

**THIRD PROSPECTUS SUPPLEMENT DATED 24 FEBRUARY 2020  
TO THE BASE PROSPECTUS DATED 25 APRIL 2019**



**SCHNEIDER ELECTRIC SE**

**Euro 7,500,000,000**

**Euro Medium Term Note Programme**

**Due from seven days from the date of original issue**

This prospectus supplement (the "**Third Prospectus Supplement**") is supplemental to, and should be read in conjunction with, the Base Prospectus dated 25 April 2019 which received visa no. 19-176 on 25 April 2019 from the *Autorité des marchés financiers* (the "**AMF**") as supplemented by the first prospectus supplement dated 6 September 2019 which received visa no. 19-428 on 6 September 2019 from the AMF and the second prospectus supplement dated 25 October 2019 which received visa no. 19-502 on 25 October 2019 from the AMF (together, the "**Base Prospectus**") prepared in relation to the Euro 7,500,000,000 Euro Medium Term Note Programme (the "**Programme**") of Schneider Electric SE (the "**Issuer**"). The Base Prospectus constitutes a base prospectus for the purpose of the Directive 2003/71/EC on the prospectus to be published when securities are admitted to trading, as amended or superseded (the "**Prospectus Directive**").

Application has been made for approval of the Third Prospectus Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

This Third Prospectus Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF's *Règlement Général* for the purpose of (i) incorporating by reference the Issuer's 2019 Full-Year results published on 20 February 2020 and (ii) as a consequence, amending and supplementing the following sections of the Base Prospectus :

- Documents Incorporated by Reference ;
- Recent Developments; and
- General information

Save as disclosed in this Third Prospectus Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Third Prospectus Supplement.

To the extent that there is any inconsistency between (a) any statement in this Third Prospectus Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or in the first prospectus supplement or in the second prospectus supplement, the statements in (a) above will prevail.

Copies of this Third Prospectus Supplement (a) may be obtained, free of charge, from the registered office of the Issuer during normal business hours, (b) will be available from the website of the Issuer ([www.se.com](http://www.se.com)), (c) will be available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and (d) will be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for collection at the offices of each Paying Agent(s) so long as any of the Notes are outstanding.

## TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE.....	3
RECENT DEVELOPMENTS .....	8
GENERAL INFORMATION .....	31
PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD PROSPECTUS SUPPLEMENT.....	32

## DOCUMENTS INCORPORATED BY REFERENCE

The section entitled "**Documents Incorporated by Reference**", appearing on pages 24 to 28 of the Base Prospectus is deleted in its entirety and replaced with the following:

"This Base Prospectus should be read and construed in conjunction with the sections set out in the cross-references tables below from the following documents which have been filed with the AMF:

- the pages referred to in the table below which are included in the *document de référence* in the French language of the Issuer which received n° D.19-0155 from the AMF on 15 March 2019, except for the third paragraph of the section "*Responsables du document de référence*" on page 425 (the "**2018 Registration Document**");
- the pages referred to in the table below which are included in the *document de référence* in the French language of the Issuer which received n° D.18-0138 from the AMF on 16 March 2018, except for the third paragraph of the section "*Responsables du document de référence*" on page 377 (the "**2017 Registration Document**");
- the pages referred to in the table below which are included in the Issuer's interim financial report in French language for the six-month period ended 30 June 2019, dated 25 July 2019 (the "**2019 Half-Year Financial Report**");
- the pages referred to in the table below which are included in the Issuer's consolidated financial statements in the French language for the year ended 31 December 2019, published on 20 February 2020 (the "**2019 Consolidated Financial Statements**"); and
- the terms and conditions of the notes contained in the base prospectuses of the Issuer dated, respectively, 26 November 2018 (the "**2018 EMTN Conditions**"), 6 October 2017 (the "**2017 EMTN Conditions**"), 31 August 2016 (the "**2016 EMTN Conditions**"), 31 July 2015 (the "**2015 EMTN Conditions**"), 15 July 2014 (the "**2014 EMTN Conditions**"), 25 June 2013 (the "**2013 EMTN Conditions**"), 25 June 2012 (the "**2012 EMTN Conditions**"), 24 June 2011 (the "**2011 EMTN Conditions**"), 24 June 2010 (the "**2010 EMTN Conditions**"), 19 June 2009 (the "**2009 EMTN Conditions**"), 22 May 2008 (the "**2008 EMTN Conditions**"), 21 May 2007 (the "**2007 EMTN Conditions**"), (together with the 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 EMTN Conditions, the "**EMTN Previous Conditions**").

Any reference in this Base Prospectus, in the 2018 Registration Document or in the 2017 Registration Document to the registration documents and/or annual reports (either 2018 or 2017) shall be deemed to exclude the above-mentioned excluded sections.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained, free of charge, from (i) the registered office of the Issuer, (ii) the website of the Issuer ([www.se.com](http://www.se.com)) and/or (iii) at the offices of each Paying Agent set out at the end of this Base Prospectus during normal business hours.

The 2018 Registration Document and the 2017 Registration Document are available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross-reference list below.

Any information not listed in the cross-reference list below but included in the documents incorporated by reference shall not form part of this Base Prospectus and is not relevant for investors.

The English Translation of the 2017 Registration Document, the 2018 Registration Document, the 2019 Half-Year Financial Report and the 2019 Consolidated Financial Statements are available on the website of the Issuer (<https://www.se.com/ww/en/about-us/investor-relations/financial-results.jsp>). Such English translations are available for information purposes only and are not incorporated by reference in this Base Prospectus. Only the French versions of the 2017 Registration Document, the 2018 Registration Document, the 2019 Half-Year Financial Report and the 2019 Consolidated Financial Statements may be relied upon.

<b>Prospectus Regulation –Annex IX</b>	<b>2019 Consolidated Financial Statements</b>	<b>2019 Half-Year Financial Report</b>	<b>2018 Registration Document</b>	<b>2017 Registration Document</b>
<b>2 STATUTORY AUDITORS</b>				
2.1 Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).			Page 426	
2.2 If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.				
<b>3 RISK FACTORS</b>				
3.1 Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors"		Page 25	Pages 60 to 80	
<b>4 INFORMATION ABOUT THE ISSUER</b>				
<b>4.1 <u>History and development of the Issuer:</u></b>			Pages 36 to 37	
4.1.1 the legal and commercial name of the Issuer;			Page 356	
4.1.2 the place of registration of the Issuer and its registration number;			Page 356	
4.1.3 the date of incorporation and the length of life of the Issuer, except where indefinite;			Page 356	
4.1.4 the domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office).			Page 356	
4.1.5 Any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency.			Page 319	
<b>5 BUSINESS OVERVIEW</b>				

5.1 <b><u>Principal activities:</u></b>				
5.1.1 A brief description of the Issuer's principal activities stating the main categories of products sold and/or services performed; and			Pages 7, 20 to 25	
5.2 <b><u>Principal markets</u></b>				
5.3 The basis for any statements in the registration document made by the Issuer regarding its competitive position			Pages 7, 30 to 32	
<b>6 ORGANISATIONAL STRUCTURE</b>				
6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it.			Pages 44 to 45 and pages 321 to 327	
<b>7 TREND INFORMATION</b>				
7.1 Information on any known trends			Page 205	
<b>8 PROFIT FORECASTS OR ESTIMATES</b>				
<b>9 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>				
9.1 Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:  (a) members of the administrative, management or supervisory bodies;  (b) partners with unlimited liability, in the case of a limited partnership with a share capital.			Pages 208 to 217  Not Applicable	
9.2 <b><u>Administrative, Management, and Supervisory bodies conflicts of interests</u></b>  Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.			Page 242	
<b>10 MAJOR SHAREHOLDERS</b>				
10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.			Page 362	
<b>11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS</b>				

<b>AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>				
<b>11.1 <u>Historical Financial Information</u></b>  Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year.  (a) balance sheet;  (b) income statement;  (c) cash flow statement; and  (d) accounting policies and explanatory notes	Pages 1 to 20	Pages 1 to 18	Pages 274 to 331	Pages 226 to 294
	Pages 4-5	Pages 4-5	Pages 279-280	Pages 229-230
	Pages 1-2	Pages 1-2	Pages 276-277	Pages 226 and 227
	Page 3	Page 3	Page 278	Page 228
	Pages 7-54	Pages 7 to 18	Pages 282-327	Pages 233 to 290
<b>11.3 <u>Auditing of historical annual financial information</u></b>		Page 28	Pages 328 to 331	Pages 291 to 294
<b>11.6 <u>Legal and arbitration proceedings</u></b>  Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or group's financial position or profitability, or provide an appropriate negative statement.		Page 25	Pages 77 to 78	
<b>12 MATERIAL CONTRACTS</b>				
<b>12.1</b> A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.			Page 201	

The EMTN Previous Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the relevant EMTN Previous Conditions.

