

Capital Markets Day 2023

# The Next Frontier Industrial Tech for the future

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*CEO*

## Disclaimer

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 Universal Registration Document (which is available on [www.se.com](http://www.se.com)). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

This presentation includes information pertaining to our markets and our competitive positions therein. Such information is based on market data and our actual revenues in those markets for the relevant periods. We obtained this market information from various third-party sources (industry publications, surveys and forecasts) and our own internal estimates. We have not independently verified these third-party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.

# A global powerhouse in electrification and digitization

**ESG champion**  
and sustainability partner

**150k**  
employees

**Multi-Hub**  
model

**Global Market Leader**  
with strong legacy

**World-leading portfolio**  
with increased digital footprint

**€34bn**  
Revenues<sup>1</sup>

**€6bn**  
Adj. EBITA<sup>1</sup>

**€3.3bn**  
Free Cash Flow<sup>1</sup>

1. Full year 2022

Committed as responsible guardians to preserve & enhance the strong legacy for decades to come



Industrial Tech  
CONNECT



DIGITAL TRANSFORMATION

SUSTAINABILITY FOCUS

TECHNOLOGICAL LEADERSHIP

The Next Frontier...

We have curated a **unique portfolio** that is best equipped for growth on themes enabling a sustainable future

**#1**

Complete end-to-end offers  
Unparalleled network of partners  
Global leadership  
Innovation leader  
  
Sustainability trusted partner through consultancy



**#1**

Native connectivity  
End to End Lifecycle approach with AVEVA, etap, RIB Software  
Data driven insights  
Artificial Intelligence

**#3**

Automation – Building, Grid, Process, Discrete Process, Safety & Cyber leader  
Software defined Open Automation  
Product leadership

# Electrical & Automation technologies are converging with Software & Sustainability as enablers for rapid acceleration

## Energy Management



## Software & Sustainability

**etap**

**RIB**

EcoStruxure®  
Resource Advisor

**AVEVA**

**EcoStruxure™**

VPPA  
Sustainability &  
Renewable consulting  
Energy Performance  
contracting

