

Schneider Electric Third Quarter 2023 Revenues

Financial Information

**Continued strong execution aligned with strategic growth objectives
FY23 Target reaffirmed**

Rueil-Malmaison (France), October 26, 2023

Financial Highlights

- **Group revenues reach €8.8 billion, up +12% organic; an all-time high for Q3**
 - Energy Management up double-digit organic
 - Industrial Automation up mid-single digit organic
 - **North America and Rest of the World up double-digit; all four regions grew, supported by dynamic demand in most end-markets**
 - **Focus on strategic priorities continues to deliver;**
 - Strong ARR growth at AVEVA
 - Services up double-digit organic
 - **Continued progress on Schneider Sustainability Impact**
 - **2023 Target reaffirmed**
 - **Capital Markets Day to be held on November 9 in London**
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Peter Herweck, Chief Executive Officer, commented:

"We continue to deliver strong revenue growth in Q3, up +12% organic, with increased focus on execution and prioritization. As expected, we continue to see strong demand dynamics across segments and geographies, notably in Data Centers where AI-related demand is becoming visible and in energy transition related investments. This resulted in further growth of Group backlog in Q3, despite weaker demand trends in discrete automation. Our software, services and systems offers provide added resilience and have been growing very strongly across geographies as we partner with our customers on their electrification, digitization and decarbonization journeys. We reaffirm our FY 2023 financial target.

I'm excited to have the opportunity to engage with you at our upcoming Capital Markets Day, where I will share more on our strategy and outlook."

I. THIRD QUARTER REVENUES WERE UP +12% ORGANIC

2023 Q3 revenues were €8,789 million, up +11.5% organic and up +0.1% on a reported basis.

Products (54% of Q3 revenues) grew +5% organic in Q3. Product revenues grew mid-single digit in Energy Management with good demand across end-markets, while growth in Industrial Automation was around flat, impacted by weaker discrete automation markets, particularly in China. Across the Group, growth was supported by backlog execution throughout the quarter, while the carryover impact of price actions taken in 2022 continued to fade, as expected.

Systems (28% of Q3 revenues) grew +23% organic in Q3, with strong double-digit organic sales growth in Energy Management supported by continued strong demand, including in Data Center and Infrastructure projects globally. In Industrial Automation, Systems revenues grew mid-single digit, with double-digit growth linked to Process & Hybrid industrial segments.

Software & Services (18% of Q3 revenues) grew +17% organic in Q3.

Software and Digital Services grew +17% organic in Q3.

- AVEVA delivered strong growth in Annualized Recurring Revenue (ARR), up +16%¹ as at 30 September 2023, with growth mainly comprising upsell to the existing customer base, combined with net new customer wins across a variety of segments. Adoption of cloud-based Software as a Service (SaaS) continued to grow strongly, while perpetual license revenues declined as expected given the transition to subscription.
- Energy Management agnostic software offers grew low-single digit in Q3, against a base of comparison in excess of +20%. The Group's eCAD offer (ETAP), saw good growth in several geographies, though faced headwinds from a lesser contribution from large projects compared to Q3'22. The Group's software offer for the construction market (RIB Software) grew, seeing continued strong performance in recurring revenue types, while perpetual license sales were down, impacted by the weak construction market in Germany.
- The remainder of the Group's digital offers delivered strong double-digit growth, including strong contribution from EcoStruxure offers for Data Center and Grid.

Field Services grew +17% organic in Q3, with strong contribution from both businesses. Energy Management services grew double-digit, with good traction across end-markets and many segments. Industrial Automation services grew strong double-digit across both Discrete and Process & Hybrid automation.

Sustainability Business: Sustainability consulting and services offers (split between Digital and Field Services) delivered another quarter of double-digit sales growth against a base of comparison in excess of +20%. The Group's sustainability consulting and managed services led growth, with strong acceleration in PPA advisory services in Europe. The Group's digital offers performed well, with strong growth for EcoStruxure Resource Advisor.

