


Schneider Electric, partnering with Temasek, has reached an agreement to buy Larsen & Toubro's Electrical & Automation business and will combine it with its Low Voltage & Industrial Automation Products business in India

May 2nd, 2018

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 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.



Schneider Electric in India, one of the leading players in a growth market

Schneider Electric, one of the leading players in India since 1963

A strong domestic market and a hub for exports

Strong footprint in India



20,000+ people



24 Factories
29 Distribution Centres
Manufacturing hub for exports



48 Sales Offices
2,600+ Partners



1,400+ R&D Staff
1,600+ shared services & back-office staff

Group's 4th largest market in 2017

Revenues in 2017



Low Voltage & Industrial Automation:
~40% revenues, growing double digit
in past 2 years

Strong portfolio of activities

Low Voltage & Industrial Automation

LUMINOUS

SE Infrastructure Ltd: Medium Voltage

Secure Power Business

Process Automation Business

R&D/ Innovation

Shared services (IT, Finance, HR,
Customer care)

Schneider Electric - Touching Lives Everyday in India

Providing Access to Energy

700K

Households electrified, benefiting 3.5M people

17.5M Homes lit up by power backup solutions

Supporting Critical Infrastructure

Largest water treatment plant in India & one of the largest in Asia automated by us

~50 GW of India's power generation capacity enabled by us

Digitizing & Smartening India

1st Integrated Greenfield Smart City – Naya Raipur

#1 E-commerce company's datacenters propelled by us

Making India Green & Safe

~3 GW Solar capacity runs on our equipment

2.7M Delhi Metro daily riders' safe commute ensured

Enabling Social Inclusion

135K Rural citizens empowered with energy

85K Unemployed youth trained

Low Voltage and Industrial Automation – contributing to Indian economy

One of World's largest Hotel Chain



- Uses Schneider products across its ~100 properties in India
- Schneider's Protection & Wiring devices products help ensuring optimal guest comfort & experience

Global IT & Consulting Giant

- Schneider Electric's advanced monitoring solutions deployed across data centers in India
- Helping maximize Uptime at some of the largest data centers in India



Educational Institute



- India's premier Technology Institute gets powered by EcoStruxure Power & Grid for its Smart Campus: Safe, Reliable & Energy Efficient
- Net positive energy building / GRIHA 4 Star building

OEM Manufacturers



- Surat's Diamond industry relies on Schneider powered Diamond cutting & Polishing machines
- Efficient and accurate solutions in precision related industries

Large Chemical company

- 1st greenfield plant built with EcoStruxure Power and Building
- Optimized Smart Infrastructure with innovative Gateways



Active Pharmaceutical Ingredient Manufacturer



- Complete automation systems supporting multiple large Indian Pharma companies for USFDA Compliances and helping expand with exports

India, an attractive growth opportunity for the group

STRONG LONG-TERM POTENTIAL

SIGNIFICANT INVESTMENTS

~5 trillion \$ GDP by 2025

Addition of ~800 USD Billion over next 3 years

450 Billion \$ opportunity in Infra

amount to be spent over next 5 years

LARGE AND GROWING POPULATION

650 million population is < 25 years - Largest in world

267 million Middle class, 2x by 2025

PRODUCTION AND INNOVATION HUB

Manufacturing / R&D Hub

Reverse innovations & startups

>5000 Startups (as per 2017 base)

Make In India

+

National Solar Mission

+

24 x 7 Power for All

+

Clean India

+

Infrastructure

+

Smart City

STRONG POLICY PUSH

Government Initiative To Make India A Global Innovation & Manufacturing Hub

Key Mission In India's National Action Plan On Climate Change:

100 GW of Solar Power by 2022; 60 GW Grid connected

Joint initiative of Central & State Governments to bring

24*7 Power for All by 2022 : Total outlay of \$ 4.9 Bn¹ and \$ 26.6 Bn² for strengthening sub transmission & distribution network

Campaign to clean India's streets, roads & infrastructure by Oct, 2019: Water & Wastewater PMKSY³, Namami Gange (Only 19 STPs completed of 93 planned, Total ~ \$ 2Bn investment)