**Wonderware®**  
by AVEVA

**AVEVA PI System**

**Zeigo Network**  
by Schneider Electric

**ecoact**  
Energy as a Service

## Industrial Automation



## DATA CENTERS



## BUILDINGS



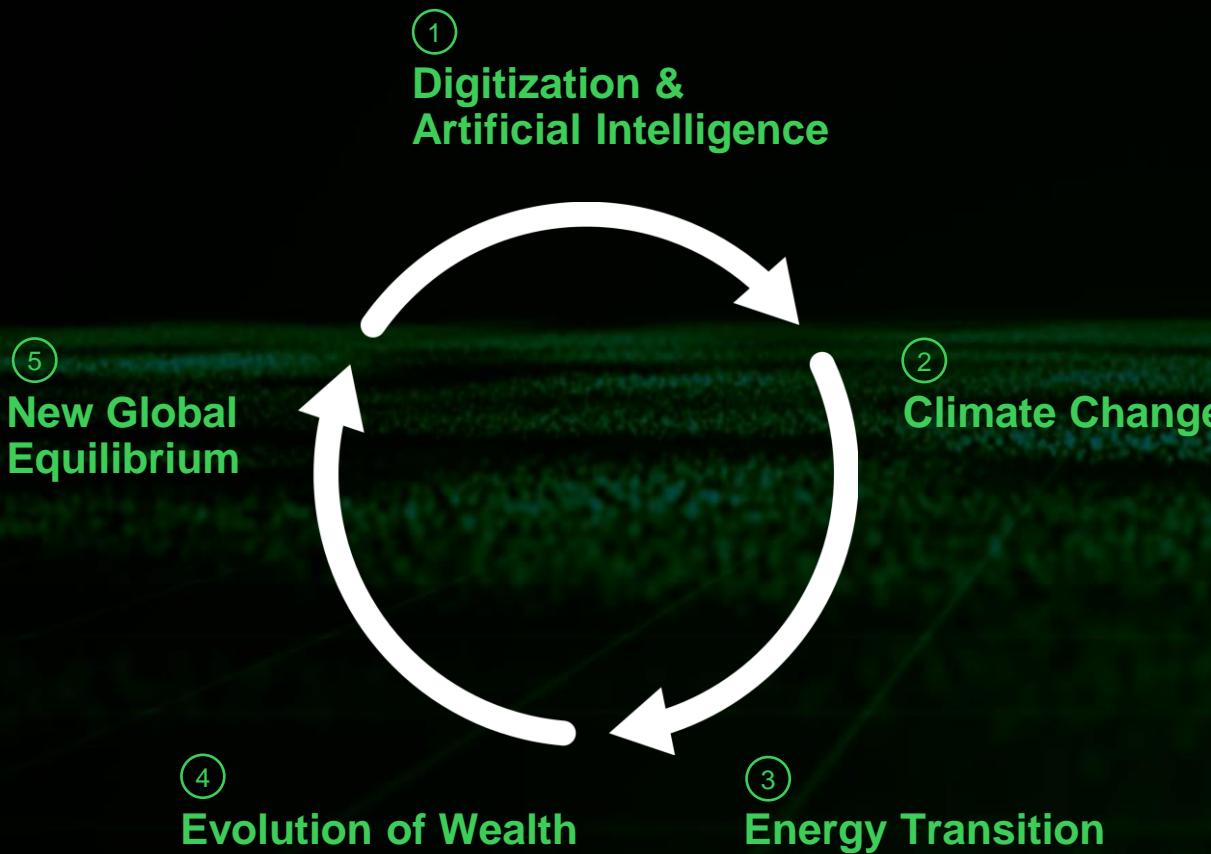
## INDUSTRY



Life Is On

**Schneider**  
Electric

# Megatrends driving The New Frontier



Potential Addressable Market Estimates  
2023-27, in €Bn



Portfolio building

The Next Frontier

## Artificial Intelligence

Exponential expansion  
Leading to enhanced opportunities for data centers  
AI as productivity tool

## Digital Twins

Process twin  
Energy twin  
Carbon twin

## Digitization

Artificial Intelligence and Machine Learning  
Structured data  
Connected products

# 2mths Gen AI adoption

Reaching 100M users vs. 7 years for world wide web  
Source: Citi Research, SimilarWeb, OpenAI

# 20GW AI power demand to grow by 2028

*Schneider Electric: The AI Disruption: Challenges and Guidance for Data Center Design*

# Decade of Climate Change: Imperative measures ahead

Climate Change ②

What decarbonization activities are pursued most **today**?



## Navigating the New Energy Landscape



~€55bn

Combined new market

1. Carbon Capture, Utilization & Storage

# Enabling a new flexible energy system for “Prosumers”

Climate Change ②

# x2 PAM

2023-2027 Prosumer potential available market

Data source: Model with data from BNEF, Frost and Sullivan, & SE business intelligence.

Prosumers produce, consume and control their own energy while providing flexibility to electrical grid



energysage



Qmerit

evconnect

uplight

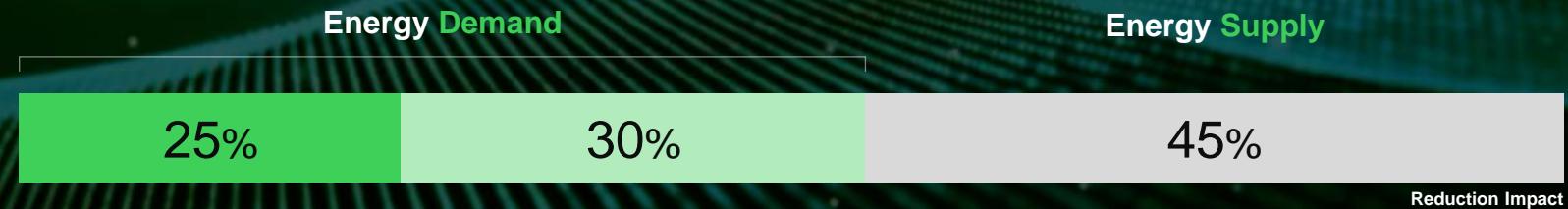


AutoGrid

# Technologies already exist to make companies **energy resilient** and **net zero**

Energy Transition (3)

**70%**  
CO<sub>2</sub> emissions can be removed using existing technologies



## Save

Digitalization as disrupter  
