



PERFORMANCE

Schneider Electric Infrastructure Limited

Q3 FY 2020-21

15th Feb 21

Disclaimer

All forward-looking statements are Schneider Electric Infrastructure Limited (India) 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.

This presentation includes information pertaining to the our markets and our competitive positions therein. Such information is based on market data and our actual sales 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.



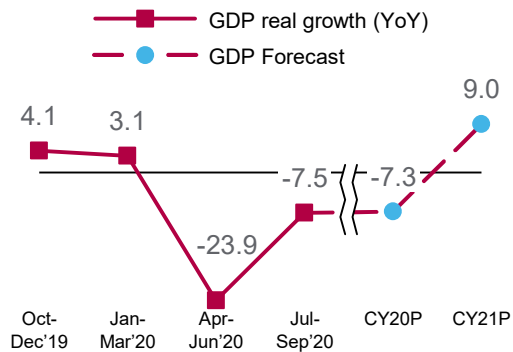


Market Dynamics



Economic Recovery Gaining Momentum

GDP¹ Forecast - 2021



Real GDP Growth Rate

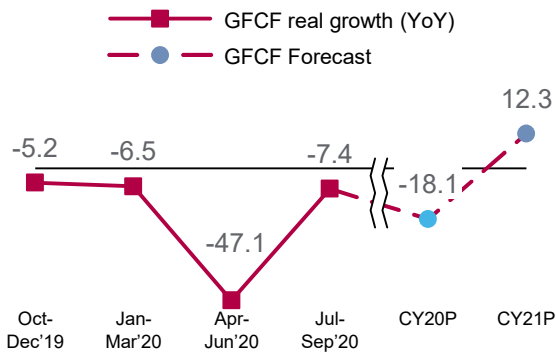
Bottomed out in Apr-Jun'20, recovery faster than expected

- GDP growth expected to turn positive in Oct-Dec'20
- Upward revision in GDP forecasts⁴
FY21 → -8.5% v -9.1% || FY22 → +9.5% v +8.2%
- Improved Composite Index projections for 2021
CY21 → +15.1% v +13.3%
- Strong revival in key indicators
GST collections at all-time high of 1.15 Lakh Cr (+11.6%)

¹ Gross Domestic Product ²GFCF: Gross Fixed Capital Formation

Projections as per CMIE, and RBI ; growth nos. yoy
Schneider Electric Infrastructure Limited – Investor Presentation

GFCF² Forecast- 2021



Capex Growth Rate

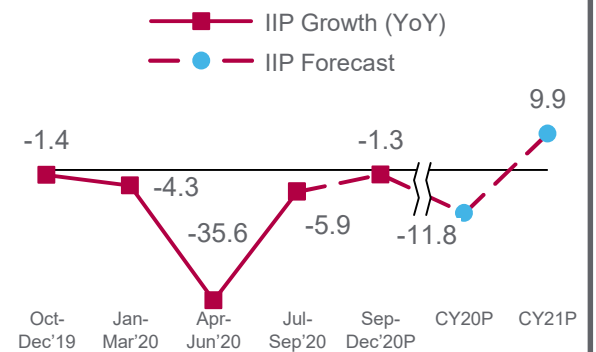
Sharp recovery in Jul-Sep'20

- Govt.'s Production linked Incentive scheme to boost local mfg. in multiple sectors
- GFCF ~26% of GDP in Jul-Sep'20 (dipped to 19.5% in Apr-Jun'20)
- FDI equity inflows grew 21% (Apr-Oct'20) to 35.3 Bn USD

³IIP: Index of Industrial Production

⁴ Source: RBI

IIP³ Forecast- 2021



IIP Actuals

Sustained business resumption (Apr-Oct'20)

- IIP close to 2019 levels Sep'20 onwards
Sep → +0.5%; Oct → +4.2%, Nov → -1.9%
- 3 of 8 core sectors showed growth in Nov'20
Coal, Fertilizers, Electricity

Market Trends & Growth Drivers



Power & Grid

- Infrastructure strengthening & Development – GIS, Digital offer (partnerships, AMI-HES), SCADA ADMS
- Govt initiatives in Grid Modernization/ Smart Grid /Smart City /Strengthening Distribution Network /Smart Metering
- Increasing growth avenues supported by govt initiatives in renewable power segment. Aim to achieve renewable energy capacity of 227 GW by FY2022
- Govt focus on EV Charging infrastructure. The Dept of Heavy Industries invited proposals from PSUs (State/Central), state-owned DISCOM, to build and operate Public EV charging infrastructure.
- Privatization of discoms