\$123Bn in SagarMala for Ports development, ~86,000 Kms of highway projects worth \$ 106 Bn to implemented between 2018-22

\$30Bn investment over 20 years for 100 Smart Cities

Significant growth potential for Schneider Electric, building upon strong results in recent years

1 USD = 66 INR

1. Total planned outlay under IPDS (Integrated power development scheme) starting 2014

2. Total Planned outlay under DDUGJY (Deendayal Upadhaya Gram Jyoti Yojna) starting 2014

3. Pradhan Mantri Krishi Sinchayee Yojna

India, an attractive growth opportunity for the group

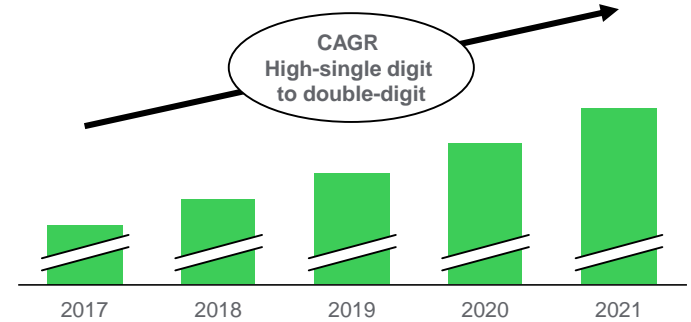
Strong drivers for Energy Management

- Strong Urbanization (50% of population in cities by 2025)
- Electricity consumption expected to grow by c.7%-8% CAGR till 2022
- *Housing for All* by 2020 spurring investments in Real Estate
- Favorable Reforms for Infrastructure sector, especially roads, rails & ports: 1.5 Trillion \$s needed over 10 years to plug gaps & overhaul existing infrastructure
- Several city metro projects over the next 4 years.

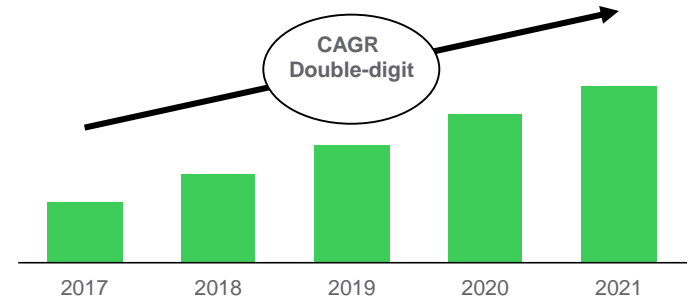
Strong drivers for Industrial Automation

- Key Government Programs: Smart City, Amrut (Water Supply, Sewerage, Urban Transport), Make in India
- Highest FDI inflows in Manufacturing sector in the world in FY '17 @ \$ 60Bn giving further push to Make In India program
- Investment in Fuel upgrade in refineries across India. Cement & Water continues to show strong potential.
- Chemicals & Pipeline business is expected to gain momentum in coming years

Market growth for Energy Management offers in India



Market growth for Industrial Automation offers in India




Make in India opens opportunity for India to act as an innovation and manufacturing hub for the local market as well as for global markets

Make In India

- Promote investments in the manufacturing sector
- Make India a hub for design & manufacturing needs of both domestic as well as international markets
- Increase the share of manufacturing in GDP to 25% by 2022 from current 16%
- To enhance global competitiveness of India's manufacturing sector

“Come, **Make in India, Invest in India**’, for India and for the world. I invite each one of you to become a partner in **India's growth story**. And once again assure you of our wholehearted support.” - Narendra Modi, Prime Minister of India in Nov 2017



