

+150bps in H1 2017

Continue to grow synergies with LV

~ €2.5 bn revenues
Mid-teens adj. EBITA margin
MV products, services & EcoStruxure Grid
target low single digit growth in 2017

Next phase – Launching project to implement new autonomous, specialized organization

~ €2 bn revenues
Mid-single digit adj. EBITA margin
MV systems

- Bundle MV/LV through partners
- Services on MV/LV installed base
- EcoStruxure Grid

- Focused on projects & equipment
- Selectivity to be completed in 2017
- Specialization to drive efficiency & agility
- Review after 12 months, with all options open based on performance
This quarter, our Planet & Society barometer reaches 8.91/10

### Indicators & objectives 2017 - selection

#### PLANET
- 10% CO₂ savings from transportation
- 100% of products in R&D designed with Schneider ecoDesign Way™

#### PROFIT
- 75% of product revenue with Green Premium™ eco-label
- 100% of our recommended suppliers embrace ISO 26000 guidelines

#### PEOPLE
- 64% scored in our Employee Engagement Index
- 1,300 missions within Schneider Electric Teachers NGO

### Q2 2017 vs Q1 2017

- **100% of Schneider Electric’s products** in R&D are eco-designed according to the demanding requirements of the Schneider ecoDesign Way.
- **Nearly 75%** of the revenues on the Group’s products are made with Green Premium label. This quarter, the indicator is calculated on the new REACH list unveiled in July.
- **At 64%**, the Group’s Employee Engagement Index remains at the target level and the participation rate achieves record level of 80%.

**Highlights of Q2 2017:**

- **100%** of Schneider Electric’s products in R&D are eco-designed according to the demanding requirements of the Schneider ecoDesign Way.
- **Nearly 75%** of the revenues on the Group’s products are made with Green Premium label. This quarter, the indicator is calculated on the new REACH list unveiled in July.
- **At 64%**, the Group's Employee Engagement Index remains at the target level and the participation rate achieves record level of 80%.
H1 2017 finance presentation
Organic growth across all regions

ANALYSIS OF CHANGE IN GROUP REVENUES (in €m)

- Based on current rates, the FX impact on FY 2017 revenues is estimated to be around -€250m.
Gross margin improved by 30bps organic

GROSS MARGIN: ANALYSIS OF CHANGE (%)

- H1 2016 GM (restated) 38.5
- Volume 0.0
- Net price -0.8
- Productivity 1.7
- Mix -0.1
- R&D & Prod. Labor infl. -0.4
- FX -0.1
- Scope & Others -0.1
- 2017 H1 GM 38.7

- Slight mix impact mainly driven by IT offers mix
- 90% of raw material impact on products covered outside of China, with improvement expected in H2
- In China, volume growth, productivity & cost efficiency protected margin
- Raw material impact c. -€120m in H1
- R&D increase impacted c. -0.1pt

1. H2 expected to be c. -€100m at current price. Pricing actions needed to compensate for raw material increases will be balanced with opportunities for volume growth
We continue to simplify our operations

KEY ACTIONS OVER H1 2017

**Industrial productivity (c. €206m)**
- Ranked #17 Top Global Supply Chain
- Purchasing & lean manufacturing results boosted by volume
- 3-year performance set to beat the c.€1bn target

**SFC Savings (c.€90m Gross savings)**
- Finance simplification
- Real Estate cost reduction
- Optimization levers on operations per region

**Reinvestments (c.€60m)**
- R&D for EcoStruxure development
- Digital and mobile tools
- Services & marketing capabilities
- Digital customer experience
### Accelerating profit growth: Adj. EBITA up +7% organic

