

Schneider Electric Infrastructure Limited

Q3 FY 2018-19

19th Feb 2019

Life Is On



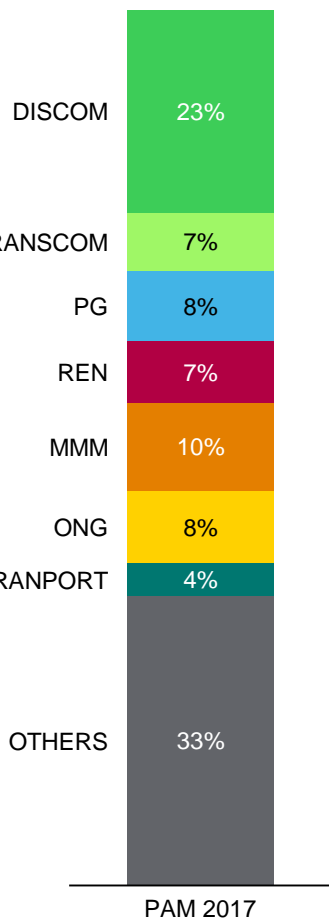
Disclaimer

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.



Energy India Market Segment Outlook



<u>Segment</u>	<u>3Y CAGR</u>	<u>Drivers</u>
Utility DIS	6%	<ul style="list-style-type: none"> System strengthening & AT&C reduction :IPDS, UDAY, AMI, Agro Feeder Separation 24X7 Reliable power : Smart Grids (DMS, OMS AMS) Self Healing, Load Management
Utility TRANS	3%	
Conv. Generation	6%	<ul style="list-style-type: none"> Improving peak demand and energy deficit Additional 47.8 GW planned by 2022 over 2018 base of 190 GW from coal only NTPC planning major projects to combine small units into larger economical units
Renewable	20%	<ul style="list-style-type: none"> Continued focus on Solar capacity addition : +100 GW by 2022. Power to ALL ambition boosting Micro grids and DDG.
MMM	5.5%	<ul style="list-style-type: none"> Steel : Production to grow from 92 million ton to 97.5 million ton by 2019. Cement : Segment Consolidation underway, grinding units planned to support urbanization and infra development
Oil & Gas	4%	<ul style="list-style-type: none"> Segment recovering : fresh investments (HPCL Vizag, west coast refinery) Investments to support Euro 6 Petrochemicals demand on rise
Transport	7%	<ul style="list-style-type: none"> Next Wave of Metro in Tier II cities (Nagpur, Ahmadabad, Pune) & expansion – Allocation to metro projects increased by 19% to 17,714 crores INR in budget 2019 Freight corridors
Building	6%	<ul style="list-style-type: none"> Additional 4 lakh houses approved in PMAY taking the total to 72.5 lakh affordable houses Investment in SMART campus (education, Hotels, Healthcare, Residential ...) Growth in DC :BFSI, Cloud , e-commerce , Telecom, Govt. digitization initiatives , In country data storage
Healthcare,	18%	
Hotels	10%	
Data Centre		
Special Opportunities		<ul style="list-style-type: none"> Central govt. focus on 100 smart cities (Smart Grid, WWW, waster management, mobility) & push for Make In India and Exports

Key Trends & how to leverage them

			SE Actions
TRENDS	Market Demand trends	24X7 Reliable power supply	Self healing and Smart grid solutions
		Demand for mobile S/S , space optimised solutions	Innovative containerized substations for Discoms
		Segment led investment (Smart Cities , Freight Corridors, Renewable)	Acquire domain specific solution skills , Focus on smart cities and railways
		Huge Investment potential in renewable energy generation	Position energy offers and promote EcoStruxure
	Competition trends	International financing will bring global partnerships as competition (ex: for Smart Cities., DMIC . .)	Form strategic alliances and agreements with EPCs and complementary firms for specific requirements Leveraging global SE connect
		' Make in India ' initiative is promoting preference to local suppliers having 50% or more local content	SE shall evaluate the impact on offer and evaluate options to: A. Localize Products B. Bundling of offer C. Go through license route
	Transversal trends	Digitization	Smart energy offers (Smart RMUs, SG Trafos ...)
		Data Centers (Government push for Indian data in Indian servers and increasing adoption of SAAS (software as a service) is driving the industry)	Implement Cumulus Solution for CoLo Customers Nominate V2 for two big opportunities in DC
		Stricter Environmental Norms (ex : LEED certified buildings)	SF6 free equipments and technologies like natural ester filled transformers / Solid insulation switchgear