Energy efficiency  
Process efficiency  
Circularity  
Digital twin & metaverse

## Electrify

Electricity 4.0  
IT  
EVs  
Heat pumps

## Decarbonize

Smart grid  
Microgrid  
Renewables  
Storage  
VPP, aggregation, contract & demand management

Electricity as part of Energy mix

20% in 2020 ► 30% in 2030 ► 50% in 2050

Sources:  
Schneider Electric™ Sustainability Research Institute  
IEA The untapped potential of energy efficiency

# Increased demand focus and investment choices on mature & new economies

Evolution of Wealth ④

Electrification & Data

New Construction

Rise in first time demand

Infrastructure Refresh

Supported by government investment

Build better and for Net Zero in New Economies

**India + MEA** by 2050

Population

**+1.4bn +1.5bn +100bn m<sup>2</sup>**

Growth Urban

Buildings

Growth

Size of what exists in Europe & China today

**Mature Economies need radical acceleration with retrofits**

Europe Today

**75%**

buildings are inefficient

**0.5%**

current rate of energy retrofit

**>6x**

faster on retrofits by 2030 to meet EU climate targets

Sources: Schneider Electric Sustainability Research Institute

Versailles 10x10 **led**

**10 Actions**

To accelerate energy efficiency

**10x Faster**

# Evolving horizons: Change in the global landscape - we are well positioned in the shift in paradigm

New Global Equilibrium (5)

## Supply Chains

Rebuilt resilient and autonomous,  
importance of electronics

## Reshoring

Critical industries

## Trade Barriers

Obstructs free trade,  
favoring domestic production

# \$516bn investment

"Manufacturing the future" investments announced by  
private companies under present US Administration  
Source: whitehouse.gov

# x2 by 2030

European Union ambition to double its size in the  
global semiconductors market  
Source: European Commission