India to become one of the key innovation and manufacturing hub for India as well as for global markets

c.50% of production for Schneider Electric India is for export



Larsen & Toubro Electrical & Automation (“L&T E&A”) Business



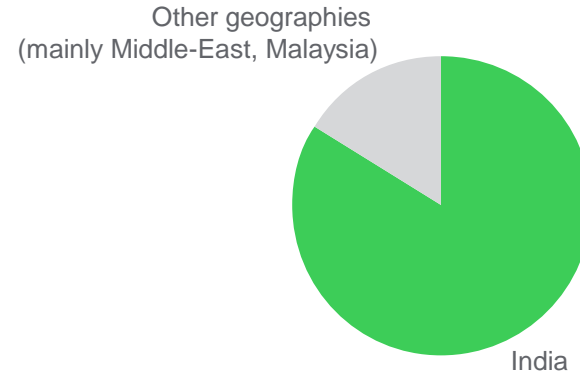
L&T E&A, one of the leading players in the Energy Management and Industrial Automation market in India



- L&T E&A is a division of L&T, a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations.
- L&T E&A offers low and medium voltage switchgear and electrical systems, metering solutions and Industrial Automation products & solutions
- L&T E&A currently employs ~5000 people and operates 5 manufacturing locations in India

A Strong presence in India

Revenues by geography 2017



- 100+ service centers
- Pan India distribution network with 600+ stockists, 1500+ retailers

With an attractive portfolio of Energy Management and Industrial Automation technologies for the Indian market...

Core Energy Management & Industrial Automation offers

Main Divisions:

Electrical Standard products (ESP)

Low Voltage Switchgear Products for Electrical Safety & Protection

Electrical Systems & Equipment (ESE)

Custom Engineered LV & MV equipment & solutions for Industry & Infrastructure segment

Control & Automation (C&A)

Electrical & Control Automation for turnkey execution

Metering Protection System

Single Phase & Tri Phase Meters for Commercial & Utilities

Revenue split LTM (Dec-17)



Serving customers across India

RELIANCE
Anil Dhirubhai Ambani Group

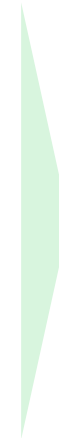


Reliance
Industries Limited



And strengths in the Indian Energy Management and Industrial Automation market

- ✓ Recognized player in Indian Low Voltage
- ✓ Extensive ecosystem of partners covering 260 cities in India
- ✓ One of the leading system Integrators in India in Electrical & Control Automation across sectors
- ✓ Highly experienced management team
- ✓ Robust local R&D capabilities
- ✓ Efficient local Manufacturing footprint with Export potential



**Strong business
attributes**



Combining Schneider Electric's strong global technology platform, digital offers and global presence with L&T E&A's wide domestic reach, end-to-end R&D and manufacturing capabilities specific to Indian market



Transaction overview

Proposed transaction

- L&T E&A¹ would be acquired for an Enterprise Value (EV) of INR 14,000 Cr (c. €1.75bn) . Based on Schneider Electric's estimate, this reflects a multiple of c. 2.5x sales and c. 15x³ the estimated EBITDA in Fiscal Year 2019 (ending March 2019) taking into account an EBITDA margin expectation of c. 15% for Fiscal Year 2019 (ending March 2019), in line with the last 12 months to December 2017.
- Combined business would be held through a JV wherein Schneider Electric and Temasek would hold respective ownership of 65% and 35%.
- Schneider Electric will contribute through a combination of cash and by contributing its LV and Industrial Automation Products business in India at a valuation multiple broadly comparable to the acquisition multiple of L&T E&A and representing a premium to the Group's valuation multiple
- Temasek would contribute to the transaction in cash
- The joint venture would also carry debt financing to fund the balance of the L&T E&A acquisition.

Key elements

- Transaction focused on the core in line with capital allocation policy in fastest growing large economy
- Combined business well placed to serve the fast growing Indian Energy Management and Industrial Automation Market
- Combining Schneider Electric's strong global technology platform, digital offers and global presence to L&T E&A's wide domestic reach, coupled with end-to-end R&D and manufacturing capabilities specific to Indian market
- Make in India: India to become an innovation and manufacturing hub for Energy Management and Industrial Automation products for India as well as global markets

Value creation Potential

- The transaction will provide significant revenues and costs synergies expected to generate INR c.300 Cr. (c. €40m) yearly in EBITDA with a five year ramp up.