EMTN Previous Conditions	
2007 EMTN Conditions.....	Pages 33 to 59
2008 EMTN Conditions.....	Pages 30 to 57
2009 EMTN Conditions.....	Pages 31 to 58
2010 EMTN Conditions.....	Pages 38 to 64
2011 EMTN Conditions.....	Pages 35 to 60
2012 EMTN Conditions.....	Pages 36 to 64
2013 EMTN Conditions.....	Pages 54 to 82
2014 EMTN Conditions.....	Pages 51 to 81
2015 EMTN Conditions.....	Pages 57 to 88
2016 EMTN Conditions.....	Pages 62 to 94
2017 EMTN Conditions.....	Pages 63 to 92
2018 EMTN Conditions .....	Pages 30 to 66

Information contained in the Documents Incorporated by Reference other than information listed in the table above is for information purposes only."

## RECENT DEVELOPMENTS

The section entitled "**Recent developments**" appearing on pages 71 to 92 of the Base Prospectus is completed by the following press releases published by the Issuer on 18 February 2020 and 20 February 2020:

# SCHNEIDER ELECTRIC TO LAUNCH OFFER FOR CONSTRUCTION SOFTWARE PROVIDER RIB SOFTWARE AND EXPAND CAPABILITIES IN BUILDING LIFE CYCLE DIGITIZATION

**Rueil-Malmaison (France), February 13, 2020** – Schneider Electric, the global leader in digital transformation of energy management and automation, announces its intention to launch a voluntary public tender offer for RIB Software SE (RIB) (the "Transaction").

### Key Highlights

- **Cash offer of €29.00 per share (the "Offer"), representing a 41% premium on the last closing price and a 37% premium on the last three months volume-weighted average price at announcement**
- **Offer values 100% of RIB's equity at approximately €1.4bn; Offer supported by RIB Administrative Board**
- **Minimum acceptance threshold of 50% plus 1 share**
- **Transaction enhances Schneider Electric's capabilities in building lifecycle digitization. Substantial growth opportunity in enabling customers to drive efficiency and sustainability across CAPEX and OPEX**
- **Set to position Schneider Electric as the reference solution-provider for Smart Buildings in an All-Digital, All-Electric world**

**Schneider Electric is enhancing its core by driving lifecycle digitization in its end markets**

### *Smart Buildings & Data Center*

Schneider Electric believes that the buildings of the future will be All-Digital and All-Electric. These Smart Buildings will deliver efficiency and sustainability by leveraging real-time digital analytics for optimum performance across the building lifecycle. With around 40% of worldwide carbon emissions being contributed by buildings, there is an urgent need for this transition globally.

Schneider Electric has multiple successful offers in the operation and maintenance of buildings with its EcoStruxure end-to-end architecture and a wide portfolio of Connected Products and Edge Control Systems (Building & Power Management). Schneider Electric recently also strengthened its electrical design capabilities through the acquisitions of IGE-XAO and Alpi.

With the proposed Transaction, Schneider Electric will enhance its capabilities in the Build/Construction phase which currently suffers from a high level of inefficiency due to very low adoption of digital technologies (less than 5%).

### *Smart Manufacturing*

Within its Industrial Automation business, AVEVA is Schneider Electric's unique and leading offer across the digital lifecycle for process and hybrid industries.



Today's announcement on construction software is in line with Schneider Electric's vision for Smart Buildings across the entire lifecycle as part of its Energy Management business and akin to the full-lifecycle offering created in its Industrial Automation Division with AVEVA.

### **RIB – a leading player in the fast-growing construction software market**

RIB offers a software platform for planning, costing and real-time construction monitoring, placing it as one of the leading players in the broader field of Building Information Modelling (BIM), a highly attractive and fast-growing market. BIM is a digital building information model that helps to improve efficiency and reduce cost in the construction industry. RIB focuses on construction software while leveraging most of the commonly used design tools and platforms.

With iTWO 4.0, RIB has developed the world's first enterprise cloud technology with artificial intelligence integration. The platform is ideally positioned between the 3D design phase and the transactional ERP flows to bring efficiency in the construction phase.

Headquartered in Stuttgart, Germany, RIB was founded in 1961 and is listed on the Frankfurt Stock Exchange. With a global presence in over 50 locations, the ~2,700 RIB employees are serving over 100,000 customers and 500,000 users, with revenue of €214m and EBITDA margin of 23.4% in 2019.

### **Rationale for the Transaction**

- Buildings and Data centers represent key end-markets for Schneider Electric at c.50% of 2018 group revenue. These markets are at the tipping point of digital adoption to drive efficiency and sustainability. RIB is complementing Schneider Electric's existing capabilities to respond to customers' evolving needs in this transformation
- RIB's offering will enhance Schneider Electric's EcoStruxure suite that is dedicated to software, digital services and Apps & Analytics
- RIB and Schneider Electric address a similar ecosystem of partners and customers in the construction market, including contractors, building owners and operators. RIB will help Schneider Electric drive early customer engagement at C-Suite level for digital solutions to enable greater efficiency and sustainability
- RIB will grow Schneider Electric's share of software and service revenues, increasing its recurring revenue stream and customer intimacy
- This transaction positions Schneider Electric for the future All-Digital All-Electric world and will bring significant benefits for its customers

### **What Schneider Electric brings to RIB**

- Provides RIB with a strategic long-term shareholder to accelerate its expansion
- Opens a large international sales network to RIB
- Offers deep domain expertise in building efficiency and sustainability
- Extensive customer relationships within the construction eco-system (specifiers, general and specialized contractors, system integrators and building owners)

## Synergies and Financial Metrics

- RIB set for double-digit organic growth with Schneider Electric's international reach
- RIB is expecting revenues for 2020 to be in the range of €270m to €310m, implying an EV/revenue 2020E multiple for the Transaction of 4.9x (midpoint)
- RIB's EBITDA guidance for 2020 is €57m to €65m, implying an EV/EBITDA 2020E multiple for the Transaction of 23.5x (midpoint)
- Schneider Electric aims for the Transaction to be accretive to its Adj. EBITA margin in 2021, with a clear plan to increase RIB's Adj. EBITA margin to 20% in the year thereafter
- The Transaction will be immediately neutral or positive to Schneider Electric EPS excluding one-off transaction costs
- ROCE is expected to cover WACC by Year 5

## Key terms of the Transaction

- Offer price of €29.00 per share in cash
- Minimum acceptance threshold of 50% plus 1 share, with no intention to enter into domination agreement and / or profit and loss transfer agreement
- RIB has entered into a business combination agreement with Schneider Electric, and its Administrative Board welcomes and supports the Offer. Subject to their review of the formal offer document, the Administrative Board of RIB intends to recommend RIB shareholders to accept the Offer
- RIB Chairman and CEO Tom Wolf and CFO Michael Sauer will continue in their roles after completion of the Transaction until the end of their current contracts in 2022
- Schneider Electric has already secured 16% of the shares, comprising irrevocable agreements by Tom Wolf, Michael Sauer and other family shareholders over half of their shares, as well as RIB's treasury shares
- At the request of Schneider Electric, Tom Wolf and Michael Sauer will retain a combined 9% stake to align their commitment and ensure continuity
- Completion is expected in Q2 2020, subject to regulatory approvals, upon which RIB will be fully consolidated in Schneider Electric's financial statements

## Comments

Commenting on the Transaction, Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric said: "This key transaction strengthens Schneider Electric's position as a major player in the digital transformation of the engineering and construction industry, and brings significant benefits to our customers, streamlining their digital journey from the building to the operation phase. RIB offers superior tools to facilitate the interdisciplinary and increasingly seamless collaboration in the construction process, that will combine with our real time operation software. RIB brings new functions as well as new segment coverage to our software portfolio and complements what we have initiated in the industrial field with Aveva by similar capabilities in the building segment."