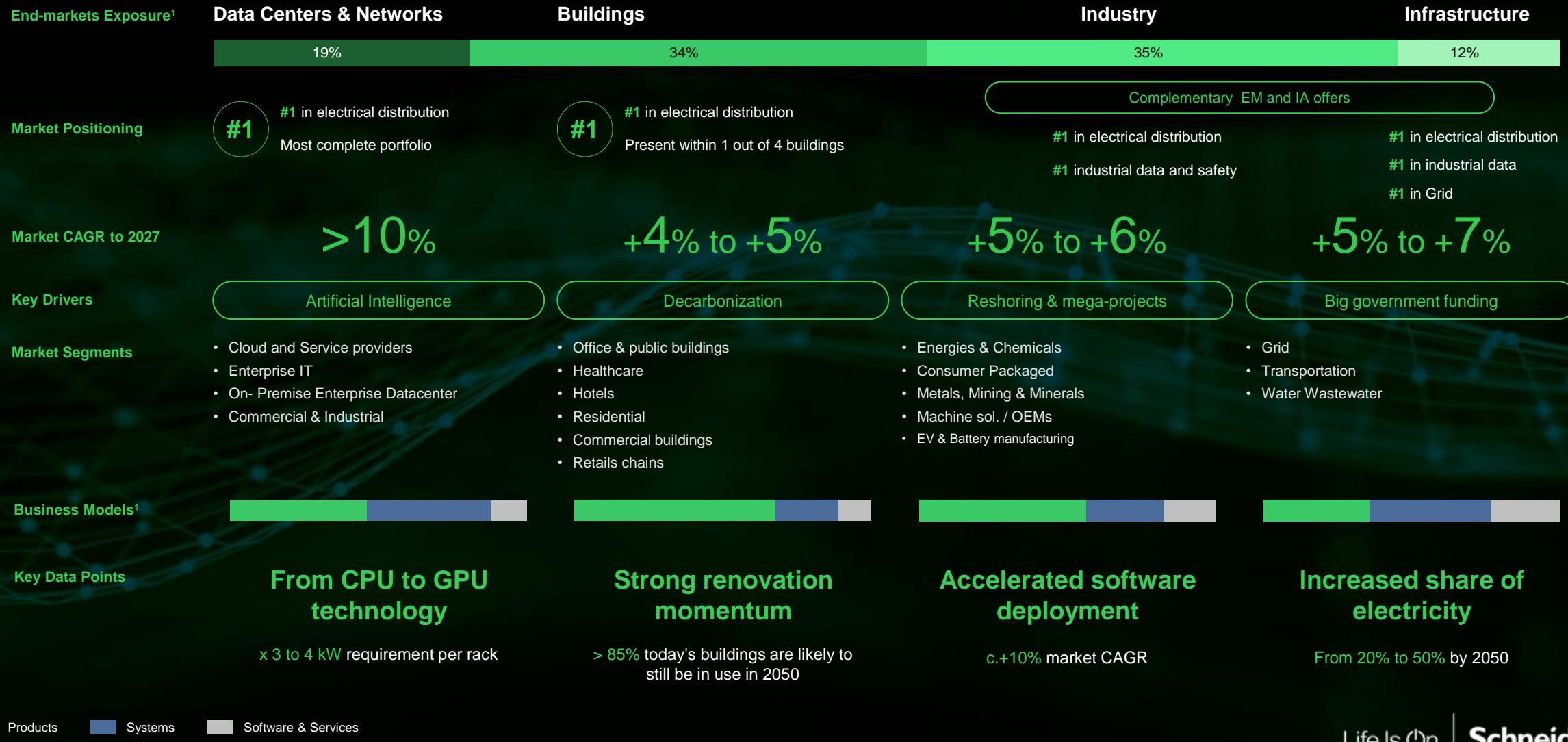
These **Megatrends** reinforce our strategic vision - creating **unprecedented opportunities** in our end-markets through the cycle



**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.**

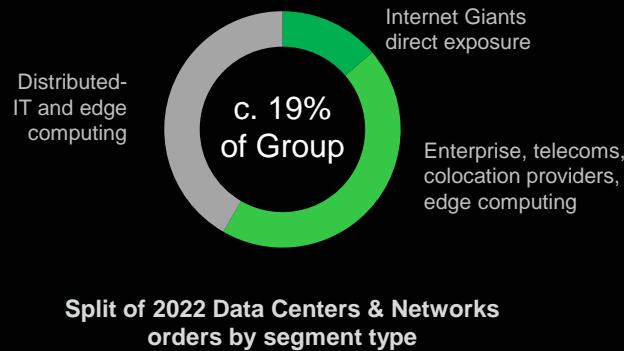
# Addressing the opportunities from structurally growing end-markets