OGP

- Focus on Gas base economy – LNG terminals and Gas distribution
- Sustainability solutions towards carbon zero bio fuels – Ethanol 2G and 3G
- Govt focus on strengthening city gas distribution network
- Open Acreage Licensing Policy (OLAP) to encourage investment for upstream production
- Govt allowed 100% FDI - natural gas, petroleum products and refineries among others



MMM

- Still some negative sentiments in the market due to pandemic situations. Few customers discussing investment plant with consultant
- Mineral laws (amendment) bill is expected to propel Indian coal and mining sector to specially promote ease of doing business
- liberalized mineral sector paving way for large private investments through auction of nearly 500 leases, aim at doubling production in the next 4-5 years



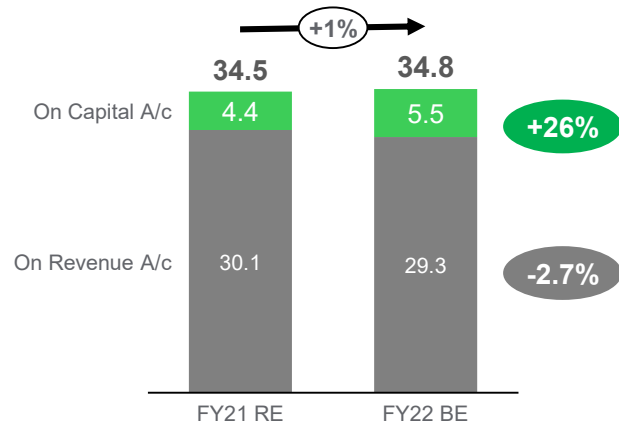
Mobility

- Massive infrastructure investment in Metro Rails. Focus on city to city connectivity , rapid transit system, rail and road tunnels.
- Booster dose to infrastructure, roads, defense, water supply and urban development via Additional budget announced by the govt
- Govt Plans to privatize ~ 100 Airport in next 5 years
- Govt focus on infrastructure & policy to boost E mobility
- Car Manufacturers struggling due to slow demand recovery, small spike anticipated due to the festive season but 2021 looks challenging

FY2021- 22 Segment Budget Allocation – Shift to Capex Expenditure

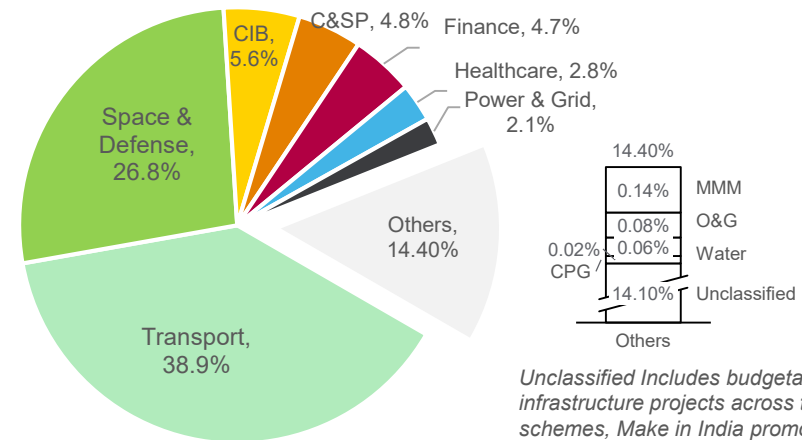
Total Budget Expenditure

INR lakh Crore



Capex Budget Split by Segments¹

100% = 5.5 Lakh crore Capex



- The overall budget is marginally increased by 1% pt. (FY22 BE vs FY21 RE) i.e., from 34.5 → 34.8 Lakh Crore
- Large portion of budget is shifted from Revenue A/c (Opex, Salaries, Admin and general expenses etc) towards Capital A/c in FY22
- Segments where capex spending has **increased** in FY22 compared to FY 21 RE
 - Space + Defence (2.6%) | Transport (7.4%) | Electric Utilities (75%) CIB (122%) | IT&CSP (450%) | Finance (90%)
- Segments where spending has **decreased** compared to RE
 - MMM (-33%) | O&G (-83%) | Healthcare (-18%)

¹This is calculated basis classification of ministries in various segment categories.
BE – Budget Estimates; RE – Revised Estimates