Tom Wolf, RIB's Chairman and CEO commented: "We are very excited about this transaction with Schneider Electric, which will bring tremendous benefits to RIB and our customers. Schneider Electric brings global reach, a leading presence in the building end-market, and unparalleled customer and partner relationships across the construction ecosystem. We share a common vision of the digital transformation of the entire building lifecycle, and Schneider Electric's support will accelerate the global penetration of our technologies."

## Analyst Call and Further Information

Schneider Electric and RIB will be hosting a joint call for analysts and investors at 7:45am CET today. Participants are advised to join the call at least 10-15 minutes prior to the commencement of the call to register. Presentation materials will be available on the Schneider Electric website.

Please register for the call via the following link: [Registration](#)

The acceptance period of the tender offer will begin following approval of the offer document by the German Federal Financial Supervisory Authority (BaFin). Closing of the transaction is expected in Q2 2020, subject to regulatory approvals by antitrust authorities and the Committee on Foreign Investment in the United States. The offer document and other information pertaining to the public tender offer will be made in accordance with the German Securities Acquisition Takeover Act (Wertpapiererwerbs- und Übernahmegesetz) and are available on the following website:

[www.se-offer.com](http://www.se-offer.com)

Goldman Sachs is acting as exclusive financial advisor and Hengeler Mueller as legal advisor to Schneider Electric.

#### About Schneider Electric

At Schneider, we believe **access to energy and digital** is a basic human right. We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment.

We provide energy and automation digital solutions for efficiency and sustainability. We combine world-leading energy technologies, real-time automation, software and services into integrated solutions for Homes, Buildings, Data Centers, Infrastructure and Industries.

We are committed to unleash the infinite possibilities of an open, global, innovative community that is passionate about our **Meaningful Purpose, Inclusive and Empowered** values.

[www.schneider-electric.com](http://www.schneider-electric.com)

Discover Life Is

Follow us on:



**Successful execution of strategy drives record 2019 performance: Revenue €27.2bn, reported revenue growth +6%, Adj. EBITA, Net income and FCF at all time high levels**

- **FY19 organic growth +4.2% with growth across businesses and all regions**
- **FY19 Adj. EBITA €4.2bn, Margin of 15.6%, up +9%; +70 bps org.**
- **Adj. Net Income of €2.9bn up +14%; Net Income of €2.4bn, up +3.4%**
- **FCF of €3.5bn up +65%; ROCE at 12.5%, up +70bps**
- **Proposed dividend<sup>1</sup> at €2.55/share, up +8.5%**
- **Portfolio optimization on track: c. €0.6bn in revenues addressed**
- **2020 Target<sup>2</sup>: Org. revenue growth between +1% to +3%; adj. EBITA margin<sup>3</sup> +16.0% to +16.3%; margin ambition for 2021 reiterated**

**Rueil-Malmaison (France), February 20, 2020** - Schneider Electric announced today its fourth quarter revenues and full year results for the period ending December 31, 2019.

Key figures (€ million)	2018 FY	2019 FY	Reported Change	Organic Change
<b>Revenues</b>	25,720	<b>27,158</b>	<b>+5.6%</b>	<b>+4.2%</b>
<b>Adjusted EBITA</b>	3,874	<b>4,238</b>	<b>+9.4%</b>	<b>+8.7%</b>
<b>% of revenues</b>	15.1%	<b>15.6%</b>	<b>+50 bps</b>	<b>+70 bps</b>
<b>Net Income (Group share)</b>	2,334	<b>2,413</b>	<b>+3.4%</b>	
<b>Free Cash Flow</b>	2,102	<b>3,476</b>	<b>+65.4%<sup>4</sup></b>	
<b>Adjusted Earnings Per Share</b>	4.64	<b>5.32</b>	<b>+14.7%</b>	<b>+13.3%</b>

Jean-Pascal Tricoire, Chairman and CEO, commented:

*“In 2019, we reach record levels in revenues, gross profit, adjusted EBITA and a step change in our free cashflow to €3.5bn. We strike a strong Q4, comparing to high base in 2018. We accelerate the execution of our strategy to be the partner of our customers in digital solutions for sustainability and efficiency. We grow in both our synergetic businesses and across all regions. We continue to execute on our strategy of more products, more services, more software and better systems bringing together full digital solutions in energy and automation.*

1. Subject to Shareholder approval on April 23, 2020

2. At this point, the potential revenue impact of Coronavirus is expected to be around €300 million in Q1, mainly in China, and expected to be almost entirely recovered through the rest of the year, largely in H2.

3. Excluding FX but incorporating impact of disposal program

4. FCF at €3.2 bn, up +52.3% excluding impact of IFRS 16 (€274 million)

We confirm a strong organic growth in Energy management, above 5%, clearly above market, and we grow in Industrial Automation, compensating the softness of discrete markets by a great performance in hybrid and continuous process and Aveva. Across those two businesses, Digital and Services now account for around 25% of our turnover, grow above the average, and bring both recurrent revenue and a deep customer relationship. EcoStruxure adoption is accelerating, as shown by assets under management up 50%, and cloud based recurring revenues growing double-digit.

We continue to deliver good industrial productivity and put focused efforts on cost efficiency. We keep optimizing our portfolio in a responsible manner. We divested/deconsolidated €0.6bn, as we continue to execute our portfolio optimization, reviewing assets generating revenues of between €1.5bn - €2.0bn between 2019-2021.

Over the past 5 years, we have generated organic growth of the adjusted EBITA of 6.4% on average. We reiterate our commitment to our across-cycle organic growth of 3% to 6%, on average and our mid-term margin ambition of c.+200 bps with more to come beyond 2021. Our performance in 2019 puts us well on our trajectory of achieving that improvement of c.+200 bps, thanks to the optimization of our portfolio, the organic improvement of our margin, and accrued work on productivity and resource reallocation to our priorities in R&D, digital, services and sales.

We remain committed to strengthen the Group core and pivot gradually towards more connected products, automation, software and services. Aveva continues to develop very successfully and we announced last week our offer on RIB Software to support the development of digitization in project costing, scheduling and monitoring in our Buildings and Data Center end-markets.

We deliver strongly for our shareholders, with total shareholder return up +60% for 2019. In addition, we continue to return cash, proposing today a dividend of €2.55 per share, an increase of +8.5%; reaching 10 consecutive years of progressive dividend; as well as reiterating our commitment on share buyback”.

## I. FOURTH QUARTER REVENUES WERE UP +3% ORGANICALLY

2019 Q4 revenues were **€7,310 million**, up **+3.0%** organically and up **+4.0%** on a reported basis.

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

€ million		Q4 2019		
		Revenues	Organic Growth	Reported Growth
Energy Management	North America	1,722	3.4%	5.5%
	Western Europe	1,457	1.8%	1.8%
	Asia Pacific	1,536	4.6%	7.0%
	Rest of the World	954	3.5%	3.3%
	<b>Total Energy Management</b>	<b>5,669</b>	<b>3.3%</b>	<b>4.6%</b>
Industrial Automation	North America	331	-4.7%	-6.1%
	Western Europe	498	-1.6%	-1.7%
	Asia Pacific	500	3.8%	6.1%
	Rest of the World	312	13.6%	14.1%
	<b>Total Industrial Automation</b>	<b>1,641</b>	<b>1.9%</b>	<b>2.3%</b>
Group	North America	2,053	2.0%	3.5%
	Western Europe	1,955	0.9%	0.9%
	Asia Pacific	2,036	4.4%	6.8%
	Rest of the World	1,266	5.8%	5.8%
	<b>Total Group</b>	<b>7,310</b>	<b>3.0%</b>	<b>4.0%</b>

€ million		FY 2019		
		Revenues	Organic Growth	Reported Growth
<b>Energy Management</b>	North America	6,581	8.2%	12.7%
	Western Europe	5,200	2.9%	2.8%
	Asia Pacific	5,784	5.2%	7.1%
	Rest of the World	3,282	3.3%	1.9%
	<b>Total Energy Management</b>	<b>20,847</b>	<b>5.2%</b>	<b>6.8%</b>
<b>Industrial Automation</b>	North America	1,293	-3.9% <sup>5</sup>	-3.8%
	Western Europe	1,932	-0.9%	0.0%
	Asia Pacific	2,024	2.1%	4.5%
	Rest of the World	1,062	8.2%	7.6%
	<b>Total Industrial Automation</b>	<b>6,311</b>	<b>0.8%</b> <sup>6</sup>	<b>1.8%</b>
<b>Group</b>	North America	7,874	6.0%	9.6%
	Western Europe	7,132	1.9%	2.0%
	Asia Pacific	7,808	4.4%	6.4%
	Rest of the World	4,344	4.4%	3.3%
	<b>Total Group</b>	<b>27,158</b>	<b>4.2%</b>	<b>5.6%</b>

Across the Group in 2019:

**Products** grew +3% org. with good growth in offers for Residential & Small Buildings, and continued traction in Commercial & Industrial Buildings (CIB), working through the Group's extensive network of partners. The growth generated from Products was limited due to the weakness in Industrial sector, impacting sales into discrete automation end-markets, across both Industrial Automation and Energy Management technology.