<table>
<thead>
<tr>
<th>In €m</th>
<th>H1 2016 restated</th>
<th>H1 2017</th>
<th>Reported change</th>
<th>Organic change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>11,742</td>
<td>12,173</td>
<td>+3.7%</td>
<td>+2.7%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>4,517</td>
<td>4,715</td>
<td>+4.4%</td>
<td>+3.4%</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td>38.5%</td>
<td>38.7%</td>
<td>+20bps</td>
<td>+30bps</td>
</tr>
<tr>
<td><strong>SFC(^1)</strong></td>
<td>(2,930)</td>
<td>(2,997)</td>
<td>+2.3%</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>SFC(^1) ratio (% Revenues)</strong></td>
<td>(25.0%)</td>
<td>(24.6%)</td>
<td>+40bps</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>1,587</td>
<td>1,718</td>
<td>+8.3%</td>
<td>+7.0%</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>13.5%</td>
<td>14.1%</td>
<td>+60 bps</td>
<td>+60 bps</td>
</tr>
</tbody>
</table>

1: Support function cost

- Gross profit improved organically through strong productivity & pricing
- SFC to revenue decreases by 40bps due to leverage from higher volume and solid cost control
### Accelerating profit growth: Net income up +18%

<table>
<thead>
<tr>
<th>In €m</th>
<th>H1 2016 restated</th>
<th>H1 2017</th>
<th>% change</th>
</tr>
</thead>
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<tr>
<td>Adjusted EBITA</td>
<td>1,587</td>
<td>1,718</td>
<td>+8%</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>(8)</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>(131)</td>
<td>(156)</td>
<td></td>
</tr>
<tr>
<td>Amortization &amp; depr. of purchase accounting intangibles</td>
<td>(82)</td>
<td>(61)</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>1,366</td>
<td>1,572</td>
<td>+15%</td>
</tr>
<tr>
<td>Financial costs</td>
<td>(247)</td>
<td>(184)</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(279)</td>
<td>(361)</td>
<td></td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(14)</td>
<td>(76)</td>
<td></td>
</tr>
<tr>
<td>Equity investment &amp; Minorities</td>
<td>(17)</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Net income (Group share)</td>
<td>809</td>
<td>958</td>
<td>+18%</td>
</tr>
</tbody>
</table>

- **Mainly due to gain on DTN**
- **Restructuring costs expected to be in line with last year**
- **Finance costs were €20m lower as costs of debt decreased. FX impact was limited compared to last year**
- **Mainly asset depreciation related to Solar deconsolidation**
- **Good performance of Delixi**
## Free Cash Flow up +15%

<table>
<thead>
<tr>
<th>Analysis of debt change in €m</th>
<th>H1 2016 restated</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt at opening Dec 31</td>
<td>(4,631)</td>
<td>(4,824)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>1,320</td>
<td>1,367</td>
</tr>
<tr>
<td>Capital expenditure – net</td>
<td>(400)</td>
<td>(351)</td>
</tr>
<tr>
<td>Change in trade working capital</td>
<td>(275)</td>
<td>(238)</td>
</tr>
<tr>
<td>Change in non-trade working capital</td>
<td>(207)</td>
<td>(277)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>436</strong></td>
<td><strong>501</strong></td>
</tr>
<tr>
<td>Dividends</td>
<td>(1,127)</td>
<td>(1,133)</td>
</tr>
<tr>
<td>Acquisitions – net</td>
<td>(11)</td>
<td>558</td>
</tr>
<tr>
<td>Net capital increase</td>
<td>(273)</td>
<td>10</td>
</tr>
<tr>
<td>FX &amp; other</td>
<td>(118)</td>
<td>(59)</td>
</tr>
<tr>
<td>(Increase) / Decrease in net debt</td>
<td>(1,092)</td>
<td>(123)</td>
</tr>
<tr>
<td><strong>Net debt June 30</strong></td>
<td><strong>(5,723)</strong></td>
<td><strong>(4,948)</strong></td>
</tr>
</tbody>
</table>

- Inventory increase linked to volume growth, balanced by better account receivables & payables management
- Mainly due DTN disposal and the acquisition of remaining minority stake in Luminous
Full Year 2017 Targets
Following its strong performance in H1, the Group will continue to execute its strategic priorities. The Group expects the positive environment seen in H1 in its major end-markets to continue.