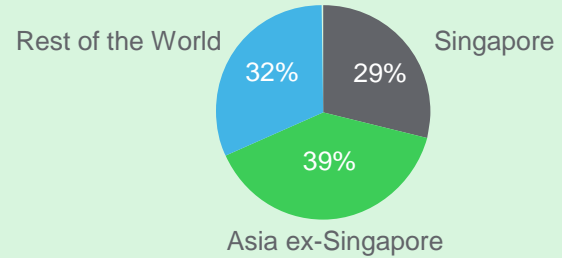
1. Excluding Marine and Servowatch sub-businesses retained by L&T, representing 2-3% of revenues of L&T E&A
2. Translated at a 3-month rate of 80 INR for 1 EUR (INR 8 Crores (Cr.) for 1 million euros)
3. Enterprise value excluding tax assets of c. €140m. Estimated EBITDA of fiscal ending March 2019

We are partnering with Temasek, an investment company with deep expertise and extensive networks in Asia

TEMASEK

- Established in 1974, Temasek is a globally diversified investment company headquartered in Singapore and wholly-owned by the Singapore Ministry of Finance
- Temasek aims to deliver sustainable value over the long term to its stakeholders, as a long term partner and value added shareholder for portfolio companies
- Net portfolio value of S\$275 billion (US\$197 billion) as of 31 March 2017
- Recent co-investments made alongside corporates at the global level include:
 - April 2018: Co-invested alongside Alibaba in AI company (deep-learning platform) SenseTime's US\$600m Series C funding;
 - August 2017: US\$300mn co-investment alongside MasterCard and CDPQ in AvidXchange, a fintech provider of accounts payable and payment automation solutions for mid-sized companies