**Systems** (Projects and Equipment) grew +5% org. with consistent good growth in mid/late cycle segments. Energy Management systems saw good growth across end-markets, notably in Data Center, incorporating Secure Power and MV/LV systems technology in a complete offer. In Industrial Automation, systems growth was more mixed, with good demand from Process Automation markets, but with headwinds from the weakness in Discrete Automation markets, notably in respect of sales to OEMs.

**Services** grew +8% org., with a strong performance in field services across regions based on efforts to consciously increase levels of tracking and servicing of critical asset installed base and as a result of the ongoing commercial hiring initiatives. With digitally enabled services, the group saw good traction on its offers designed to use analytics to meet the efficiency needs of customers with strong growth in offers for Smart Grid. Energy and Sustainability Services (ESS) which represents the direct touch point to address the sustainability linked needs of our customers, grew +9% org. and contributed strongly through the year across segments. The Group continued to develop and enhance the 'Advisor' layer of its EcoStruxure architecture for the benefit of customers across the entire portfolio with notable performance for data analytics across buildings end-market which grew strongly. The Group's growth in Services was enabled by both field services and digitally enabled services contributing in a consistent manner across quarters and businesses.

**Software** grew double-digit org., with strong performance from AVEVA, driven by sales execution and benefitting from cross-selling of AVEVA's combined product portfolio to their enlarged customer base

<sup>5</sup> Adjusting for the U.S. panel impact in Q1, FY 2019 organic revenue growth for Industrial Automation North America was c.-2%

<sup>6</sup> Adjusting for the U.S. panel impact in Q1, FY 2019 organic revenue growth for Industrial Automation was c.+1%

while shifting their business model towards higher subscription revenue. The successful adoption of AVEVA technologies by customers drives pull-through growth for Schneider's offers to Process & Hybrid end-markets, and vice-versa. The Group's software offer linked to Data Centers grew double-digit.

### **GOOD PERFORMANCE IN ENERGY MANAGEMENT IN Q4 UP +3% ORG.**

The Group maintained a good level of performance in Energy Management in Q4 up +3.3% organic, with growth across all geographies.

The main developments by end-market were as follows:

- Residential and Small Building offers, mainly sold through the Group's network of partners, sustained mid-single digit growth in Q4 and for the year in total.
- Offers for Commercial & Industrial Buildings continued to contribute positively
- Growth from Data Center offers was strong across Energy Management technologies in Q4, including both larger and smaller installations
- The slowdown in Industrial end-markets continued into Q4, with a negative impact on sales of Energy Management technologies into the electro-intensive industrial end-user market.
- Services showed strong growth in the quarter at +8% org.
- The Group's non-consolidated subsidiary Delixi continued to show good growth, consistent with the performance of the consolidated Energy Management business in China
- Good performance of overall distribution confirming strength of our partner model, with full Schneider Electric offers leveraging both generalist & specialized distributors.

### **Trends for Energy Management, by geography:**

**North America** (30% of Q4 revenues) was up +3.4% organic for the quarter, slowing from Q3 as expected due to a high base of comparison, but continuing to deliver revenue growth across end markets. The market dynamics between Canada, the USA and Mexico were mixed; The USA was up mid-single digit across Energy Management, with highlights including a resilient residential market, good growth in data center, and a strong double-digit performance from recent acquisition ASCO, while a slowdown in demand from industrial end users impacted the pull-through growth for Energy Management. Mexico continued to be difficult. Canada rebounded to grow strongly in the quarter, although against a low base of comparison. In terms of end-markets, Buildings remained positive, with continued demand for the Group's offers across the life cycle. The residential market showed strength where the roll out of regulations relating to the adoption of "dual-function" circuit breakers in the USA continued, resulting in demand for the Group's technologies. CIB also saw growth with strength in certain segments. The Data Center end-market remained strong, with good growth from both hyperscale and smaller data centers, adopting the multiple technologies forming part of the Group's portfolio. The Group continues to see good opportunities in the Infrastructure end-market, with demand for digitally driven technologies for efficiency. The slowdown in Industrial end markets continued in Q4, with lower demand for Energy Management technology across energy intensive industrial sectors. Services showed strong growth in the quarter, with the Group's offers for Energy and Sustainability Services growing double-digit, and with good growth in field services.

**Western Europe** (26% of Q4 revenues) posted growth at +1.8% organic. The performance across all countries contributed through a combination of traction in Data centers, Residential markets and Commercial buildings. The Group won some significant renewable energy projects in the quarter and had new product introductions for commercial buildings benefitting the UK which grew despite some uncertainties around Brexit, with good momentum in Life Science and F&B. Spain grew with positive results from offers in Residential and non-residential markets. France grew thanks to good performance for offers in the Residential market as well as services while the industrial end markets were challenging. Germany was resilient with growth in Data center end markets but softness in Residential and non-residential markets and a challenging industrial market. Italy delivered good growth across several offers. Nordics delivered a good performance notably in LV/MV.

**Asia-Pacific** (27% of Q4 revenues) posted growth at +4.6% organic with most countries contributing. China grew high-single digit, delivering a strong performance in commercial and industrial buildings supported by an improving macro-economic environment, with healthy investment levels in infrastructure and transportation leading demand for MV/LV products. India resumed growth post-Q3 from a more normalized base of comparison and on the back of demand mainly driven by MV/LV products. Indonesia & Singapore contributed to the overall growth amongst South East Asian countries with good demand in Data center markets. Australia residential market continued to slow down in Q4.

**Rest of the World** (17% of Q4 revenues): Energy Management showed solid performance through the fourth quarter, with a good level of growth overall, up +3.5% organic, however contrasted between countries as expected. South America grew strongly, including strong demand for MV/LV products in Argentina & Brazil. Central and Eastern Europe grew low-single digit. Africa grew strongly across the zone, particularly in Egypt which was supported by infrastructure projects and strong channel sales. Middle East was flattish, with Gulf countries impacted by delays in execution of projects and a difficult environment for credit. The situation around lower demand from Utilities in Saudi Arabia continued in Q4. CIS was flat.

## **INDUSTRIAL AUTOMATION GREW WELL, UP +2% ORG. IN Q4**

The Group delivered +1.9% organic growth in Industrial Automation in Q4. The business benefited from its balanced portfolio – revenues from Process & Hybrid end-markets were good, while revenues from Discrete markets were around flat for the quarter though contrasted by region. Software grew moderately with AVEVA continuing to transform its business model towards subscription and on the back of high comparables.

The main developments by end-market were as follows:

- Sales to the discrete and OEM end-markets were flattish. North America and Europe were negative while pockets of growth remained in several geographies including China and Rest of the world.
- The Group's revenue from process and hybrid end markets was up mid-single digit in Q4. Orders continued to grow in Q4 in targeted segments, such as Oil & Gas (O&G) and Water & Wastewater (WWW).
- The Group continues to successfully progress the joint go-to-market strategy with AVEVA.
- Services grew +8% org. in the quarter.

## **Trends for Industrial Automation, by geography:**

**North America** (20% of Q4 revenues) was down -4.7% organic in Q4. Discrete end-market weakness continued as expected, with growth down mid-single digit across the region. Process and Hybrid end-markets saw a mixed picture in the quarter, with growth of the Group's Software offer impacted by a very high base of comparison, while outside of Software this part of the business grew nicely, with good demand in targeted segments including O&G and WWW. By country, the USA was down on continued low demand from OEM's, some softness in the market for field devices, and the high base in Software. Following a continued period of weakness, Mexico saw positive growth in the quarter as a result of project execution in Process & Hybrid end-markets, however the underlying uncertainty in the economy remains.

**Western Europe** (30% of Q4 revenues) was down -1.6% organic in Q4, driven by a general slowdown of discrete activities. The UK was up as a result of project execution, incorporating both Software and services. In a positive local industrial environment, France was stable. Germany was negative in a difficult industrial environment. Italy was negative, impacted by the slowdown in the export OEM markets. Good demand was seen in segments such as O&G, Transportation and Life Sciences.