Therefore, the Group upgrades its 2017 objectives:

• The Group targets for 2017, organic revenue growth between +3% and +4% for the Group outside Infrastructure. For Infrastructure, the priority remains margin improvement. The selectivity for the division is expected to end in 2017 with an expected impact of c. -4% on revenue for the year. Outside of selectivity, the Group now expects the performance for the Infrastructure division to be a low single-digit organic growth.

• For 2017, the Group now targets the upper end of its initial +20 to +50 bps target range for the organic adjusted EBITA margin improvement. Following the evolution of currencies since April, the FX impact is now expected to be -10 to -20bps on the Adjusted EBITA margin for the year.
Investor Relations ready to engage

✓ **Upcoming events:**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>08 Sep</td>
<td>Industrial CEOs unplugged, London, Morgan Stanley</td>
<td></td>
</tr>
<tr>
<td>14 Sep</td>
<td>Conference London Industrials, Crédit Suisse</td>
<td></td>
</tr>
<tr>
<td>15 Sep</td>
<td>IR Autumn conference, Paris, Kepler Cheuvreux</td>
<td></td>
</tr>
<tr>
<td>02 Nov</td>
<td>Goldman Sachs conference, Boston</td>
<td></td>
</tr>
<tr>
<td>07 Nov</td>
<td>7th European ESG/SRI Paris SG</td>
<td></td>
</tr>
<tr>
<td>27/29 Nov</td>
<td>GS Conference London, Goldman Sachs</td>
<td></td>
</tr>
<tr>
<td>01 Dec</td>
<td>Premium Review, Paris, SocGen</td>
<td></td>
</tr>
<tr>
<td>04 Dec</td>
<td>French Corp Conf, London, Natixis</td>
<td></td>
</tr>
<tr>
<td>07 Dec</td>
<td>Cap Goods conference, London, Berenberg</td>
<td></td>
</tr>
</tbody>
</table>

**Schneider Electric events**

✓ Proposing quarterly interaction with investors showcasing specific businesses, geographies or functions

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 Sep</td>
<td>China Investor conference call</td>
</tr>
<tr>
<td>26 Oct</td>
<td>Q3 2017 Revenues</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>Analyst breakfast, London</td>
</tr>
<tr>
<td>H1 2018</td>
<td>Smart Supply Chain site visit</td>
</tr>
</tbody>
</table>

Appendixes
### Definitions

<table>
<thead>
<tr>
<th>Metric</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>EBITA before restructuring and other operating income and expenses</td>
</tr>
<tr>
<td>EBITDA</td>
<td>EBIT before depreciation, amortization, provisions and before share-based compensation cost</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Adjusted EBITA before depreciation, provisions and before share-based compensation cost</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td>Free cash flow / Net income (Group share)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>Operating cash flow less change in working capital less net capital expenditures</td>
</tr>
<tr>
<td>ROCE</td>
<td>Return On Capital Employed</td>
</tr>
</tbody>
</table>
# Planet & Society barometer 2015-2017 - Results as of Q2 2017