1. At constant currency, adjusted for Russia impacts

The breakdown of revenue by business and geography was as follows:

Region	Q3 2023			9m YTD 2023		
	Revenues € million	Reported Growth	Organic Growth	Revenues € million	Reported Growth	Organic Growth
North America	2,653	+9.9%	+17.7%	7,711	+20.6%	+23.0%
Western Europe	1,528	+3.8%	+9.0%	4,792	+7.0%	+12.0%
Asia Pacific	1,947	-5.1%	+7.0%	5,718	-0.2%	+7.8%
Rest of the World	807	-7.1%	+26.8%	2,383	-5.3%	+20.6%
Total Energy Management	6,935	+1.9%	+13.5%	20,604	+7.8%	+15.6%
North America ²	440	-10.2%	+12.3%	1,324	-8.4%	+10.3%
Western Europe	520	+3.5%	+2.6%	1,725	+11.7%	+9.8%
Asia Pacific	601	-16.0%	-6.4%	1,866	-4.2%	+1.5%
Rest of the World	293	+10.7%	+28.2%	903	+12.2%	+22.0%
Total Industrial Automation	1,854	-6.0%	+4.8%	5,818	+1.3%	+8.8%
North America	3,093	+6.5%	+16.9%	9,035	+15.3%	+21.0%
Western Europe	2,048	+3.7%	+7.3%	6,517	+8.2%	+11.4%
Asia Pacific	2,548	-7.9%	+3.5%	7,584	-1.2%	+6.2%
Rest of the World	1,100	-2.9%	+27.2%	3,286	-1.0%	+21.0%
Total Group	8,789	+0.1%	+11.5%	26,422	+6.3%	+14.0%

Q3 2023 PERFORMANCE BY END-MARKET

Schneider Electric sells its integrated portfolio into four end-markets: Buildings, Data Center, Infrastructure and Industry, leveraging the complementary technologies of its Energy Management and Industrial Automation businesses and supported by the focus on electrification, digitization and sustainability.

- Buildings** – The majority of the Group’s exposure in the Buildings end-market is towards Non-Residential technical buildings where demand remains good and sequentially stable. There was strength across many geographies and reflective of the completeness of the Group’s offer from design to execution, including services. Demand in Healthcare remains strong as does Hotels. The Group continues to focus on these and other technical building segments with compelling digital offers to drive sustainability and energy efficiency, of particular importance in the retrofit of existing buildings. Residential demand showed signs of stability outside of Western Europe, with sales growth varying by geography.
- Data Center & Networks** – There was strong sales growth within the Data Center segment, while demand also remained strong from both larger data centers (internet giants and colocation providers), where developments in Artificial Intelligence begin to be a driver, and those in enterprise settings. The Group’s service offer for Data Centers has seen good traction and contributed strongly to the sales growth in the quarter. Distributed IT (primarily sold through channel partners) saw improved demand in Q3, with strong sales growth in India compensating for softer consumer-linked growth in Europe.
- Infrastructure** – The Group sells its unique combination of Energy Management and Industrial Automation offers into the Infrastructure end-market. The Electric Utilities segment represents the largest exposure within this end-market and Q3 saw another quarter of strong demand, reflecting the Group’s comprehensive grid offers

2. OS/soft revenues are reported by region from January 1, 2023. 2022 baseline has been adjusted in the organic growth calculation.

and the focus by operators on grid stability, sustainability and digitization including good demand and sales growth for ADMS offers. Demand for offers from both businesses was strong in Water & Wastewater (WWW) while demand in the Transportation segment was good.

- **Industry** – The Group sells its unique combination of Energy Management and Industrial Automation offers into the Industry end-market. In Industrial Automation, sales growth was contrasted between strong growth in Process & Hybrid automation markets while Discrete automation markets saw positive growth. Sales were supported by backlog execution, particularly in Discrete automation where demand moderated quickly from previously elevated levels. In Process & Hybrid end-markets, there was strong demand in the Consumer Packaged Goods (CPG) segment for the offers of both businesses, while overall solid demand in Energies & Chemicals (E&C) was more weighted towards Energy Management offers. Metals, Mining & Minerals (MMM) demand was down against a high base of comparison, due to project execution in the previous year. OEM demand was weak across segments including construction and material handling, while end-user demand was more robust, with good traction in several segments including EV battery manufacturing.

Group trends by geography:

North America (35% of Q3 revenues) was up +16.9% organic in Q3.

In Energy Management, which grew +17.7% organic, there was double-digit growth in the U.S., strong double-digit growth in Mexico and high-single digit growth in Canada. In the U.S., growth in Systems revenues was particularly strong, as a function of continued strong demand across Data Center and Infrastructure end-markets. Growth from Product sales in the U.S. were strong with good growth in Residential buildings, supported by a combination of continued demand and backlog execution. In Mexico, there was continued strong growth across end-markets. Growth in Canada was good, though remaining relatively more impacted in Residential buildings. Services grew double-digit across the region.