**Asia-Pacific** (30% of Q4 revenues) was up +3.8% organic in the quarter. China grew from a low base of comparison on account of discrete end markets impacted by some degree of confidence around the U.S./China trade dispute resolution. India grew double digit for the quarter with growth in both Discrete



and Process & Hybrid end-markets. Japan was down as growth in Process and Hybrid end markets could not compensate for weaker OEM markets. South Korea saw good project activity in Process and Hybrid coupled with good traction from Software, while the rest of the region recorded good growth, with project delivery for process industries and software balancing the decrease in OEM markets.

**Rest of the World** (20% of Q4 revenues) grew strongly, up +13.6% organic, driven by strong growth in South America, Middle East and CIS, with Central and Eastern Europe and Africa being around flat. Within the region, discrete automation offers as well as process & hybrid automation offers both grew at double-digit levels while software performed well. South America grew strongly driven by Brazil which saw traction across the full-line of automation offers. The Middle East saw stronger growth mainly driven by Gulf & Turkey. CIS saw strong demand driven by Industrial markets in Russia.

## **CONSOLIDATION<sup>7</sup> AND FOREIGN EXCHANGE IMPACTS IN Q4**

Net acquisitions / disposals had an impact of **-€59 million** or **-0.8%** of Group revenues. This includes the disposal of Pelco (Energy Management) and the U.S. Panels business (Industrial Automation) which were both announced during H1 2019, along with some minor acquisitions / disposals.

The impact of foreign exchange fluctuations was positive at **+€128 million** or **+1.8%** of Group revenues, primarily due to the strengthening of the U.S. Dollar against the Euro.

Based on current rates, the FX impact on FY 2020 revenues is estimated to be c. **+€400 million**. The FX impact at current rates on adjusted EBITA margin for 2020 is expected to be around flat.

## **II. PORTFOLIO OPTIMIZATION ON TRACK**

The Group continues to make progress in relation to the €1.5bn to €2bn portfolio optimization program announced in February 2019 with further progress anticipated in the coming months. To-date, €0.6bn of revenues have been addressed. The updates since Q3 2019 are as below:

- The Group closed the transaction announced in Q4'19 for Schneider Electric to sell to Vinci Energies its Converse Energy Projects GmbH, specialized in energy distribution projects in Germany. This activity generated revenues of €138m in 2019 (consolidated within the Energy Management business).
- The Group closed the transaction announced in Q3'19 to establish a JV with the Russian Direct Investment Fund (RDIF), to further strengthen the long-term outlook for the Group's Electroshield Samara business, which generated revenues of €168m in 2019 (consolidated within the Energy Management business). As a result of the transaction, Electroshield Samara will be deconsolidated in 2020 due to the change in control.
- The Group also closed a number of smaller divestitures, in its Energy Management business, including an engineering services business in the U.K., and a Data Center operations business in the U.S. The revenue impact from these smaller disposals is included in the cumulative figure of €0.6bn.

**The adjusted EBITA margin impact of the disposals/deconsolidation completed so far would be around +20bps in 2020.**

---

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

#### Acquisitions:

- The Larsen & Toubro (L&T) Electrical & Automation (E&A) transaction continues to progress having received necessary regulatory approvals in India during 2019 and is expected to close in the coming weeks.
- On February 13, 2020 the Group announced its intention to launch a voluntary public tender offer for construction software provider RIB Software SE for Building life cycle management.
- More details on: <https://www.se.com/ww/en/assets/564/document/118678/financial-release-rib-offering.pdf>

### III. FULL YEAR 2019 KEY RESULTS

€ million	2018 FY	2019 FY	Reported Change	Organic change
<b>Revenues</b>	25,720	<b>27,158</b>	<b>+5.6%</b>	<b>+4.2%</b>
<b>Gross Profit</b>	10,043	<b>10,735</b>	<b>+6.9%</b>	<b>+5.5%</b>
<i>Gross profit margin</i>	39.0%	39.5%	+50bps	+50bps
<b>Support Function Costs</b>	(6,169)	<b>(6,497)</b>	<b>+5.3%</b>	<b>+3.4%</b>
<i>SFC ratio</i>	24.0%	23.9%	-10bps	<b>Improved 20bps</b>
<b>Adjusted EBITA</b>	3,874	<b>4,238</b>	<b>+9.4%</b>	<b>+8.7%</b>
<i>Adjusted EBITA margin</i>	15.1%	15.6%	+50bps	+70bps
Restructuring costs	(198)	(255)		
Other operating income & expenses	(103)	(411)		
<b>EBITA</b>	3,573	<b>3,572</b>	<b>+0%</b>	
Amortization & impairment of purchase accounting intangibles	(177)	(173)		
<b>Net Income (Group share)</b>	2,334	<b>2,413</b>	<b>+3%</b>	
<b>Adjusted Net Income<sup>8</sup></b>	2,572	<b>2,933</b>	<b>+14%</b>	<b>+12.67%</b>
<b>Adjusted EPS (€)</b>	4.64	<b>5.32</b>	<b>+15%</b>	<b>+13.3%</b>
<b>Free Cash Flow<sup>9</sup></b>	2,102	<b>3,476</b>	<b>+65%</b>	

- **ADJUSTED EBITA MARGIN AT 15.6%, UP +70 BPS ORGANIC THANKS TO THE COMBINATION OF STRONG TOP LINE PERFORMANCE, PRODUCTIVITY AND PRICING ACTIONS**

**Gross profit** was up **+5.5%** organic with Gross margin improving by **+50bps** organic to **39.5%** in FY 2019 mainly driven by net price and productivity.

FY 2019 Adjusted EBITA reached **€4,238** million, increasing organically by **+8.7%** and the Adjusted EBITA margin improved **+70 bps** organic to **15.6%**.

8. See appendix Adjusted Net Income & Adjusted EPS

9 Includes IFRS 16 impact of +€274m in 2019

The key drivers contributing to the earnings change were the following (see appendix for H1/H2 view):

- Volume impact was a positive **+€347** million.
- Solid execution of Tailored, Sustainable & Connected supply chain contributed to a FY 19 industrial productivity level of **+€331** million. In a positive environment for volume, the Group was impacted by trade tariffs and other inflationary factors.
- The net price<sup>10</sup> impact was positive at **+€295** million. Pricing on products was positive at **+€199** million due to carryover from actions taken in H2 2018 and 2019 actions. In total, RMI was **+€96** million.
- Cost of Goods Sold inflation was **-€121** million in 2019, of which the production labor cost and other cost inflation was **-€101** million, and an increase in R&D in Cost of Goods Sold was **-€20** million.
- Support function costs increased organically by **-€219** million in 2019. Overall SFC to Sales ratio continued to reduce from 24% to 23.9% improving organically by 20bps. The Group will continue to focus on the organic improvement of SFC to sales ratio while ensuring appropriate investment in critical growth drivers for the mid- to long-term.
- The impact of foreign currency increased the adjusted EBITA by **+€34** million in 2019.
- Stronger growth in mid- and late-cycle businesses resulted in unfavorable mix of **-€139** million in 2019, which also includes the impact of geographical mix.
- The impact from scope & others was **-€165** million in FY 2019. Scope was around neutral taking into account the disposal of Pelco, while others included certain technical risks, depreciation of some obsolete inventories and one-offs.

By business, the 2019 adjusted EBITA for:

- **Energy Management** generated an adjusted EBITA of €3,842 million, or **18.4%** of revenues, up c. +80bps organic (up +60bps reported), thanks to strong growth in volume, improved pricing, and continued productivity gains.
- **Industrial Automation** generated an adjusted EBITA of €1,141 million, or **18.1%** of revenues, up c. +30bps organic (and +10bps reported), thanks to positive pricing and a continued focus on costs at a time where positive topline growth is moderated by the high base of comparison from 2018, and with a softening market environment for discrete automation.
- **Central Functions & Digital Costs** in 2019 amounted to **€745 million**, slightly reducing as a percentage of Group revenues at 2.7% (2.8% of Group revenues in FY18). Approximately 50% of these costs are transversal investments supporting the development of the two businesses, including IT, Digital Infrastructure and Marketing. A further c.20% of these costs are due Performance Shares. The remaining c.30% of costs represents **the underlying corporate cost of around 0.8% of Group revenues, which has been stable in recent years.**

---

10. Price net of raw material impact

▪ **ADJUSTED NET INCOME UP +14%**

Restructuring charges were **-€255 million** in 2019, €57m higher than last year, but broadly in line with the range of €200 million to €250 million on average over the next four years communicated in the June 2019 Capital Markets Day. This is the level of restructuring spend anticipated to generate industrial productivity and increased SFC efficiency.