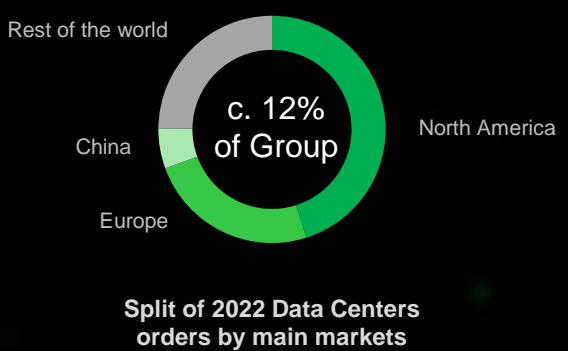
1. Based on 2022 Orders

# Data center market growth driven by unprecedented trends

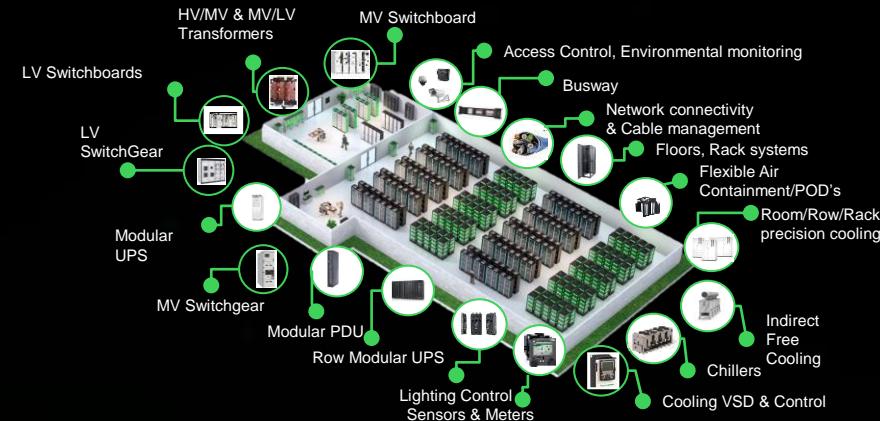
We cover all types of data centers



Growth continues to be balanced across the world



Providing large offer spectrum across the lifecycle



Data center end-market has been growing in recent years

**Double-Digit**  
in data centers

Sales CAGR in  
data centers  
2017 to 2022

Mainly Systems,  
Software &  
Services

**Mid-Single Digit**  
in distributed-IT

Sales CAGR in  
distributed-IT  
2017 to 2022

Mainly Products

Strong future growth expected with important need for electrical content

Boosted by turning point in technology from hyperscalers, to colocations and edge

Large share of electrical content within total data center CAPEX

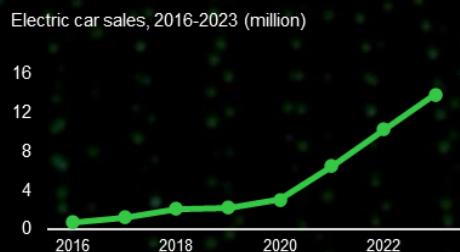
**c.43%** Electrical equipment % of total data center CAPEX

Source: BofA Global Research

# Sustainability drivers positively impacting all our end-markets

## Electrification

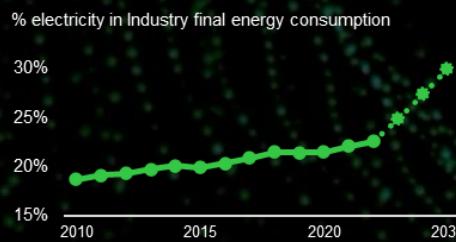
### ELECTRIC VEHICLES<sup>1</sup>



+40%  
power load increase at  
avg US household  
from single EV

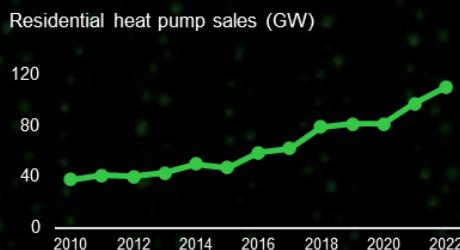
## Automation

### PROCESS ELECTRIFICATION<sup>1</sup>



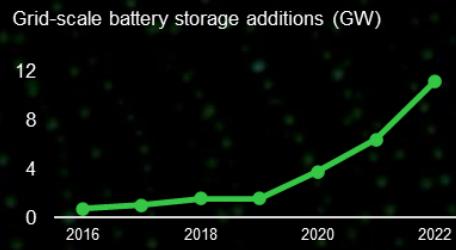
FOCUS on  
electro-intensive  
Industries  
x1.5  
Expected  
electrification in  
glass industry

### HEAT PUMPS<sup>1</sup>



from few  
hundred  
to 100k€  
incremental revenues  
to electrify building  
using heat pumps