Sector	Investment / Scheme Highlights	Impact on SE
Transport	<ul style="list-style-type: none"> • INR 2.3 Lakh crore investment across road, rail, air & waterways <ul style="list-style-type: none"> • 8.5K km highway projects to be awarded by Mar 2022 (completing 11k km target) • Future ready Railways – Enhanced capex outlay. Dedicated freight corridors • 100% electrification of broad-gauge routes to be completed by December, 2023. 	<ul style="list-style-type: none"> • Heavy capex investment in Transport segment - Metros, rail, ports and Highways
WWW	<ul style="list-style-type: none"> • Jal Jeevan Mission- Liquid waste management in 500 AMRUT cities – 2.87 Lakh Cr in 5yrs • Urban Swachh Bharat Mission 2.0 – Rs. 1,41,678 crores allocated over 5 years 	<ul style="list-style-type: none"> • WWW segment push
Power & Grid	<ul style="list-style-type: none"> • Launch reforms-based result-linked DISCOM scheme - 3.05 Lakh crore (5 yrs) • Framework to convert monopoly distribution system to a competitive system • Focus on Prepaid smart metering, Feeder separation and Upgradation of systems • Capital infusion of 1K cr to Solar Energy Corporation of India and 1.5K cr to Indian Renewable Energy Development Agency • Customs duty increase for Solar lamps, inverters 	<ul style="list-style-type: none"> • Smart meters • A2E: Prosumer model • P&G segment: Complete overhaul of DISCOMS • Make in India boost
Healthcare	<ul style="list-style-type: none"> • Atmanirbhar Swasth Bharat Yojana – Rs. 64,180 crores allocated over 6 years 	<ul style="list-style-type: none"> • Large Healthcare Projects with critical requirements
Buildings	<ul style="list-style-type: none"> • Affordable housing: Tax holiday extended till 31st Mar 2022 for affordable housing project 	<ul style="list-style-type: none"> • To leverage Affordable housing
C&SP + Digital	<ul style="list-style-type: none"> • 1,500 crores financial incentive for promotion of Digital Payments • Digital census – First in history of India – 3,768 Cr 	<ul style="list-style-type: none"> • Digital push. • Asset mgt. Services
O&G	<ul style="list-style-type: none"> • Ujjwala scheme to be extended for 1 crore more beneficiaries (currently at 8 crore) • Add 100 more districts in next 3 years to the City Gas Distribution network. 	<ul style="list-style-type: none"> • O&G segment push
Auto	<ul style="list-style-type: none"> • Augment Public Bus Infrastructure: 18000 Cr to augment city bus service • PPP model to enable private sector to finance, operate and maintain over 20,000 buses 	<ul style="list-style-type: none"> • Bus depots and MSMEs could be targeted
Others	<ul style="list-style-type: none"> • MSME sector booster schemes 15,700 Cr (more than double of last year budget) • Customs duty increase for Transformer parts (bobbin, wires), Li-ion battery parts 	<ul style="list-style-type: none"> • Boost OEM channel • Make in India boost

Our world is more electric, decentralized & Digitized

Simplify & Saturate

One System approach across division

Sell more complete system including software by boosting prescription by segments

Deliver standardized, interoperable architectures with associated prescription tools

Service Ready

New electrical world with digital enabled offers

Embed natively connected features to unlock our capabilities to sell services

Stay connected to our customer from design to operate

Retrofit at Scale

Commercial Transformation

Make the most of our installed base

Ease the digitization of our installed base with plug & play solutions and enrichment of offers

Success Stories

First Greenfield for Nestlé (9th factory)

Customer	Nestlé India	Project Name	Sanand Factory (Maggi) - Greenfield Expansion (Phase 1)
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Customer Challenge

Value Propositions

- Safe, reliable, energy efficient and scalable power distribution solution
 - Continuous monitoring of critical assets
 - Safety risk while doing thermography
-
- One Schneider Solution – turnkey SITC for entire power distribution scope
 - Ester Oil Transformer, MV Switchboard
 - Sandwich Busway with ZERO Epoxy, Green Premium Certified
 - LV Panel, APFC Panel, Earthing, Safety Equipment, Cabling
 - EcoStruxure Asset Advisor for LV Switchboard to ease asset O&M and life expectancy
 - Improved operation & maintenance; no need of thermography



Key Success Factor

- One Schneider approach
- Dedicated and continuous engagement with end-user and project consultant
- Long term consultative, collaborative and value proposition focused key account management methodology
- Ester Oil Transformer and Thermal monitoring as key differentiators to increase greenfield project value