Other operating income and expenses had a negative impact of **-€411 million**, including the loss on disposal of Pelco from H1, some asset impairments, along with some M&A and integration costs vs. -€103 million in 2018 consisting mainly of M&A and integration costs.

The amortization and depreciation of intangibles linked to acquisitions was **-€173 million** compared to -€177 million last year. An increase in amortization due to intangible assets recognized in association with the AVEVA acquisition was offset by a reduction in amortization due to the disposal of Pelco.

Net financial expenses were **-€261 million**, €49 million lower than in 2018, driven mainly by a continued decrease in the cost of debt, reduced by €53 million year on year.

Income tax amounted to **-€690 million**, lower than last year by €3 million. The effective tax rate was 22.0%, in line with the expected range of ETR of 22%-24% in 2019.

The result of Discontinued operations was **-€3 million**, relating to the net result after tax of Solar activities.

Share of profit on associates increased slightly to **+€78 million**, from +€61 million last year. The Group share of Delixi net income was **+€65m**, up c.+€15m year-on-year. As a result, Net Income (Group share) was **€2,413 million** in 2019, up +3% from 2018.

The Adjusted Net Income<sup>11</sup> was **€2,933 million** in 2019, up +14% vs. 2018.

▪ **FREE CASH FLOW REACHED €3,476 MILLION, +1.5x AMOUNT FROM 2018 (+1.6x INCLUDING IFRS 16)**

Free cash flow was very strong at **€3,476 million**, mainly due to the strong operating performance, and supported by favorable working capital evolution driven by end-to-end digital planning

Net capital expenditure reached **€806 million**, representing ~3% of revenues, due in part to supply chain capacity investment and capitalized R&D linked to new products. Changes in working capital were a tailwind in 2019, down €270 million. The impact of IFRS 16 increased free cash flow by € 274 million.

---

11: see appendix for Adjusted Net Income calculation

## ▪ **BALANCE SHEET REMAINS STRONG**

Schneider Electric's net debt at 31 December 2019 amounted to **€3,792** million (€5,136 million in December 2018) after payment of **€1.4** billion in dividend, a share buyback of c. **€266** million in 2019 and net acquisitions of **€79** million.

## ▪ **CASH CONVERSION & PROPOSED DIVIDEND**

Cash conversion was 133% in 2019 (before the impact of IFRS 16) compared to 90% in 2018. Taken on a normalized basis, free cash flow excluding IFRS 16 impact of €3,202 million and Net Income of €2,641 million (mainly excluding Pelco) show a cash conversion of 121% (4-year average 109%).

The proposed dividend<sup>12</sup> is €2.55 per share, up 8.5% vs. 2018.

## **IV. PERFORMANCE AGAINST 3-YEAR TARGETS (2017-2019)**

At an Investor Day held in October 2016, the Group set out its 3-year targets for the period 2017-2019 emphasizing how its strong and efficient model was to continue to create attractive shareholder value over the next years.

<https://www.se.com/ww/en/assets/564/document/17911/release-investor-day-2016.pdf>

The targets as well as the performance achieved is shown below:

• <b>2017 – 2019 target</b>	• <b>2017 – 2019 performance</b>
• Average org. growth c. +3% (excluding MV)	• +4.7% org. on average (including MV)
• Average org. margin expansion +20bps to +50bps	• +70bps org. on average
• Yearly average org. growth of Adj. EBITA of +4% to +7%	• +9.4% org. on average

In demonstrating the ability to execute on its strategic priorities and deliver on its financial targets, the Group considers it is well positioned to deliver on its medium-term ambition for the period 2019-2021.

## **V. SCHNEIDER SUSTAINABILITY IMPACT**

The Schneider Sustainability Impact 2018-2020 is the Group's transformation plan and steering tool measuring progress towards its ambitious sustainability commitments. Details can be found on our [sustainability page](#)

In Q4, the Schneider Sustainability Impact posted an excellent result of 7.70 out of 10 (vs. a 2019 target of 7.0/10), as the Group continues to execute its three-year sustainability plan.

<sup>12</sup>. Subject to Shareholder approval on April 23, 2020

## VI. DIGITAL UPDATE

**Innovation update:** In 2019, Schneider Electric hosted seven large customer events to showcase new innovations and digital technologies across multiple end-market segments. These targeted events around the world were attended by over 13,000 customers and generated €80 million pipeline while enabling extensive dialogue with customers. The Group's focus on digital transformation for customers continues to deliver. This is evidenced by the growth in Assets under Management which reached **2.94 M** representing **c.+50%** growth year on year.

In April 2019, Schneider Electric launched **"Exchange"** which is an open ecosystem platform for IoT energy management and automation to create & promote ideas, to collaborate with experts to co-create solutions & find answers and to scale by promoting expertise. As at end of 2019, the platform includes around 100 communities of cross-industry experts tackling challenges and exchanging ideas developing with +50 000 registered users, around 300 developed applications and more than 150 service providers listed.

### Growing the proportion of Digital and Services

Schneider Electric remains focused on developing the Group portfolio to be best positioned for an all-electrical, all-digital, autonomous future. The Group aims to be closer to our customers, more digital in our offerings, and to generate a higher proportion of recurring revenues. The pathway can be demonstrated in the progress that has been made in the Group's EcoStruxure architecture, the strong development in software offering through AVEVA, and the growth in digitally enabled services. When taken together, the top two layers of the EcoStruxure architecture (Edge Control, and Apps, Analytics & Digital Services – including AVEVA), along with the Group's Field Services offer today represents c.25% of Group revenues and is growing faster than the Group average organic growth and is margin accretive. This area of the portfolio is complimentary to the Group's offers of connected and connectable products, creating synergies throughout the portfolio.

## VII. SHARE BUYBACK AND SHARE CANCELLATION

On February 14, 2019, the Group initiated a new €1.5bn to €2.0bn share buyback program over the period 2019-2021. The program has been launched under the 15th resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the 14th resolution approved at the 2019 Annual Shareholders' Meeting. These buybacks were part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from performance share plans and the exercise of options.

Since the beginning of the program, the Company bought back 3.5 million shares for €266.3 million at an average price of €76. Due to commencing the buyback only after the April 2019 AGM, and the suspension of the program from early December when the share price threshold set by the board (€90) was exceeded, the active period of buyback was limited to approximately 7 months in 2019. The Board, in its meeting of February 19, 2020, has approved the raising of this cap to €150 per share, and this proposal will be put before shareholders at the Annual General Meeting on April 23, 2020.

All the shares acquired by the Company as part of the share buyback program are held to cover performance shares plans.

Schneider Electric remains committed to the program of about €1.5bn to €2bn buyback to be completed over 2019-2021. As at 31 December 2019, the total number of shares outstanding was 551,021,671 (the total number of shares in issue was 582,068,555).

At its meeting of February 19, 2020, the Board of Directors decided to proceed with the cancellation of 15,000,000 treasury shares, representing 2.58% of the share capital as of January 31, 2020, in pursuance with the authorization granted to it at the Annual Shareholders' Meeting of April 25, 2019 in its 24th resolution.

Post this cancellation, Schneider Electric holds 16,043,977 of treasury shares, representing 2.76% of the share capital as of January 31, 2020 after capital reduction.

## **VIII. CORPORATE GOVERNANCE**

The Board of Directors, at its meeting of February 19, 2020, decided, upon recommendation of its Governance and Remunerations committee, to propose the renewals and appointment of the following directors:

- The renewals of Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling
- The appointment of Ms. Jill Lee who will qualify as an independent director.

These recommendations first aim at ensuring an optimal succession to the functions of Vice-Chairman lead independent director, the appointment of whom is required if the positions of Chairman and Chief Executive Officer of the Board of Directors are exercised by the same person (article 12.2 of the Articles of Association). Since Mr. Léo Apotheker will no longer be able to assume these duties after the upcoming general meeting, when in accordance with the AFEP-MEDEF corporate governance Code he will lose his independence status because of the length of his tenure to the Board, the Board has selected Mr. Fred Kindle to succeed him.