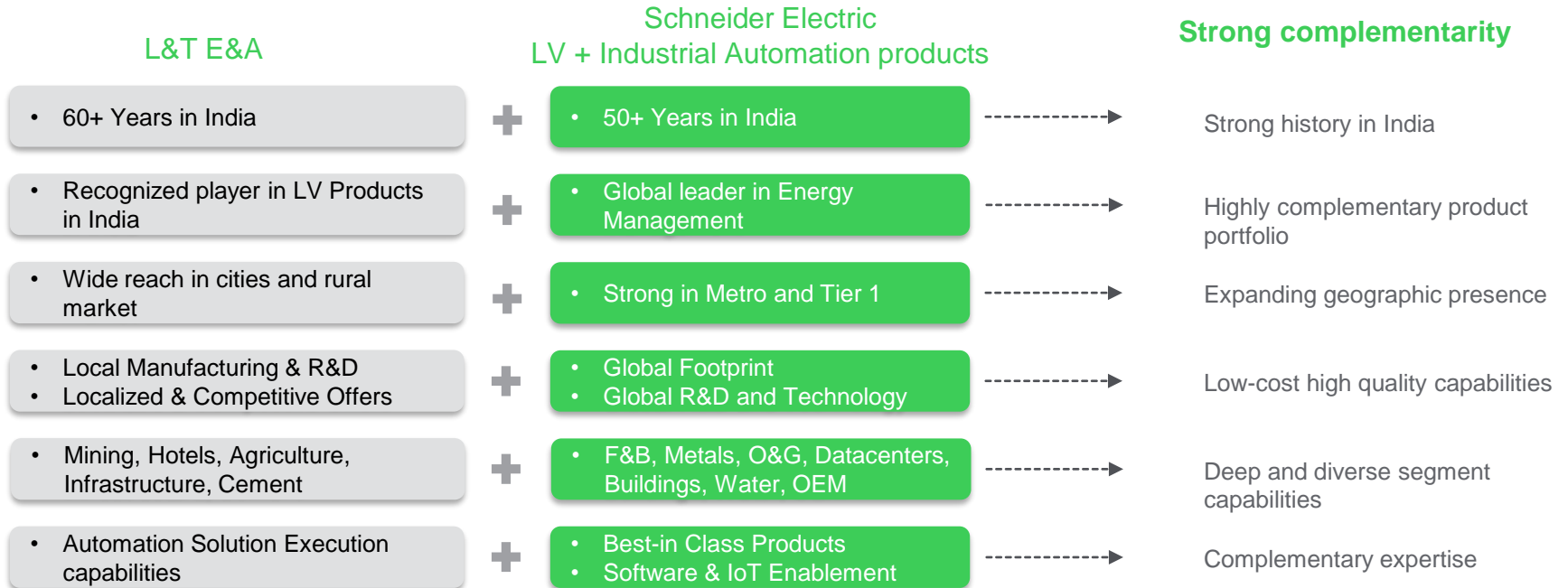
Global investor anchored in Asia



India accounts for around 5% of Temasek's S\$275b net portfolio value



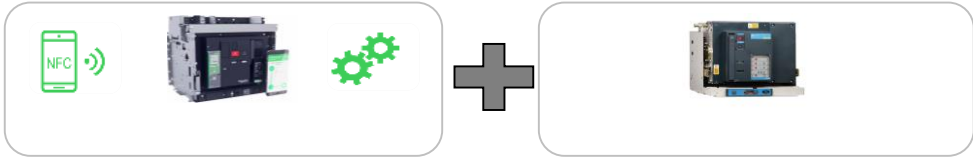
L&T E&A and Schneider Electric - complementary strengths



Complementarity in Product offering through Target Segments and Applications

STRONG PRODUCT COMPLEMENTARITY

(Examples)



- Schneider Electric's EcoStruxure architecture provides connectivity to Circuit Breakers, needed in Critical & Electro intensive Buildings
- L&T E&A circuit breakers tailor-made for Indian conditions; Targets Utilities & Government sector

L&T's E&A Engineering Capability + SE's Ecostruxure Platform = Customized IoT Enabled Solution

SCHNEIDER ELECTRIC



L&T E&A



- L&T E&A extends SE's Contactors portfolio with localized Contactors & Agri Starters

L&T's E&A Rapid Product Development Cycle + SE Global R&D Expertise = Speedy Response to Customer Needs

STRONG SEGMENT COMPLEMENTARITY

SCHNEIDER ELECTRIC

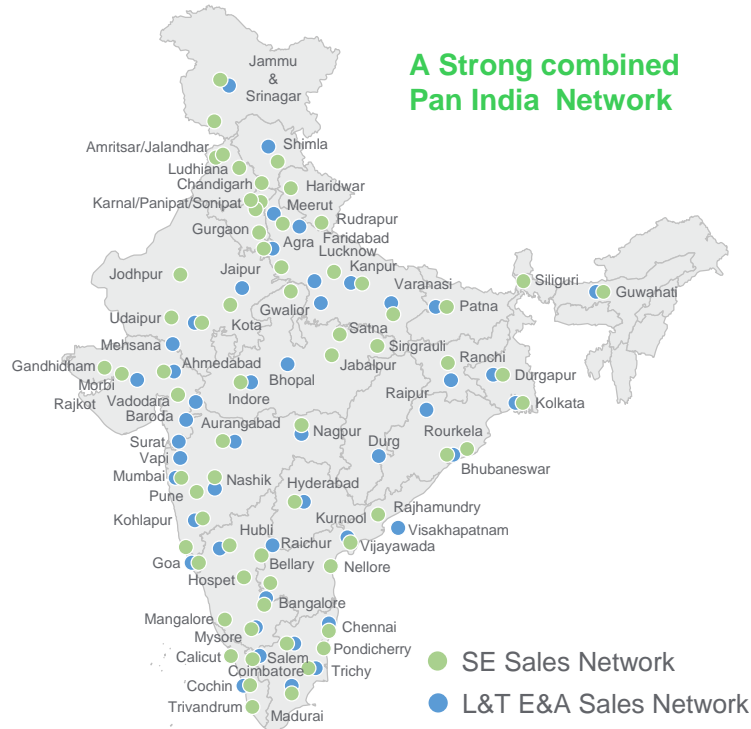
- DATA CENTRES
- MATERIAL HANDLING
- MACHINE AUTOMATION
- F&B
- OFFICES

L&T E&A

- HOTELS
- AIRPORTS
- HEALTHCARE
- MINING
- AGRICULTURE



Complementary coverage providing great access across India: From Tier 1 to Tier 2 & 3 Cities, Urban & Semi-Urban areas, Towns and Rural areas



Over 50+ Urban agglomerations in India with population over 1 million.