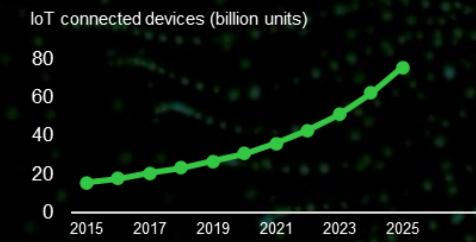
### BATTERY STORAGE<sup>1</sup>



50+  
gigafactories  
would be needed  
by 2030

## Digitization

### DIGITALLY ENABLED DEVICES<sup>2</sup>



~\$150bn  
Total addressable  
market for generative  
AI software

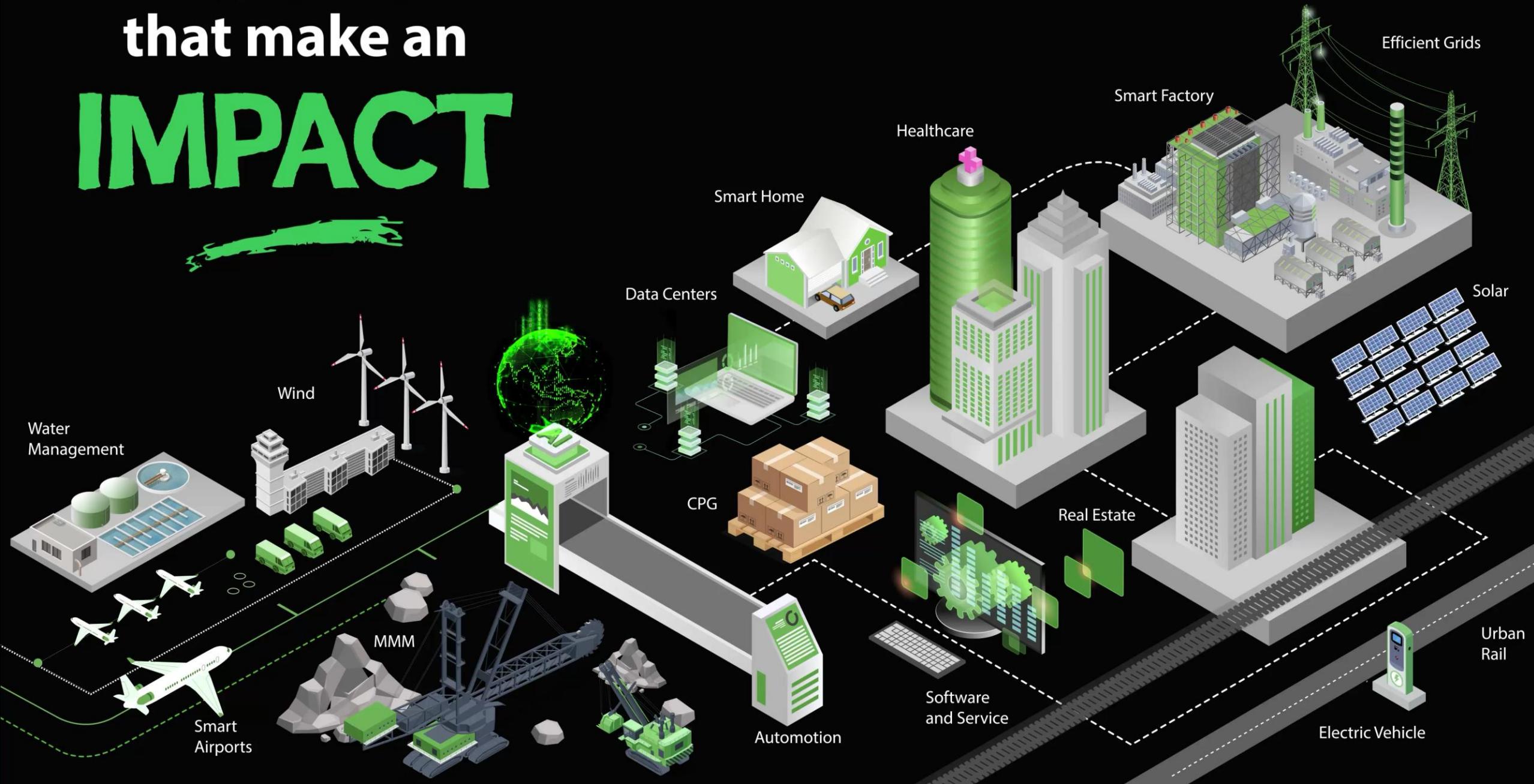
### Industry 4.0

Driven by strong growth of  

- Internet of Things
- Artificial Intelligence
- Structured data
- Digital Twins

1. Source: IEA  
2. Source: Statista

# IoT enabled solutions that make an **IMPACT**



IoT enabled solutions  
that make an

# IMPACT

Transforming to be the  
“Industrial Tech” leader



Delivering on our promise of **holistic efficiency** for customers

**One Digital Twin**  
across the lifecycle

**One User Experience**

**One Data Infrastructure**

Energy Twin + Process Twin + Carbon Twin



# CONNECT

AVEVA

etap

RIB

Schneider  
Electric



AVEVA PI System

# Key markers & strength of Schneider Electric

1

**Ecosystem & partner model**

2

**Multi-hub model**

3

**Global balanced footprint**

4

**Focus on sustainability**

5

**Culture & empowered workforce**

# A unique ecosystem based on long-term partnership model

Ecosystem & partner model ①



Unprecedented  
Distribution Network

**6k**  
Distributors globally

**+120k**  
Distributors POS



Panel Builders &  
System Integrators

**4k** EcoExpert<sup>®</sup>  
Certified partners

**~20k**  
Partners platformed

**c.60%**

Group revenues  
through partners



Electricians

**300k**  
Electricians in  
our network

**100%**  
Electricians trained  
(field & digital training )

Key  
Transformations

MORE DIGITAL

**92%** Digital  
orders