Mr. Fred Kindle sits on Schneider Electric's Board since 25 April 2016. He currently chairs the Investment committee and participates actively to the works of the Governance & Remunerations committee that he joined in April 2018. He has also been contributing to the works of the Audit and Risks committee since his joining, thereby gaining a deep knowledge of the Group. In application of Article 10 of the internal regulations of the Board of Directors, Mr. Fred Kindle shall chair the Governance and Remunerations committee of which Mr. Léo Apotheker shall remain a member.

Mr. Léo Apotheker, Ms. Cécile Cabanis and Mr. Willy Kissling bring to the works of the Board their expert insights along with a strong independence mindset and are invited to stay with the Board.

Ms. Jill Lee joined Schneider Electric SE's Board of Directors as a non-voting member on January 1st, 2020. Ms. Lee, 56 years old, a Singaporean citizen, has been serving as the Group Chief Financial Officer of Sulzer Ltd. since April 2018. Ms. Lee began her career in finance in 1986 at AT&T and Tyco Electronics in Singapore. She pursued her career within Siemens and then ABB, mainly in China and Europe. In addition to strong financial skills, Ms. Lee will bring to the Board her thorough knowledge of her experience in the industrial sector and an expert understanding of the Asian markets. Ms. Lee is an advisory board member of Nanyang Business School (Nanyang Technological University) in Singapore and a member of the supervisory board of the Dutch leading lighting company Signify Ltd. (formerly Philips Lighting). Her position within Sulzer Ltd. will not jeopardize her independence: the business between Schneider Electric and Sulzer is deemed immaterial on both sides as it is below 0.1% of the consolidated revenues for each Group. Ms. Jill Lee generally satisfies all criteria to qualify as an independent director in accordance with the prescriptions of the AFEP/MEDEF Corporate Governance Code.

At the close of the Annual Shareholders' Meeting of April 23, 2020, should the renewals of Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling, and the appointment of Ms. Jill Lee be approved, the Board of directors will comprise 13 members, 42% of women (excl. the employees' representative) and 69% of foreign directors.

The Board of Directors also decided to propose to amend Article 11.4 of the Company's Articles of Association pursuant to Article L.225-27-1 of the French Commercial Code modified by the Law n°2019-486 of May 22, 2019 relating to companies growth and transformation, known as PACTE Law, which reduces the threshold for appointment of a second director representing employees from twelve to eight.

In addition and in line with the prescription of Article L.225-27-1, III, 4° of the French Commercial Code, the proposed modification of the Articles of Association also provides that the second director representing employees is appointed by the European Works Council, employee representative body of the Company set up in pursuance of Article L.2352-16 of the French Labor Code, ensuring thereby a higher representativity of the Group employees within the Board.

## **IX. 2020 TARGETS**

In its main markets, the Group currently expects the following trends:

- In North America the Group anticipates that markets continue to be positive in 2020 though H1 would be impacted by the high base of comparison for Energy Management and the impact of certain large projects. In Industrial Automation, the Group expects pressure on discrete to remain in H1, though a rebound could be expected in H2. Mexico is expected to continue to remain challenged in the near term.
  - China continues to remain a growth market with dynamism in many end markets and segments including construction, infrastructure, transportation, data centers and healthcare. The OEM demand could strengthen in H2. The Group is assessing the impact of the Coronavirus to the business. There will be an impact in Q1 2020 due to factory closures in January/February. At this point, this impact has been estimated at c. €300m mainly in China and the Group assumes it will be almost entirely compensated in 2020 largely in H2.
  - For the rest of Asia Pacific, the Group expects India and South East Asian countries to continue to be growth markets.
  - The Group expects Western Europe to grow at a moderate pace with a higher weight in H2.
  - The Group expects the performance in Rest of the World to be contrasted based on country.
- In the current macro environment and incorporating the current view on the impact of coronavirus, the Group expects positive growth in aggregate in 2020 as it continues to deploy its strategic priorities in key markets.

In 2020, the Group therefore sets its targets as follows:

- Revenue growth of +1% to +3% organic
- Adjusted EBITA margin between 16.0% and 16.3% (excluding FX and impact of acquisitions)

*Further notes on 2020 available in appendix*

## **X. ACROSS CYCLE GROWTH AND MEDIUM-TERM MARGIN AMBITION**

The Group re-affirms its through-cycle objective of +3% to +6% organic growth in revenues, on average.

Over the period 2019-2021, the Group will continue to focus on profitability levers within its control, with an aim to improve its adj. EBITA margin by c. +200 basis points (at constant FX), assuming no major change to the current macro-economic environment.

This underlying improvement would be achieved through a combination of organic growth, portfolio optimization, organizational simplification & efficiency and continued productivity.

**The impact of the portfolio optimization program thus far, together with the organic margin improvement already enable us to achieve close to half of the c.+200bps margin ambition.**

\*\*\*\*\*

***The financial statements of the period ending December 31, 2019 were established by the Board of Directors on February 19, 2020. At the date of this press release, the audit procedures were carried out and the report of the statutory auditors is being finalized.***



**The Q4 2019 & FY 2019 Annual Results presentation is available at [www.se.com](http://www.se.com)**

**Q1 2020 Revenues will be presented on April 17, 2020.**

**The Annual General Meeting will take place on April 23, 2020.**

**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](http://www.schneider-electric.com)). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

**About Schneider Electric:** At Schneider, we believe access to energy and digital is a basic human right. We empower all to do more with less, ensuring Life Is On everywhere, for everyone, at every moment. We provide energy and automation digital solutions for efficiency and sustainability. We combine world-leading energy technologies, real-time automation, software and services into integrated solutions for Homes, Buildings, Data Centers, Infrastructure and Industries. We are committed to unleash the infinite possibilities of an open, global, innovative community that is passionate with our Meaningful Purpose, Inclusive and Empowered values.

[www.se.com](http://www.se.com)

Follow us on:       

## Appendix – Further notes on 2020

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2020 revenues is estimated to be around +€400 million. The FX impact at current rates on adjusted EBITA margin is expected to be around flat.
- **Scope:** around -€400 million on 2020 revenues and c. +20bps on 2020 Adj. EBITA, based on disposal actions in 2019.
- **Tax rate:** The ETR is expected to be in a 22-24% range in 2020.
- **Restructuring:** For the full year 2020, the Group expects restructuring charges to be in the range €200 million to €250 million, in line with announcements in the 2019 Capital Markets Day.

## Appendix – Revenues breakdown by business

Fourth quarter 2019 revenues by business were as follows:

€ million	Q4 2019				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	5,669	3.3%	-0.8%	2.1%	4.6%
Industrial Automation	1,641	1.9%	-1.0%	1.4%	2.3%
<b>Group</b>	<b>7,310</b>	<b>3.0%</b>	<b>-0.8%</b>	<b>1.8%</b>	<b>4.0%</b>

H2 2019 revenues by business were as follows:

€ million	H2 2019				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	10,775	3.6%	-0.8%	2.1%	4.9%
Industrial Automation	3,181	1.2%	-1.4%	1.7%	1.5%
<b>Group</b>	<b>13,956</b>	<b>3.1%</b>	<b>-1.0%</b>	<b>2.0%</b>	<b>4.1%</b>

FY 2019 revenues by business were as follows:

€ million	FY 2019				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	20,847	5.2%	-0.6%	2.2%	6.8%
Industrial Automation	6,311	0.8%	-0.4%	1.4%	1.8%
<b>Group</b>	<b>27,158</b>	<b>4.2%</b>	<b>-0.6%</b>	<b>2.0%</b>	<b>5.6%</b>

## Appendix – Consolidation

In number of months	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>AVEVA</b> Industrial Automation Business £216 million revenues in FY2017 (ending March 2017)	1m	3m	3m	3m	2m			
<b>IGE-XAO</b> Energy Management Business €29 million revenues in FY2017 (ending July 2017)	2m	3m	3m	3m	1m			
<b>Pelco</b> Energy Management Business €169 million revenues in FY2018 (ending December 2018)	3m	3m	3m	3m	3m	1m		
<b>U.S. Panel offer</b> Industrial Automation Business €80 million of annualized revenues	3m	3m	3m	3m	3m			
<b>Converse Energy Projects</b> Energy Management Business €138 million revenues in FY 2019 (ending December 2019)	3m	3m	3m	3m	3m	3m	3m	3m