Industrial Automation grew +12.3% organic, with the U.S. delivering double-digit growth, while Canada was around flat and Mexico declined slightly. In the U.S., sales into discrete end-markets remained healthy, seeing strong double-digit growth supported by backlog execution. Process & Hybrid industrial markets in the U.S. also saw growth and there was strong growth in software at AVEVA. Canada saw good growth across both Discrete and Process automation markets but was down in software. The slight decline in Mexico is attributable to execution on a large project last year resulting in a high base of comparison.

Western Europe (23% of Q3 revenues) grew +7.3% organic in Q3.

In Energy Management, which was up +9.0% organic, growth was led by the U.K. which was up strong double-digit, and Germany and Italy which each grew double-digit. France and Spain delivered mid-single digit growth. Systems revenues were up strong double-digit across the region with continued strong growth in the Data Center and Infrastructure end-markets. Product sales were impacted by weak Residential markets, particularly in France and Germany while the U.K. continued to see good growth in Residential. Elsewhere in the region there was strong growth in many countries, including the Netherlands and Norway. Services growth was strong across the region, notably in Infrastructure and Data Center end-markets.

Industrial Automation grew +2.6% organic. The U.K. delivered double-digit growth and France was up high-single digit, with each seeing strong growth in Process automation segments while also up in Discrete segments supported by backlog execution. Germany also contributed to growth, up mid-single digit despite pressure in Discrete industries. In Southern Europe, both Italy and Spain saw declines, linked with weaker discrete demand. There was strong growth at AVEVA, supported by revenue recognition on a contract with a customer in Switzerland while also seeing good growth in Germany. Services sales grew strong double-digit in industrial segments.

Asia Pacific (29% of Q3 revenues) grew +3.5% organic in Q3.

In Energy Management, which grew +7.0% organic, China was up low-single digit with transportation and renewable power remaining areas of strength. India continued to perform well, up strong double-digit with growth across end-markets, with particular strength in Buildings (both Residential and Non-Residential) and Infrastructure. Australia grew high-single digit, with continued strong growth in Systems revenues while the Residential buildings market saw modest growth. Across the rest of the region, many countries delivered double-digit growth, including Japan, Indonesia and Malaysia, all supported by backlog execution, while Singapore was down against a high base of comparison.

In Industrial Automation, which was down -6.4%, China was down double-digit driven by weakness in discrete automation markets, particularly in OEM segments tied to construction. Growth in Process & Hybrid industrial segments such as E&C and CPG continued to be strong. India delivered double-digit growth with both Discrete and Process & Hybrid industrial segments performing well. Growth was particularly strong in Australia in part due to the renewal of a large contract at AVEVA, supported by good growth across the rest of the automation offer. Japan and Korea each saw declines, driven by weaker discrete demand including in OEM and Semiconductor segments.

Rest of the World (13% of Q3 revenues) grew +27.2% organic in Q3, with the strong growth supported by price actions in countries including Turkey, Argentina and Egypt as the Group continues to take measures to control its exposure to significant currency devaluations.

In Energy Management, which grew +26.8% organic, the Middle East, Africa and South America all delivered double-digit growth. The Middle East led the growth, where Turkey and Saudi Arabia were particularly dynamic, the latter due to execution on large projects, while Turkey saw continued strong growth across end-markets. There was strong growth across Africa, where Egypt performed well, due to a combination of project execution and backlog consumption. The picture in South America was more mixed, with growth in Argentina comprising strong demand ahead of elections, compensating for continued softness in Brazil. Central & Eastern Europe grew high-single digit.

In Industrial Automation, which grew +28.2% organic, the Middle East, Africa and South America all grew strong double-digit. The growth was primarily driven by strength in Discrete automation markets though supported by good growth in Process & Hybrid automation markets. In South America, both Argentina and Brazil saw strong growth. In the Middle East, Turkey saw strong sales in Discrete automation supported by backlog execution, while Africa saw broad-based growth. Central & Eastern Europe was up low-single digit, due to some softness in discrete automation.

SCOPE³ AND FOREIGN EXCHANGE IMPACTS⁴ IN Q3

In Q3, net acquisitions/disposals had an impact of **-€258 million** or **-3.0%** of Group revenues, mainly representing the disposal of Schneider Electric's Russia operations and the net impact of some smaller acquisitions and disposals.

Based on transactions completed to-date, the Scope impact on FY 2023 revenues is estimated to be **around -€850 million**. The Scope impact on adjusted EBITA margin for FY 2023 is estimated to be **around -30bps**, particularly impacted by the exit from Russia.

In Q3, the impact of foreign exchange fluctuations was negative at **-€639 million** or **-7.5%** of Group revenues, mostly driven by the weakening of the U.S. Dollar and Chinese Yuan against the Euro.