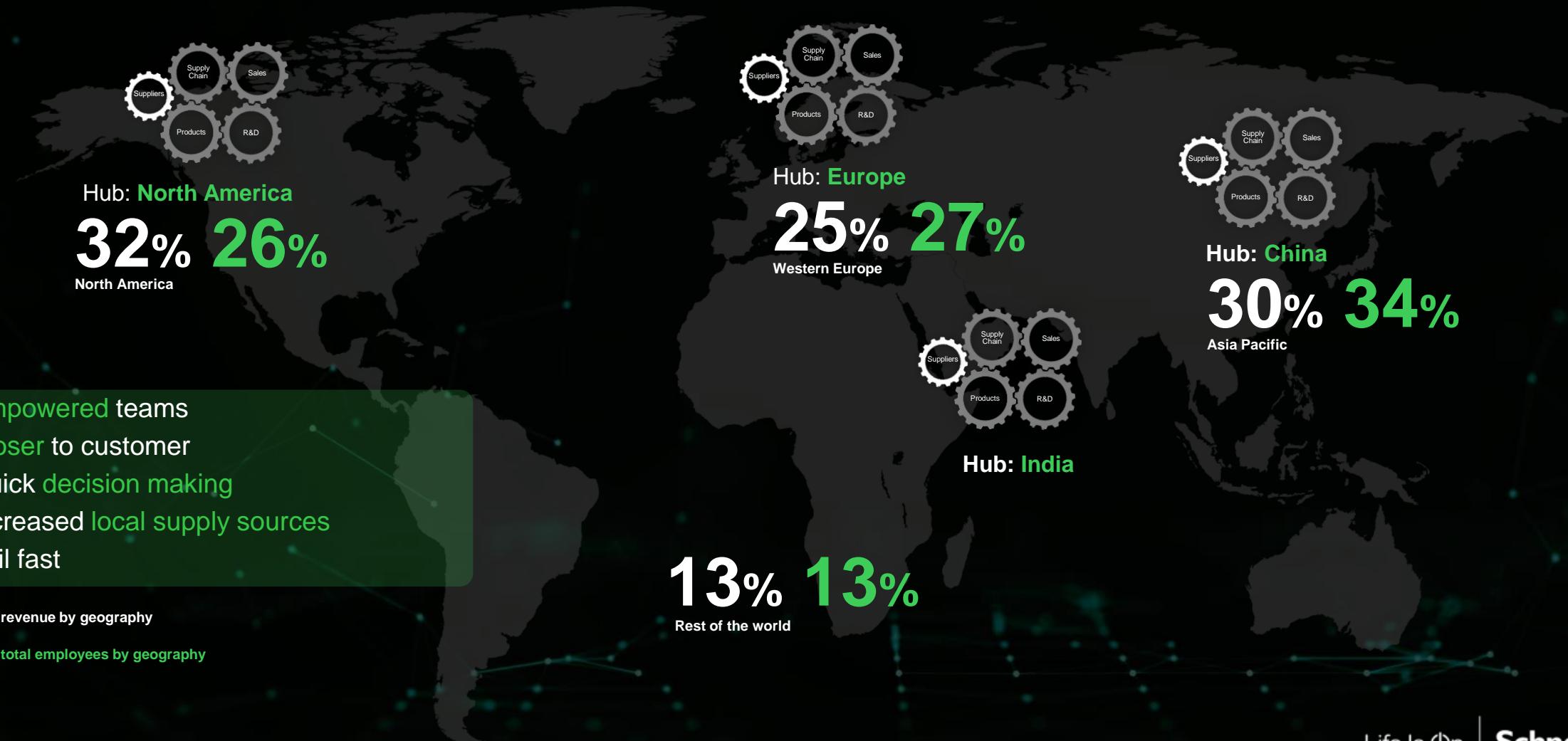
**23%** Through  
e-commerce

Increased ease  
of use and training

Software & Digital  
Services network

# Multi-hub operating model decentralized for people empowerment

Multi-hub model ②



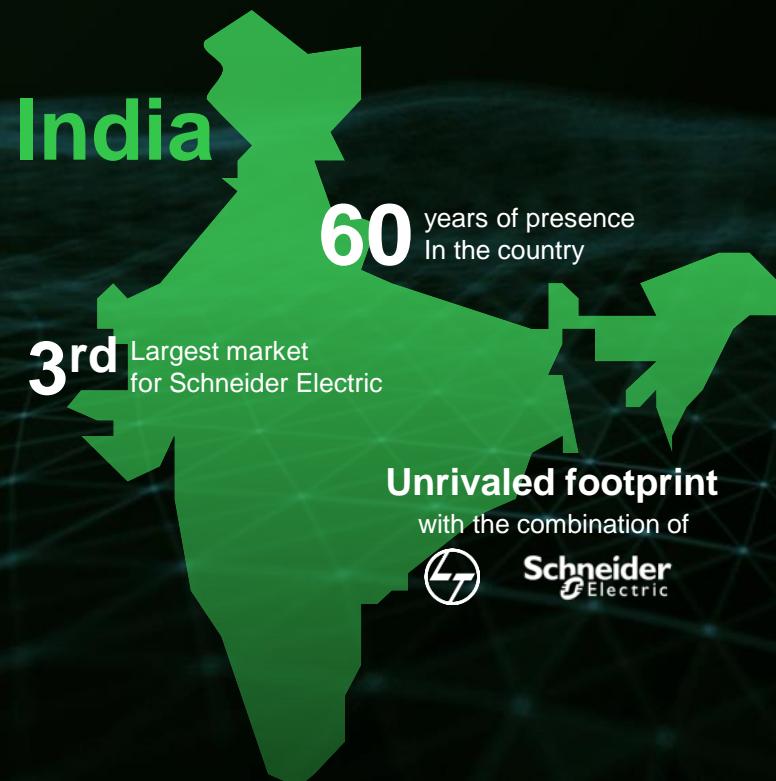
2022 Figures

# Most local of global companies and reshoring champion

Global balanced footprint (3)

## Most Local of Global Companies

Balanced global footprint  
Significant exposure to emerging countries



## Reshoring Champion

Increased demand for software & automation while reshoring  
Replicate Smart Factories program for customers



Ranked #1  
Top 25 **Gartner** Supply Chain

# Going beyond the scope of operations in Sustainability

Focus on sustainability ④

## Sustainability Business

**40%**

of the Fortune 500  
as clients

**€40bn+**

Energy spend  
under management

**16 GW**

Globally advised  
corporate PPAs

**3,000+**

Sustainability  
experts worldwide

**Walmart**

Gigaton PPA program

**Catalyze**

Energize

**ecoact**

an Eviden business



**intel**



 **Strategize**

Climate and energy domain expertise

 **Digitize**

Leading lifecycle software and digital services

 **Decarbonize**

No. 1 in energy management

**Walmart**



**PEPSICO**

**Auchan**

**Johnson & Johnson**



**SAINt-GOBAIN**



**Blackstone**

**TARGET**



**Mondelez International**

**New route to market:** C-Suite engagement  
Pull-through for the rest of the portfolio

2021-2025  
**SCHNEIDER SUSTAINABILITY IMPACT**



SCIENCE BASED TARGETS  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION  
United Nations Global Compact