## Appendix – Adjusted EBITA, Analysis of Change

	H1	H2	FY
	Adj. EBITA	Adj. EBITA	Adj. EBITA
2018 Adj. EBITA	1,769	2,105	3,874
Volume	218	129	347
Net Price	142	154	295
Productivity	144	187	331
Mix	-78	-61	-139
R&D & Production Labor Inflation	-58	-63	-120
SFC	-118	-101	-219
FX	-4	38	34
Scope & Other	-55	-110	-165
<b>2019 Adj. EBITA</b>	<b>1,960</b>	<b>2,278</b>	<b>4,238</b>

## Appendix - Results breakdown by division

€ million		FY 2018	FY 2019	Organic
Energy Management	Revenues	19,520	20,847	
	Adjusted EBITA	3,479	3,842	
	Adjusted EBITA margin	17.8%	18.4%	~+ 80bps
Industrial Automation	Revenues	6,200	6,311	
	Adjusted EBITA	1,118	1,141	
	Adjusted EBITA margin	18.0%	18.1%	~+ 30bps
Corporate	Central Functions & Digital Costs	(723)	(745)	
Total Group	Revenues	25,720	27,158	
	Adjusted EBITA	3,874	4,238	
	Adjusted EBITA margin	15.1%	15.6%	~+ 70bps
€ million		H1 2018	H1 2019	Organic
Energy Management	Revenues	9,253	10,072	
	Adjusted EBITA	1,584	1,776	
	Adjusted EBITA margin	17.1%	17.6%	~+ 80bps
Industrial Automation	Revenues	3,064	3,130	
	Adjusted EBITA	528	551	
	Adjusted EBITA margin	17.3%	17.6%	~+ 30bps
Corporate	Central Functions & Digital Costs	(343)	(367)	
Total Group	Revenues	12,317	13,202	
	Adjusted EBITA	1,769	1,960	
	Adjusted EBITA margin	14.4%	14.8%	~+ 70bps
€ million		H2 2018	H2 2019	Organic
Energy Management	Revenues	10,267	10,775	
	Adjusted EBITA	1,895	2,066	
	Adjusted EBITA margin	18.5%	19.2%	~+ 80bps
Industrial Automation	Revenues	3,136	3,181	
	Adjusted EBITA	590	590	
	Adjusted EBITA margin	18.8%	18.5%	~+ 10bps
Corporate	Central Functions & Digital Costs	(379)	(378)	
Total Group	Revenues	13,403	13,956	
	Adjusted EBITA	2,105	2,278	
	Adjusted EBITA margin	15.7%	16.3%	~+ 60bps

## Appendix – Adjusted Net Income & Adjusted EPS

Key figures (€ million)	2018 FY	2019 FY	Change
<b>Adjusted EBITA</b>	<b>3,874</b>	<b>4,238</b>	<b>+9%</b>
Amortization of purchase accounting intangibles	(171)	(173)	
Financial Costs	(310)	(261)	
Income tax with impact from adjusted items	(762)	(836)	
Discontinued ops	(23)	(3)	
Equity investment & Minority Interests	(36)	(32)	
<b>Adjusted Net Income (Group share)</b>	<b>2,572</b>	<b>2,933</b>	<b>+14%</b>
<b>Adjusted EPS (€)</b>	<b>4.64</b>	<b>5.32</b>	<b>+15%</b>

In 2019, the Group has changed its definition of Adjusted Net Income, which includes the adjusted EBITA, PPA amortization (excluding impairment), net financial income & loss, income tax expense on the above at the effective tax rate, discontinued operations net income, share of profit & loss of associates and impact of non-controlling interests. This enables the Adjusted Net Income to be more transparently derived from the financial statements. The 2018 Adjusted Net Income has been restated to reflect the revised definition, resulting in an increase of +€12 million compared to the published figure. The Adjusted EPS for 2018 improves by €0.02.

## Appendix – Impact of IFR16

The Group has adopted IFRS 16 on January 1, 2019, according to the modified retrospective approach. Under this method, the standard is applied retrospectively with the cumulative effect of the initial application on the date of application.

The impact on the 2019 results are as follows:

### Income Statement

- Adjusted EBITA improves by €21 million
- Finance costs are higher by €39 million
- The tax impact is a reduction in the tax charge of €4 million
- Overall the impact on Net Income is a reduction of €14 million

### Cash Flow

- Free cashflow is increased by €274 million
- Cash flows from financing activities are decreased by €274 million

### Balance Sheet

- Property, Plant and Equipment is increased by €1.1 billion
- Other liabilities are increased by €1.1 billion

## Appendix – Free Cash Flow and Net Debt

Analysis of net debt change in €m	FY 2018	FY 2019
<b>Net debt at opening at Dec. 31</b>	<b>(4,296)</b>	<b>(5,136)</b>
Operating cash flow	3,405	4,012
Capital expenditure – net	(770)	(806)
<b>Operating cash flow, net of capex</b>	<b>2,635</b>	<b>3,206</b>
Change in trade working capital	(436)	190
Change in non-trade working capital	(97)	80
<b>Free cash flow</b>	<b>2,102</b>	<b>3,476</b>
Dividends	(1,303)	(1,435)
Acquisitions – net	(730)	(79)
Net capital increase	(665)	(98)
FX & other (incl. IFRS 16)	(244)	(520)
<b>(Increase) / Decrease in net debt</b>	<b>(840)</b>	<b>1,344</b>
<b>Net debt at Dec. 31</b>	<b>(5,136)</b>	<b>(3,792)</b>

## Appendix – ROCE

### ROCE calculation

P&L items		2019 Reported
EBITA	(1)	3 572
Restructuring costs	(2)	-255
Other operating income & expenses	(3)	-411
= Adjusted EBITA	(4) = (1)-(2)-(3)	4 238
x Effective tax rate of the period <sup>1</sup>	(5)	22,0%
= After-tax Adjusted EBITA	(A) = (4) x (1-(5))	3 306

Balance sheet items	2018 reported	2019 reported		2019 Avg of 4 quarters
Shareholders' equity	22 264	23 140	(B)	22 875
Net financial debt	5 136	3 792	(C)	5 155
Adjustment for Associates and Financial assets (fair value)	-733	-843	(D)	-812
= Capital Employed	26 667	26 089	(E) = (B)+(C)+(D)	27 218
<b>= ROCE pre AVEVA minority adjustment</b>			(A) / (E)	<b>12,1%</b>
Adjustment for AVEVA 40% Minority (excluding in adj. EBITA and Shareholders' equity)				0,4%
<b>=ROCE</b>				<b>12,5%</b>

1. Effective tax rate

## GENERAL INFORMATION

The section "**General Information**" on pages 118 to 120 of the Base Prospectus is amended as follows:

1. Paragraph (4) is deleted in its entirety and replaced with the following:  
"4. There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2019 and no material adverse change in the prospects of the Issuer since 31 December 2018."
2. Paragraph (9)(ii) is deleted in its entirety and replaced by the following:  
"9. (ii) the published annual report (*document de référence*) of the Issuer for the financial years ended 31 December 2018 and 31 December 2017, the 2019 Half-Year Financial Report and the 2019 Consolidated Financial Statements;"
3. Paragraph (10)(iii) is deleted in its entirety and replaced with the following:  
"10. (iii) the documents incorporated by reference in this Base Prospectus (excluding the 2019 Half-Year Financial Report and the 2019 Consolidated Financial Statements)."

**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD PROSPECTUS  
SUPPLEMENT**

*In the name of the Issuer*

Having taken all reasonable measures for this purpose, I declare that the information contained in this Third Prospectus Supplement is in accordance with the facts and contains no omission likely to affect its import.

Rueil-Malmaison, on 24 February 2020

**Schneider Electric SE**  
35, rue Joseph Monier  
92500 Rueil-Malmaison  
France

Duly represented by:  
Véronique Blanc  
Senior Vice President Financing and Treasury

Duly authorised  
on 24 February 2020



***Autorité des marchés financiers***

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (**AMF**), in particular Articles 212-31 to 212-33, the AMF has granted to this Third Prospectus Supplement the visa n° 20-053 on 24 February 2020. This Third Prospectus Supplement has been prepared by the Issuer and its signatories assume responsibility for it.

In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has approved the opportunity of the transaction, nor any authentication by the AMF of the accounting and financial data that is presented herein.

In accordance with Article 212-32 of the General Regulations (*Règlement Général*) of the AMF, every issue or admission of Notes under the Base Prospectus as supplemented by this Third Prospectus Supplement will require the publication of final terms.