## Our megatrends 2015-2020 and our targets 2015-2017

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Start 01/2015</th>
<th>Results Q1 2017</th>
<th>Results Q2 2017</th>
<th>Target 12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall score (out of 10)</strong></td>
<td>3.00</td>
<td>8.79</td>
<td>8.91</td>
<td>9/10</td>
</tr>
<tr>
<td><strong>CLIMATE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% energy savings</td>
<td>-</td>
<td>7.2%</td>
<td>8.7%</td>
<td>10%</td>
</tr>
<tr>
<td>10% CO₂ savings from transportation</td>
<td>-</td>
<td>11.2%</td>
<td>17.2%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>CIRCULAR ECONOMY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Towards zero waste to landfill for 100 industrial sites</td>
<td>34</td>
<td>99</td>
<td>109</td>
<td>100</td>
</tr>
<tr>
<td>100% of products in R&amp;D designed with Schneider ecoDesign Way™</td>
<td>-</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>CLIMATE + DEVELOPMENT (Sustainability offers)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75% of product revenue with Green Premium™ eco-label</td>
<td>60.5%</td>
<td>75.2%</td>
<td>74.6%</td>
<td>75%</td>
</tr>
<tr>
<td>100% of new large customer projects with CO₂ impact quantification</td>
<td>-</td>
<td>16%</td>
<td>16%</td>
<td>100%</td>
</tr>
<tr>
<td>120,000 tons of CO₂ avoided through maintenance, retrofit and end-of-life services</td>
<td>-</td>
<td>122,250</td>
<td>139,004</td>
<td>120,000</td>
</tr>
<tr>
<td>x5 turnover of Access to Energy program to promote development</td>
<td>-</td>
<td>x2.04</td>
<td>x2.10</td>
<td>x5</td>
</tr>
<tr>
<td><strong>ETHICS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% of our recommended suppliers embrace ISO 26000 guidelines</td>
<td>48%</td>
<td>83.7%</td>
<td>84.1%</td>
<td>100%</td>
</tr>
<tr>
<td>All our entities pass our internal Ethics &amp; Responsibility assessment</td>
<td>-</td>
<td>93.4%</td>
<td>93.4%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>HEALTH &amp; EQUALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% reduction in the Medical Incident Rate (MIR)</td>
<td>-</td>
<td>27%</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>One day training for every employee every year</td>
<td>79%</td>
<td>87.2%</td>
<td>85.3%</td>
<td>85%</td>
</tr>
<tr>
<td>64% scored in our Employee Engagement Index</td>
<td>61%</td>
<td>64%</td>
<td>64%</td>
<td>64%</td>
</tr>
<tr>
<td>85% of employees work in countries with Schneider gender pay equity plan</td>
<td>-</td>
<td>75%</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td><strong>DEVELOPMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>150,000 underprivileged people trained in energy management</td>
<td>73,339</td>
<td>131,153</td>
<td>136,906</td>
<td>150,000</td>
</tr>
<tr>
<td>1,300 missions within Schneider Electric Teachers NGO</td>
<td>460</td>
<td>1,119</td>
<td>1,202</td>
<td>1,300</td>
</tr>
</tbody>
</table>

The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter. The colour shows if the indicator is above or below the objective of 9/10.
Investing in Digital Customer Experience and impactful launches

**Refreshed Web Experience Globally**

- ~38 Million Visitors in H1 2017

**Mobility for Customer Engagement**

- Anytime, Anywhere
  - My SchneiderElectric app launched in 182 countries
  - MyElectrician app & PRM: c.472,000 registrations H1 2017

**Impactful Launches**

- Launched with 8 “hero” offers
- Leader in Analysts Quadrants for Software, Grid, BMS, Data Center
- Consistent naming architecture system, with simple and standardized offer names

**Analytics for Intelligence**

- Sales efficiency and enhanced customer care
Supported by active customer engagement in our Innovation Summit World Tour 2017 with 12,400+ customers (to-date)

**KOREA**
March 14-16

**INDONESIA**
April 5-6

**UAE**
April 11-12

**RUSSIA**
April 17-19

**CHINA**
Beijing, April 18
Tianjin, April 18
Chengdu, May 16
Xi’an, June 13

**AUSTRALIA**
April 17-19

**GERMANY**
April 17-19

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**CHINA**
July-September
Shanghai, Xiamen, Guangzhou

**UK**
September 7-8

**NETHERLANDS**
September 11-12

**HONG KONG**
September 25-26
Adj. EBITA up +7% organic thanks to strong productivity, volume, positive pricing and cost control

Analysis of change of adjusted EBITA (in €m)