Commit to **ZERO**

A culture led & skills first organization enabling

# IMPACT



3.8%

73%

77 %

~60%

Employee shareholding  
#3 largest group of shareholders

2023 Employee Engagement  
(vs. 64% in 2019)

+3 pts  
vs 2022

Digital upskilling

WESOP  
(Employee Shareholding plan)  
in 42 countries

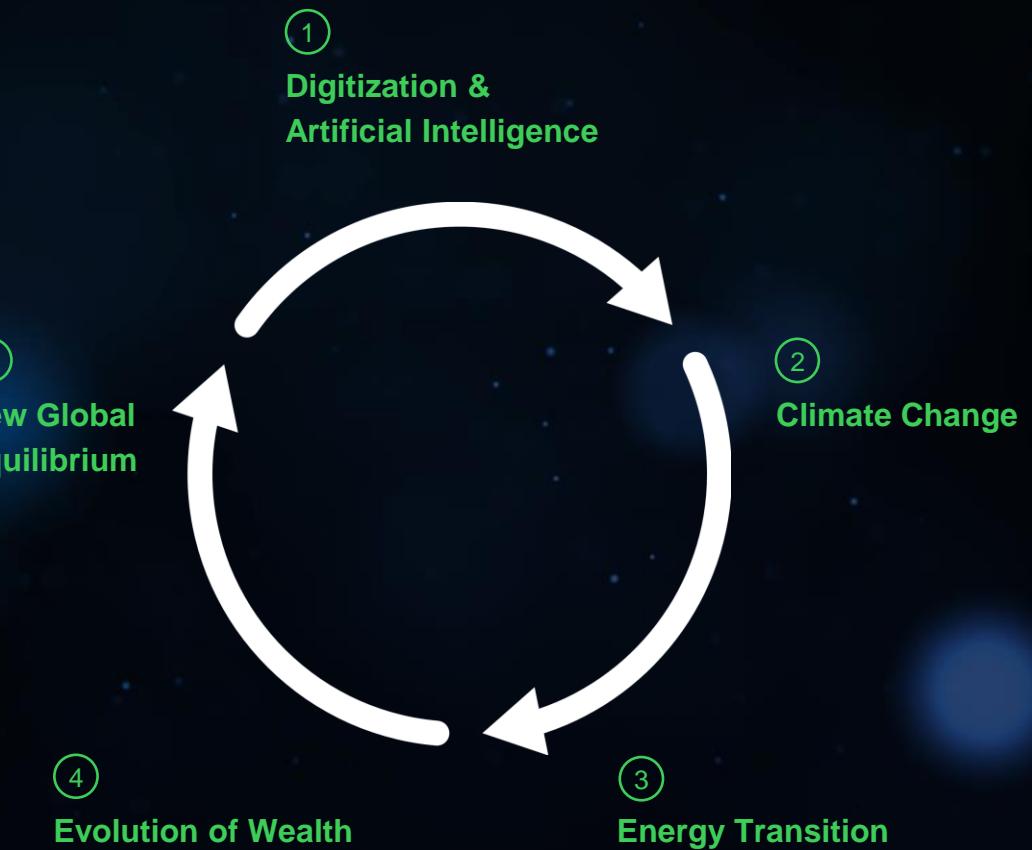
# Key focus areas as CEO

Life Is On | Schneider  
Electric

## Key focus areas as CEO

1

# Execute for Sustainable growth



1

# Execute for Sustainable growth

We are **ideally positioned**  
at this pivotal time

Driving **growth culture**  
for the company

**2**

# **Expand position as ESG champion**

Electrification + Digitization = **Sustainability**

**Embedded across organization**

**Sustainability trusted partner** for our customers

**Clear path towards net-zero value chain**

**2025**  
Carbon neutrality in our operations

**2030**  
25% absolute GHG emissions reduction across the entire value chain

“Net-Zero ready” in our operations

**2040**  
Carbon neutral across the entire value chain

**2050**  
Net-Zero CO<sub>2</sub> emissions across the entire value chain

3

# Organic expansion of product franchise

**Future-Ready R&D** for  
Greater Impact & Efficiency

World-class  
**products R&D**

Appropriate **return**  
**on investments**

**4**

# **Expand Software and prosumer**

**One Data – One Experience  
One Digital Twin**

**Digitization partner  
of our customers**

**Driving Industrial Tech**

5

# Artificial Intelligence

Driving unprecedented  
opportunities for  
**data centers**

AI as **growth enabler**

AI as **efficiency enabler**

# Focus areas give roadmap for maximizing shareholder value

## Management priorities

**1**

Growth Culture

**2**

Sustainability -  
The Next Frontier

**3**

Organic expansion  
of product franchise

**4**

Software &  
Prosumer

**5**

AI everywhere

## Coupled with

Agile operating  
model

Strong governance  
& business ethics

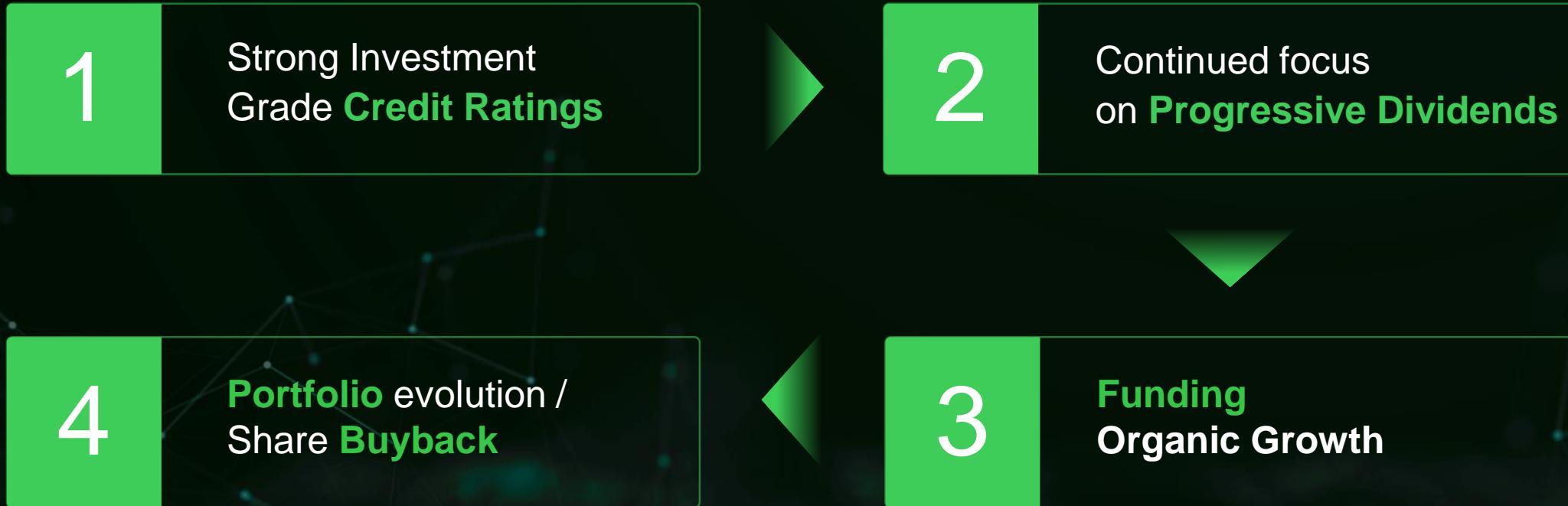
Disciplined capital  
allocation

Return on capital  
employed



**Total shareholder returns**

# Capital allocation priorities in order of preference



The **next milestone** on our journey...

**€50bn**  
Revenues

**€10bn**  
Adj. EBITA

Free Cash Flow conversion<sup>1</sup> expected to be around 100% across the cycle

<sup>1</sup> Free cash flow as a proportion of Net Income – Group share



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Electric

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