Opportunity to cross-sell in standalone cities

Focus on each others network's strengths and synergy opportunities in common cities

L&T E&A will enable the Group to establish India as the “fourth” global hub for Schneider to cater to the growing Indian market and global markets

Adding to our capabilities in India

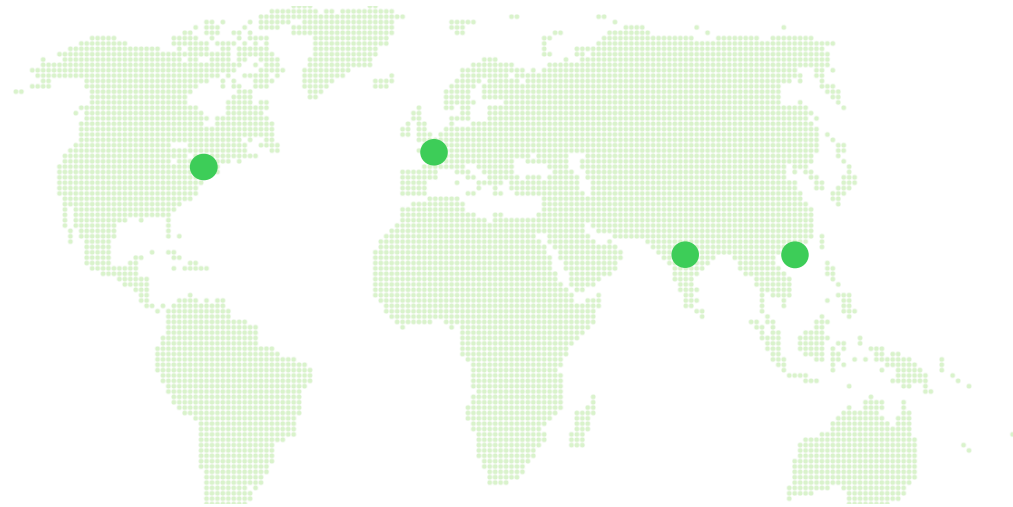
L&T E&A efficient local manufacturing

- 5 factories in India
- High quality, international standard manufacturing facilities with competitive cost-base

Efficient Setup in L&T E&A R&D

- C. 600 R&D employees
- EAIC has 1,800+ live Intellectual Property (IP) filings, with 100+ patent filings per year since FY08
- National IP Award from CII : Adjudged ‘Top Organization for Designs’ in 2012 & 2015

Fourth Global Hub



We are establishing a strong company to offer competitively priced innovative products and solutions to customers in India and in global markets

Recognized Brands & expertise



L&T Electrical & Automation

LV & IA¹ products

Strong Governance



- Chairperson and 5 directors appointed by Schneider Electric
- 3 non-executive directors appointed by Temasek

Attractive characteristics

Established player in LV and IA¹ across segments



Combining S.E strong global technology platform, digital offers to L&T E&A locally developed products



Significant reach in India through partner network covering cities and rural markets



Make in India: Innovation and manufacturing hub for Indian market and global markets