<table>
<thead>
<tr>
<th>Component</th>
<th>Change (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>206</td>
</tr>
<tr>
<td>Mix</td>
<td>-75</td>
</tr>
<tr>
<td>Net price</td>
<td>-9</td>
</tr>
<tr>
<td>Productivity</td>
<td>-44</td>
</tr>
<tr>
<td>COGS</td>
<td>-42</td>
</tr>
<tr>
<td>SFC</td>
<td>-21</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
</tr>
<tr>
<td>Scope</td>
<td>19</td>
</tr>
<tr>
<td>Forex</td>
<td>1,718</td>
</tr>
<tr>
<td>H1 2016 restated</td>
<td>-1,587</td>
</tr>
</tbody>
</table>

1: Of which RMI: c.-€120m

Confidential Property of Schneider Electric | Page 39
Q2 revenues up +2.2% organically, c.+4.7% underlying growth

Analysis of change in Group revenues (€m)

Organic Growth: +2.2%
c.+4.7% underlying growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
<th>Restated from Solar</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>-4.9%</td>
<td>6,153</td>
<td>6,333</td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>-0.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td>-0.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>+6.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>+4.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fx</td>
<td>+0.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1: Estimated underlying growth excluding Q2 impact of c.-€60m from selectivity and -1.5pt working day
Building - solid growth across all four regions

The Group’s strategic initiatives delivered good results: Final Distribution & Wiring Devices was up c. +5% thanks to initiatives leveraging its partner network, and EcoStruxure Building showed encouraging results.

North America saw solid growth in Final Distribution & Wiring Devices. Additionally, the U.S. benefitted from good traction in datacenter and healthcare segments, as well as the execution of projects in energy performance contracting.

Despite a negative working day impact, Western Europe grew in favorable end-markets.

Asia-Pacific performance benefitted from good momentum in China where construction remained positive and diversification to targeted segments delivered results, while Australia remained negative though sequentially improving.

Rest of the world was positive, with particularly good results in CIS, thanks to the medium offer strategy, and Africa. South America was down while the Middle East was slightly up.

Analysis of change in Q2 Revenues (€m)

- Organic: +4.2%
- Scope: +0.4%
- Fx: +0.5%
- Total: +5.1%

43% of Q2 revenues

Q2 2016: 2,651
Q2 2017: 2,785

Restated from Solar
IT - about flat in Q2 org. though good trends in data centers, particularly in 3-phase and in low and medium voltage

The U.S. saw growth in 3-phase UPS, but the performance was impacted by lower sales in IT channels, although orders grew slightly, and racks.

Western Europe was slightly up with growth in datacenters in France, Germany, and the U.K., notably in the 3-phase UPS offer.

Asia-Pacific was up benefiting from strong growth in India, where the Luminous business performed well, and from growth in China, where the focus on the datacenter segment is yielding results. Japan performance was impacted by distributor destocking.

Rest of the World was stable with growth in CIS but a decline in the Middle-East.

Services continued to grow strongly.
The Group saw continued success in its expansion into growing segments and benefitted from good growth in products sold through distributors as well as good momentum in its EcoStruxure offers. Process Automation returned to growth with increasing opportunities in brownfield operations.

In this positive market, the Group has seen a tight market in the procurement of some electronic components which has tempered even further growth.

China performed strongly with high demand from OEM and targeted segments.

North America was up strongly

Western Europe was up with growth in German and U.K. OEM markets offsetting weakness in France

Software was about flat, still impacted by the weaker resources market of last year, though orders grew in the quarter
Selectivity initiatives impacted revenues by c. -€60m in Q2. Selectivity initiatives will be completed by Q4 2017, to reposition the business for continued margin improvement.

The Group continues to progress on the Infrastructure Rebound program focusing on growing transactional, services and EcoStruxure Grid, while turning around its lower margin businesses.

During the quarter, transactional sales grew in the U.S. and China, and the business saw good traction with service orders.
Organic growth of +2.2% with new economies up +5%

Analysis of change in Group revenues (€m)

Organic: +2.2 %
New economies: +5%

Restated from Solar

Q2 2016

Q2 2017

Western Europe 27%
Asia Pacific 28%
North America 28%
Rest of the World 17%
Contact

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