Based on current rates, the FX impact on FY 2023 revenues is estimated to be between **-€1.35 billion to -€1.45 billion**. The FX impact at current rates on adjusted EBITA margin for FY 2023 could be **around -80bps**.

II. SCHNEIDER SUSTAINABILITY IMPACT

Schneider Sustainability Impact (SSI) 2021-2025 program drives and measures company-wide progress towards 11 global sustainability targets, supplemented by locally-led initiatives, which collectively support Schneider Electric's six long-term Environmental, Social and Governance (ESG) [commitments](#).

Local highlights during the quarter include:

- Solar power solutions installed at a children's clinic in Kenya gave 20,000 people access to clean electricity and improved the quality of life of the local community.
- In collaboration with Enactus in Mexico, 60,000 students from over 400 universities and colleges engaged in training initiatives to drive social impact in local communities. As a result, Schneider Electric has now crossed the halfway mark in its goal of training 1 million people by 2025.
- Schneider Electric and the Gaia Energy Impact Fund II raised €40 million to support renewable energy projects in Africa. This impact investment partnership funds startups and entrepreneurial projects with a strong environmental and social focus.
- Schneider Electric's unique contribution to Barcelona's district cooling project was rewarded with the Best Energy Innovation Award from El Periodico de la Energia.

Additionally this quarter, Schneider Electric received several prestigious global recognitions for its diversity and inclusion policies as well as three global awards for sustainable procurement, upstream decarbonization and people development practices from the Chartered Institute of Procurement and Supply ([CIPS](#)).

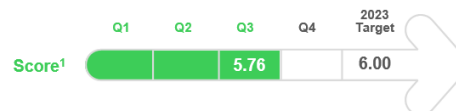
At the end of the third quarter of 2023, the SSI score came in at 5.76, on track to reach the 2023 year-end target of 6 out of 10.

3. Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.

4. For those currencies meeting the criteria to be considered hyperinflationary under IAS 29, such as Argentina and Turkey, an IFRS technical adjustment for hyperinflation impact is reflected as FX and therefore excluded from the organic growth calculation. The effect of operational actions taken in these countries such as increased pricing to mitigate the inflationary impact is reflected as part of the organic growth.



Q3 2023 Results



6 long-term commitments

		Baseline	Q3 2023	2025 Target
CLIMATE	1. Grow Schneider Impact revenues ^{*2}	70%	74%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions ³	263M	513M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operations	0%	24%	50%
RESOURCES	4. Increase green material content in our products	7%	27%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	60%	100%
TRUST	6. Strategic suppliers who provide decent work to their employees ⁴	1%	6%	100%
	7. Level of confidence of our employees to report unethical conduct ⁵	81%	+1pt	+10pts
EQUAL	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/23/24	41/28/29	50/40/30
	9. Provide access to green electricity to 50M people ⁶	30M	+14.2M	50M
GENERATIONS	10. Double hiring opportunities for interns, apprentices and fresh graduates ²	4,939	x1.52	x2.00
	11. Train people in energy management ⁶	281,737	542,494	1M
LOCAL	+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

*Per Schneider Electric definition and methodology

¹2021 baseline 3/10, 2025 target 10/10 ²2019 baseline ³ cumulated since 2018 ⁴2022 baseline ⁵2021 baseline ⁶ cumulated since 2009

To access Schneider Electric Sustainability reports with detailed results and highlights, click [here](#).

III. PORTFOLIO UPDATES

Disposals

- Gutor

On August 2, 2023, Schneider Electric announced that further to an agreement signed on December 23, 2022, it has now completed the previously announced disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. The transaction closed on August 1, 2023 and until this date, Gutor was reported as part of the Energy Management business.

- Industrial sensors business

Further to the announcement of October 27, 2022 the transaction to dispose of Schneider Electric's industrial sensors business, Telemecanique Sensors, remains on-track and is expected to close in the coming weeks.

Acquisitions

- EcoAct

Further to the exclusive negotiations entered into with Atos Group on July 3, 2023, the bolt-on transaction to acquire EcoAct remains on-track and is expected to close in the coming weeks.

IV. CAPITAL MARKETS DAY

Schneider Electric will host a Capital Markets Day for investors and financial analysts on November 9, 2023 at the Tottenham Hotspur Stadium in London. The event will be an opportunity for investors to hear directly from CEO Peter Herweck and from other members of the leadership team.