Key Insights

- First mover advantage to be a critical factor for future growth
- Local Solution & automation competencies are vital to capture big opportunities
- Government led investment has shifted from rural electrification to urban infrastructure upgrades

Annual Marketing and Sales plan overview

Strategic Objectives

Profitable growth by Transactionalization and turn around of power systems in line with Energy Rebound 2.0 guidelines

2019 Goals

- ✓ Grow Transactional
- ✓ Grow Automation
- ✓ Refocus from Electric Companies to Electro Intensive and Data Centers.
- ✓ Optimize Power Systems
- ✓ More Services

Transactionalization

- ❖ MTO → FBX, ODT, MCP
- ❖ CTO → FBX, PSS, AIS, ODT

LOCAL BRICKS

Action plan by Channel

Contractor	PARTNER EXPRESS
Panel Builder	INCREASE OUR COVERAGE AND SATURATE THRU LICENSED PB
	CORE COMPONENTS BADGE FOR NATIONAL PANEL BUILDERS
Utility Smart Grid SI	GROW SUBSTATION AUTOMATION THROUGH SYSTEM INTEGRATOR

Action plan by Segment

Cloud & Service	GROW ELECTRICAL DISTRIBUTION IN CLOUD & SERVICE PROVIDERS
Oil & Gas	USE ENERGY AUTOMATION AS KEY DIFFERENTIATOR IN OGP PS

Action plan by Transformation

ENERGY OFFER - KEY BOOST AND LAUNCH	PARTNER TRANSFORMATION
	PREMSET
	EASYPACT EXE
	EASERGY P5 LAUNCH / DEMAND GENERATION
	MICROGRID
	GROW E HOUSE - PUSH MV/LV CONNECTED OFFERS AND MONITORING SOLUTIONS (PREDOMINANTLY FROM MMM)
	GROW ELECTRICAL AUTOMATION IN METRO RAIL SEGMENT

How we measure success

SALES FOR ITD TRANSACTIONAL OFFERS.
2019 OB GROWTH
NO OF BADGES DEPLOYED / 2019 OB GROWTH
2019 OB GROWTH FOR SA / CERTIFIED-MASTER ECOXPRT PARTNER-1
OB GROWTH OVER 2018, PIPELINE GROWTH IN C&SP SEGMENT
2019 OB GROWTH FOR INENS & INENP, PIPELINE GROWTH IN BFO (%)
PARTNER TRANSFORMATION
ORDER INTAKE GROWTH BASED ON BASELINE 2018
ORDER INTAKE GROWTH BASED ON BASELINE 2018
ORDER INTAKE GROWTH BASED ON BASELINE 2018
OF MICROGRID OPPORTUNITIES
2019 OB GROWTH
2019 OB GROWTH



About the Project

- Supply, Installation, Testing and Commissioning of Ehouse project for plant expansion from 12MTPA to 18MTPA for 64 feeders of 33kV GIS serving as power distribution for entire steel plant expansion.

Customer Objective

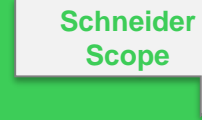
- Compact, Robust/Resilient, Reliable, Unmanned 33/11KV Substation