Safety Story – Arc Flash Protection

Customer LafargeHolcim

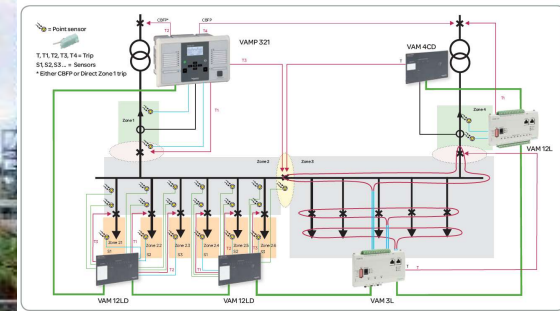
Project Name Ambuja Cement -Arc Flash Protection

Customer Challenge

- **Arc Flash causes-** Intense light, burning and blinding radiation , high temperature upto 20,000 K, heated air , pressure and sound waves,, Injury to person through IR and UV Radiation, pressure shock sound shock and Psychological shock, Plant tripping, loss of production

Value Propositions

- Arc Flash Protection in Panels of competition make using VAMP 321 relay , point sensor, loop sensor making different zones of protection.
- Full EcoStruxure solution. Engineering, supply, installation, commissioning services;
- the expenses of an arc flash include the cost of machine repair and loss of service. That can be quite expensive if a machine must be replaced



Key Success Factor

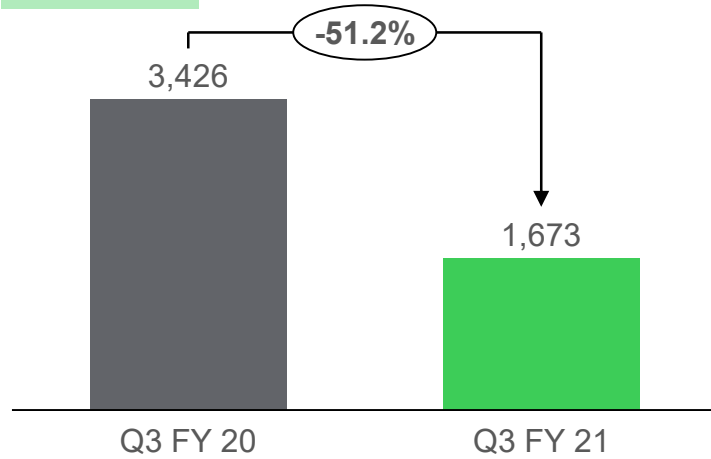
- Continuous engagement with C-level, project and plant teams, during lockdown period where project team held working virtual sessions with customer.