In order to register your interest in attending, either in person or digitally, please visit the link below:

<https://www.se.com/ww/en/about-us/investor-relations/capital-markets-day.jsp>

V. SHARE BUYBACK

Having resumed its buyback program in June, the Group has purchased 4.5 million shares for €703 million at an average price of €156 per share in 2023. Since the beginning of the program in 2019, Schneider Electric has bought back 12.1 million shares for €1.5 billion, at an average price of €124 per share.

With the progress made since June, Schneider Electric has now achieved the targeted range for the buyback as previously communicated.

VI. 2023 FISCAL YEAR DIVIDEND CALENDAR

Dividend ex-date:	May 28, 2024
Record date:	May 29, 2024
Dividend payment date:	May 30, 2024

VII. EXPECTED TRENDS IN Q4

- A continuation of strong and dynamic market demand, supported by secular trends of electrification, digitization and sustainability
- Strong demand for Systems offers across end-markets notably driven by trends in Data Centers, Grid Infrastructure investment, and increased investments across Process industries served by both businesses
- Signs of stabilization in demand in residential buildings, outside of Western Europe, and a weakening of demand in discrete automation (particularly in China and Western Europe)
- North America and Rest of the World expected to lead growth; China expected to show positive sales growth for the year
- Backlog execution to support growth
- Continued progress to normalize supply chain

VIII. 2023 TARGET REAFFIRMED

The Group reaffirms its 2023 financial target as follows:

2023 Adjusted EBITA growth of between +18% and +23% organic.

The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:

- Revenue growth of **+11% to +13% organic**
- Adjusted EBITA margin up **+120bps to +150bps organic**

This implies Adjusted EBITA margin of **around 17.7% to 18.0%** (including scope based on transactions completed to-date and FX based on current estimation).

Further notes on 2023 available in appendix

The Q3 2023 revenues presentation is available at www.se.com

The Group will host a Capital Markets Day on November 9, 2023 in London.

The 2023 Full Year Results will be presented on February 15, 2024.

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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). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

About Schneider Electric:

Schneider's purpose is to **empower all to make the most of our energy and resources, bridging progress and sustainability** for all. We call this **Life Is On**.

Our mission is to be your **digital partner for Sustainability and Efficiency**.

We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

We are the **most local of global companies**. We are advocates of open standards and partnership ecosystems that are passionate about our shared **Meaningful Purpose, Inclusive and Empowered** values.

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Appendix – Further notes on 2023

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2023 revenues is estimated to be between **-€1.35 billion to -€1.45 billion**. The FX impact at current rates on adjusted EBITA margin for FY 2023 could be around **-80bps**
- **Scope:** Around **-€850 million** on 2023 revenues and around **-30bps** on 2023 Adj. EBITA margin, based on transactions completed to-date, particularly impacted by the exit from Russia
- **Financial costs:** Net finance costs are expected to be higher by **around €200 million** in 2023 when compared to 2022, primarily due to the additional debt related to the AVEVA transaction
- **Tax rate:** The ETR is expected to be in a **23-25%** range in 2023
- **Restructuring:** The Group expects restructuring costs to decrease towards target of around **€100 million** per year

Appendix – Revenues breakdown by business

Q3 2023 revenues by business were as follows:

	Q3 2023				
	Revenues € million	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	6,935	+13.5%	-3.2%	-7.3%	+1.9%
Industrial Automation	1,854	+4.8%	-2.2%	-8.1%	-6.0%
Group	8,789	+11.5%	-3.0%	-7.5%	+0.1%

9m YTD 2023 revenues by business were as follows:

	9m YTD 2023				
	Revenues € million	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	20,604	+15.6%	-2.9%	-4.0%	+7.8%
Industrial Automation	5,818	+8.8%	-2.4%	-4.4%	+1.3%
Group	26,422	+14.0%	-2.7%	-4.1%	+6.3%

Throughout this document growth percentage calculations are compared to the same period of the prior year, unless stated otherwise.

Appendix – Scope of Consolidation

Number of months in scope	Acquisition / Disposal	2022				2023			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Autogrid Energy Management Business	Acquisition			2m	3m	3m	3m	1m	
ASCO load banks Energy Management Business	Disposal	3m	3m	3m					
Schneider Electric Russia Energy Management & Industrial Automation Businesses	Disposal	3m	3m	3m					
Eurotherm Industrial Automation Business	Disposal	3m	3m	3m	1m				
Eberle Energy Management Business	Disposal	3m	3m	3m	2m				
Transformer Plants (Poland & Turkey) Energy Management Business	Disposal	3m	3m	3m	3m				
VinZero Energy Management Business	Disposal	3m	3m	3m	3m	3m	2m		
Gutor Energy Management Business	Disposal	3m	3m	3m	3m	3m	3m	1m	