Our Solution: Ecostruxure Enabled E-house

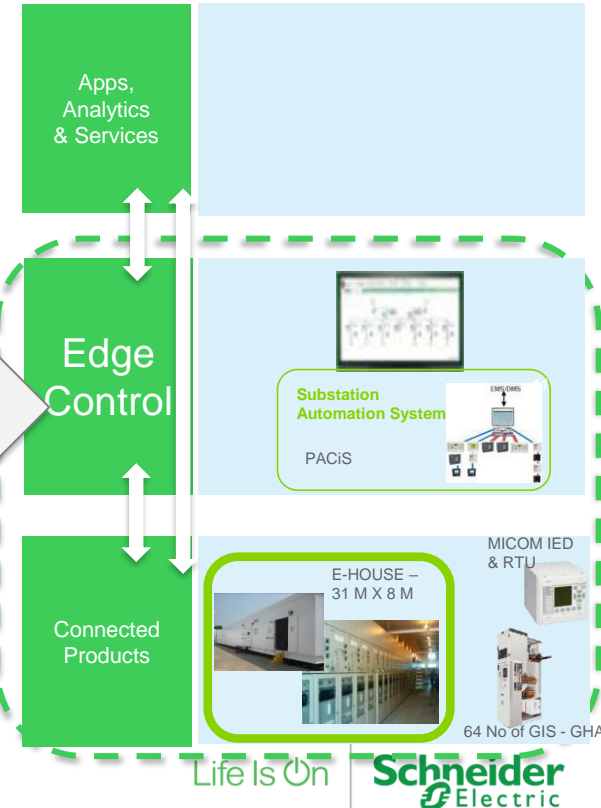
- Largest E-house
- GIS (GHA)
- PACIS – Substation Automation

Customer benefits

- Avoid blackout situation
- Reduce Commercial production losses.
- Optimize energy & network usage
- Improve network operation efficiency & network reliability
- Enable customer choice
- Increase customer service



End User – JSW Steel
Customer - JSW Steel Limited
Project – 18MTPA plant expansion



Financial Update

Financial Results- YTD Dec FY-19 vs YTD Dec FY-18

MINR

SEIL results analysis	YTD Dec 18		YTD Dec 17	
	MINR	%	MINR	%
Sales	10,998		10,486	
Other income	133		234	
Total Sales	11,131		10,720	
Material costs	8,034	73.1%	7,580	72.3%
Gross Margin	3,097	28.2%	3,139	29.9%
Employee costs	1,507	13.7%	1,388	13.2%
Other expenses	1,040	9.5%	1,285	12.3%
EBITDA	550	5.0%	466	4.4%
Depreciation	199	1.8%	203	1.9%
EBITA	351		263	
Interest	330	3.0%	315	3.0%
Profit before Exceptional items	22	0.2%	-52	-0.5%
Exceptional	280		365	
Profit after tax	-258	-2.3%	-417	-4.0%

- OG sales is flat (-1%). Transactional is up by 22% & services by 4% offset by one time export of 505 MINR to SL- BD last year
- IG sales is up by 36% mainly due to LV panels.
- Employee cost a/c Inflation. Savings thru restructuring 77 MINR is offset by higher WESOP 35 MINR, Variable pay provision 30 MINR, leave encashment 12 MINR
- Exceptional mainly consist of employee restructuring in ETO plant in FY 19 and Bad debt provision in FY 18.

Financial Results- Q3 FY-19 vs Q3 FY-18

MINR

SEIL results analysis	Q3 (Oct-Dec 2018)		Q3 (Oct-Dec 2017)	
	MINR	%	MINR	%
Sales	4,373		4,705	
Other income	55		87	
Total Sales	4,429		4,791	
Material costs	3,215	73.5%	3,446	73.3%
Gross Margin	1,214	27.7%	1,345	28.6%
Employee costs	544	12.4%	462	9.8%
Other expenses	363	8.3%	778	16.5%
EBITDA	307	7.0%	105	2.2%
Depreciation	62	1.4%	73	1.5%
EBITA	245	5.6%	32	0.7%
Interest	114	2.6%	105	2.2%
Profit before Exceptional items	131	3.0%	-73	-1.6%
Exceptional	194		0	
Profit after tax	-63	-1.4%	-73	-1.6%

- OG sales is down by 19%. Transactional is up by 18% offset by one time export of 505 MINR to SL- BD last year & solution 286 MINR.
- Material cost is adversely impacted due to mix a/c IG Sales
- Employee cost a/c Inflation. Savings thru restructuring 34 MINR is offset by higher Variable pay provision 30 MINR, leave encashment 31 MINR
- Exceptional mainly consist of employee restructuring in ETO plant



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