Financial Update

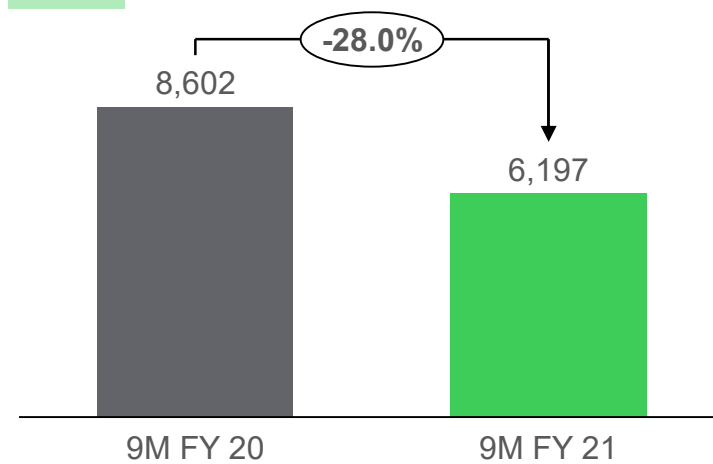
Orders

MINR

Quarterly



YTD

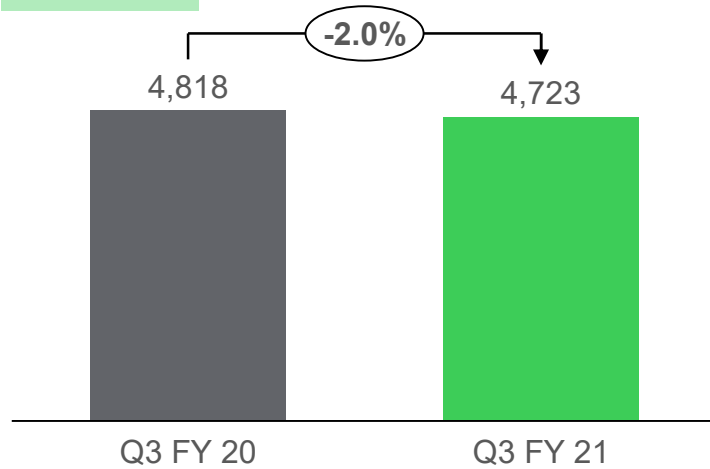


- Order booking badly impacted by pandemic situation due to deferment of opportunities finalization
- Without de-booking of backlog orders, growth in Q3 -40% & YTD -18.0% vs prior
 - ~ 1100 MINR orders de-booked during the year due to:
 - Customer side
 - Price Validity expiry
 - Short Closure

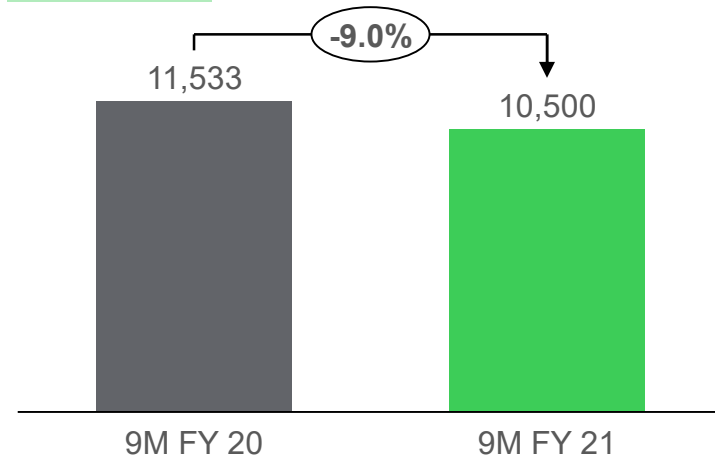
Sales

MINR

Quarterly



YTD



- Q3 sales dropped marginally due to deferment of shipments caused by customer site readiness and liquidity issues.
- YTD sales mainly impacted by lock down in Q1 though it partially recovered in Q2.
- Sales also impacted due to delay in material availability, restricted physical movement of resources and customer liquidity issues.

P&L Statement – Q3 FY'21 Vs Q3 FY'20

MINR

SEIL results	Q3 (Oct - Dec 20)		Q3 (Oct - Dec 19)		YoY (%) Change
	MINR	%	MINR	%	
Sales	4,723		4,818		-2.0%
Other income	19		61		
Total Sales	4,742		4,879		
Material costs	3,292	69.7%	3,355	69.6%	-1.9%
Gross Margin	1,450	30.7%	1,524	31.6%	-4.8%
Employee costs	460	9.7%	540	11.2%	-14.9%
Other expenses	488	10.3%	502	10.4%	-2.9%
EBITDA	502	10.6%	481	10.0%	4.4%
Depreciation	50	1.1%	57	1.2%	-12.9%
EBITA	452	9.6%	423	8.8%	6.7%
Interest	119	2.5%	123	2.6%	-3.7%
Profit after tax	333	7.1%	300	6.2%	11.0%