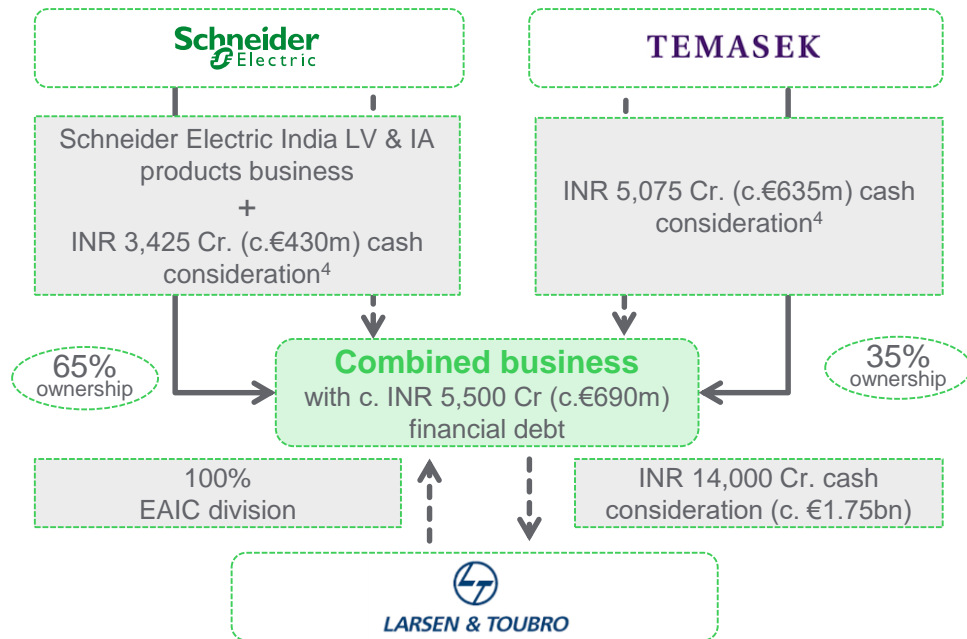
1. IA – Industrial Automation



Transaction and structure to create value

We are partnering with Temasek to create a strong platform for growth in India through the combination of Schneider Electric LV & IA and L&T E&A

DEAL STRUCTURE



- Combined business held through JV with Schneider Electric and Temasek owning respectively 65% and 35% assuming a cash-free and debt free acquisition of L&T E&A
- Schneider Electric LV & IA Products business in India contributed at a valuation multiple broadly comparable to the acquisition multiple of L&T E&A and representing a premium to the Group's valuation multiple
- Transaction price of INR 14,000 Cr. (c. €1.75bn)¹
- Based on Schneider Electric estimates, Acquisition multiple of c.2.5x revenues and c.15x² EBITDA in Fiscal year 2019 (ending March 2019)
- Synergies targeted to contribute c.INR 300 Cr. (€40m)¹ with a 5-year ramp up³.
- With the synergies at their run rate, acquisition multiple for L&T E&A of c.11x estimated Fiscal Year 2019 EBITDA.

1. Translated at a 3-month rate of 80 INR for 1 EUR (INR 8 Crores (Cr.) for 1 million euros)

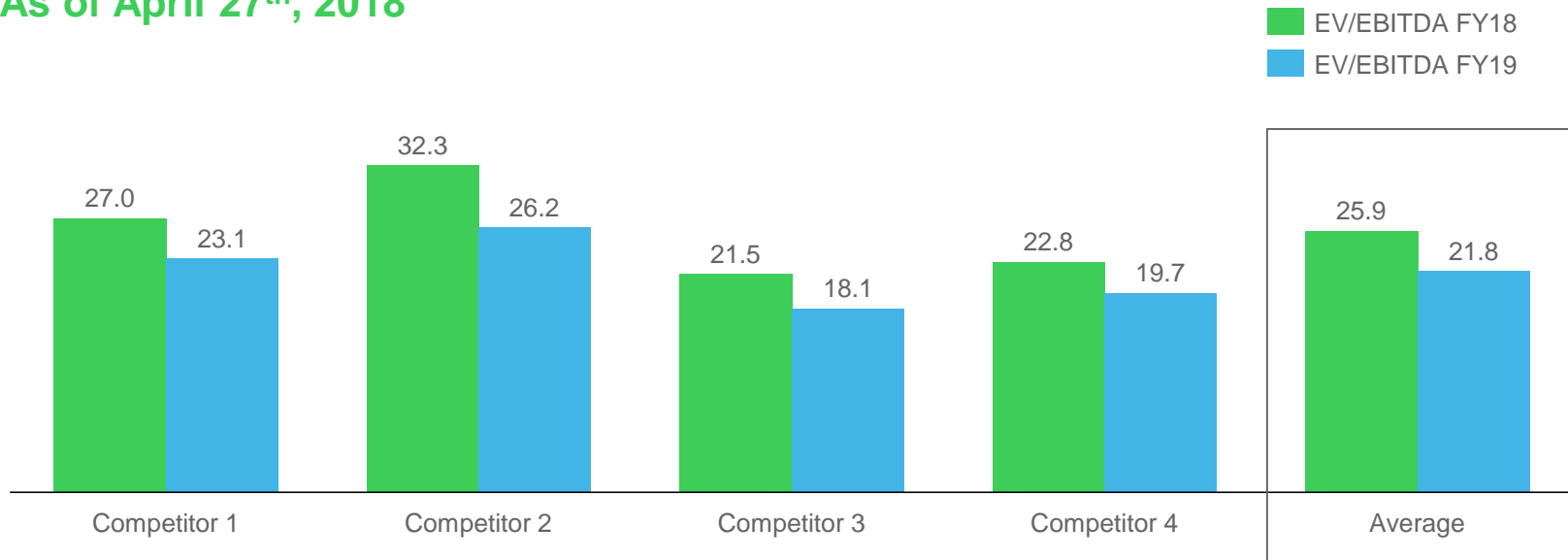
2. Enterprise value adjusted for tax assets of c. €140m