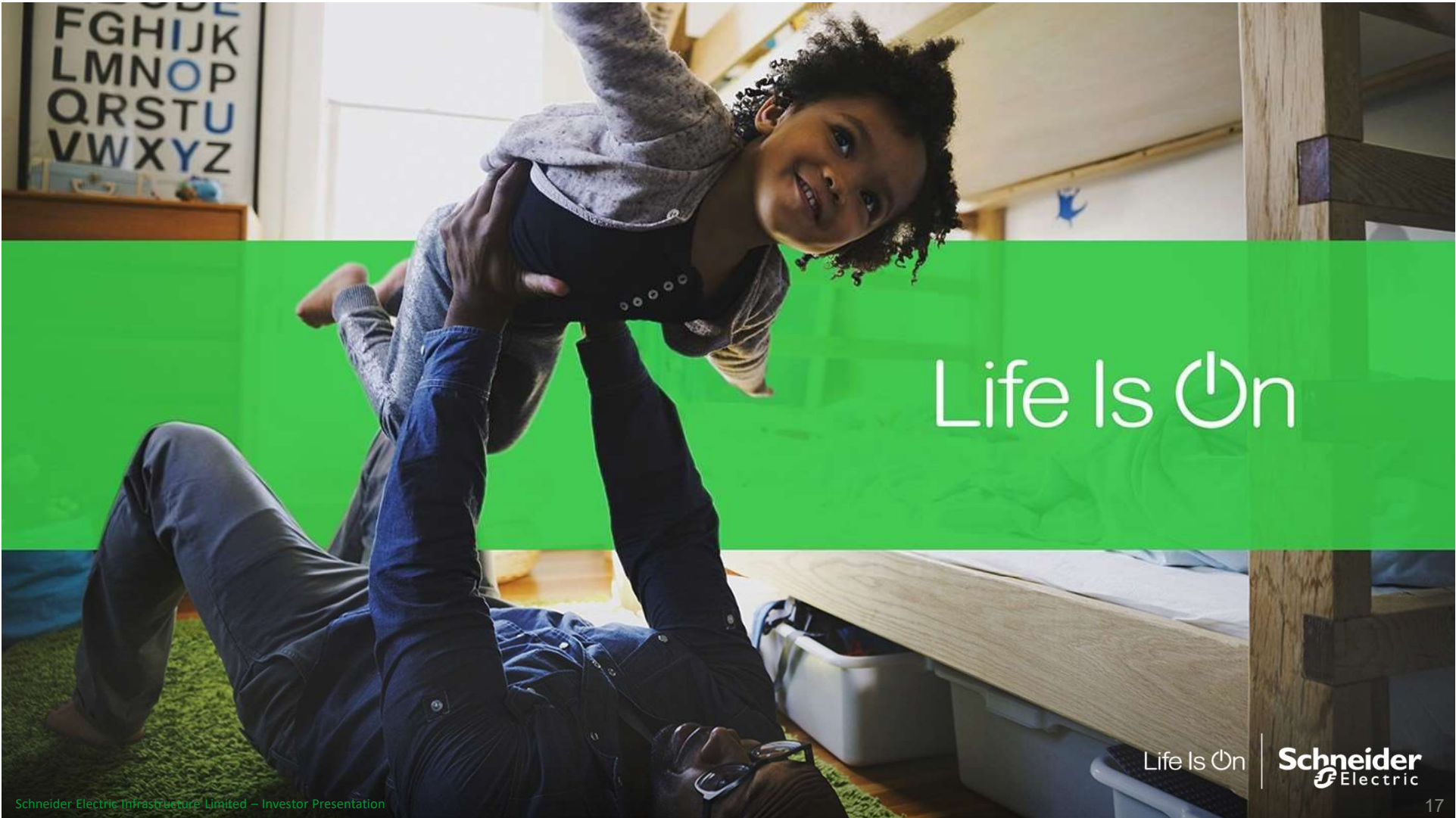
- Material cost % almost same as last year.
- Employee cost reduction due to various structural and tactical actions.
- Other expense is down due to savings in traveling, rent, etc. partially offset by forex & bad debts.
- Depreciation dropped due to disposal of some assets in Q3, mainly P&M and vehicles.
- Other income dropped due to lower collection of provisioned / written off old debt vs last year.

P&L Statement – YTD FY'21 Vs YTD FY'20

MINR

SEIL results	9M (Apr to Dec 20)		9M (Apr to Dec 19)		YoY (%) Change
	MINR	%	MINR	%	
Sales	10,500		11,533		-9.0%
Other income	75		116		
Total Sales	10,574		11,650		-9.2%
Material costs	7,259	69.1%	8,220	0.712748	-11.7%
Gross Margin	3,315	31.6%	3,429	29.7%	-3.3%
Employee costs	1,366	13.0%	1,616	14.0%	-15.4%
Other expenses	1,188	11.3%	1,313	11.4%	-9.5%
EBITDA	761	7.2%	501	4.3%	52.0%
Depreciation	167	1.6%	165	1.4%	1.1%
EBITA	594	5.7%	336	2.9%	77.0%
Interest	369	3.5%	374	3.2%	-1.5%
Profit before Exceptional items	226	2.1%	-38	-0.3%	-689.4%
Exceptional	123	1.2%	-	0.0%	
Profit after tax	102	1.0%	-38	-0.3%	-367.6%

- Material cost % improved with better sales mix (higher transactional, services & transformers).
- Employee cost reduction due to various structural and tactical actions.
- Other expense is lower due to savings in traveling & forex partially offset by freight, one off & bad debt.
- Other income dropped due to lower collection of provisioned / written off old debt vs last year.
- Exceptional is employee severance pay as per approved restructuring plan.



Life Is On

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Schneider
Electric