3. Integration costs expected in the range of 1 to 1.5x the amount of synergies. Transaction costs expected in the range of €20-30m.

4. Amounts assuming a cash-free and debt free acquisition of L&T E&A and can vary depending on closing debt and working capital adjustments

Transaction multiple compares favorably to the Indian stock market valuation of our global and local competitors

Trading Multiples based on EV / FY 18 / 19E EBITDA As of April 27th, 2018



Source: Bloomberg

No change of our capital allocation priorities

Transaction meets our financial returns criteria

- Meets the group return criteria:
 - Adjusted EPS¹ accretive in year 1
 - ROCE matching WACC in year 3
- Deal is subject to customary approvals from the Competition Commission of India and other regulatory authorities and is expected to close once regulatory approvals are in place.

No change of our capital allocation priorities

- c. 50% payout ratio with progressive dividend
- c. €1.0bn share buyback program ongoing till June 2019
- Value-accretive M&A in the core

1. EPS – Adjusted for Purchase price allocation and one-time cost linked to the transaction

Schneider Electric invests for the future in India

India becomes the third largest country for Schneider Electric, at par with France

Strengthening our presence in India



One of the leading players in Low Voltage & Industrial Automation



Strong player in Home Secure Power

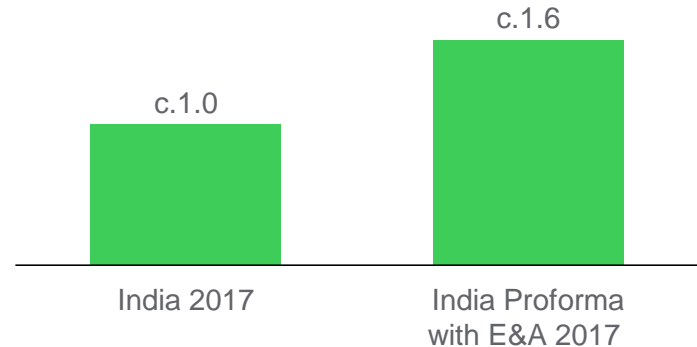
Process Automation
S.E Infrastructure Limited (M.V)
Secure Power Business
Global R&D
Global Shared Services

Strong Global businesses and functions

Cross-selling entire portfolio of Energy Management and Industrial Automation powered by EcoStruxure

India becomes the third largest market for the Group, on par with France

2017 revenues in EUR bn¹



1. Revenues generated in India, excluding exports

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 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.

Contacts

Amit Bhalla – Head of Investor Relations

Tel: +44-20-7592-8216

amit.bhalla@schneider-electric.com

Alexis Denaud – Investor Relations Director

Tel: +33-1-41-29-51-24

alexis.denaud@schneider-electric.com

Life Is On

Schneider
Electric

Life Is On

Schneider
Electric