GROWTH

Half Year 2023 Results – July 27, 2023

Strong performance; Revenues, Adj. EBITA and Net Income at record levels

FY23 target upgraded

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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.

This presentation includes information pertaining to our markets and our competitive positions therein. Such information is based on market data and our actual revenues in those markets for the relevant periods. We obtained this market information from various third-party sources (industry publications, surveys and forecasts) and our own internal estimates. We have not independently verified these third-party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.

HY 2023 Business Highlights

Peter Herweck | CEO

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Strong financial performance in H1 2023

Group

€18bn

+15%

Group HY 2023 revenues, org. growth

Energy Management

Energy efficiency

Adj. EBITA margin

20.7%

c.+140bps

org. improvement

€14bn

+17%

Org.

€4bn

+11%

Org.

Industrial Automation

Process efficiency

Adj. EBITA margin

19.1%

c.+180bps

org. improvement

Adj. EBITA margin

18.0%, +190bps

org. improvement

FY 2023 target upgraded

Half Year 2023: Generating record levels of sales, profit and cash

Sales	Adj. EBITA	Adj. Net Income	Operating Cash Flow
€18bn	€3.2bn	€2.0bn	€2.7bn
+15% organic	+29% organic	+13%	+4%

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Excited to engage with our stakeholders across the world

Across all **4** global hubs

Deep-dive at our **10** R&D labs

Engaged with top customers across **27** cities

Interfaced with **130** key customers, partners, suppliers and alliances

Interacted with **#SEGreatPeople** across the world

Some notable updates from the quarter

ENERGY EFFICIENCY

IEA – 8th Annual Conference on Energy Efficiency

The Versailles 10x10

10 Actions

to accelerate energy efficiency

10x Faster

INNOVATION

Local and regional Innovation Summits

Brazil – Saudi Arabia – Thailand – China – South Korea - Australia

BCG Ranked in **Top 50** most innovative companies of 2023

DIGITIZATION

Latest developments & innovations in our Software companies

ETAP

AVEVA

Grid Software

RIB

SUSTAINABILITY

Schneider Electric + APPLIED MATERIALS + intel

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On track towards meeting full-year sustainability impact targets

2021-2025
SCHNEIDER
SUSTAINABILITY
IMPACT

	Q1	Q2	Q3	Q4	2023 Target
Score[1]		5.28			6.00

CLIMATE

19%

SSI #3 - Reduce CO_2 emissions from top 1,000 suppliers' operations

iAccelerate Zero Carbon Days, an innovative approach along with dedicated workshops and trainings were offered to suppliers in Europe and North America to help them accelerate their decarbonization journey.

RESOURCES

22%

SSI #4 - Increase green material content in our products to 50% by 2025

Efforts on Green Materials qualification and traceability permitted us to validate more than 3,000 tons of certified green steel and 600 tons of green plastic.

EQUAL

42M[2]

SSI #9 – Provide access to green electricity to 50M people

In the first half of the year, 2.8 million people gained access to safe, reliable and clean electricity. In rural India, 700+ schools have been powered by solar-powered solutions, enabling reliable electricity for more than 120,000 people.

CHOICE HOTELS

Enabling more than 6,000 U.S. franchisees to track, manage & report energy consumption & sustainability data using EcoStruxure™ Resource Advisor, AI-assisted, cloud-based solution

Tereos

Global sugar cooperative is standardizing its use of AVEVA PI System across various sites in Europe to accelerate its path to net-zero resulting in reduced water consumption and reduced GHG emissions

greenyellow
smart energy solutions

LIVING WAGE CERTIFIED

1. 2020 baseline 3/10, 2025 target 10/10 *2. Cumulated since 2009*

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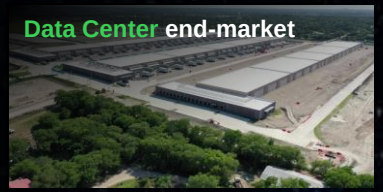
Delivering compelling offers to our customers across end-markets

To help Bayer with their sustainable development we provided a full EcoStruxure™ solution to their Buenos Aires office Building.

The solution integrates all EcoStruxure™ layers with SM6-24 MV switchgears and BlokSeT technology, Substation Monitoring Device, EcoStruxure™ Asset Advisor analytics together with EcoCare UPS, EcoCare PLC and SCADA services allowing 24/7 monitoring capabilities.

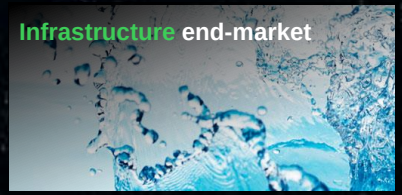
Unique partnership building together a state-of-the-art integration facility to support the increasing demand for prefabricated modular data centers.

The cutting-edge facility designed to integrate modular data center solutions and build pre-engineered IT infrastructure to be delivered to Schneider's customers across the U.S. with higher speed.



Upgrading existing water distribution and control network.

The solution by Schneider Electric includes a combination of EcoStruxure™ technologies in order to maintain robust up-to-date SCADA system to the latest technology available, increase availability of analytics through process data with integration of upgraded AVEVA PI into the network and reinforce cybersecurity.



Supporting Verallia in their decarbonization roadmap as they move from gas furnaces to new electric furnaces in one of their French industrial sites.

The solutions includes our complementary Energy Management and Industrial Automation offers with electrical distribution SM6 technology and automation control thanks to M580 PLC's and EcoStruxure™ Process Expert.

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Our distinctive DNA is externally recognized in H1 2023

MEANINGFUL

INCLUSIVE

EMPOWERED

Employee Engagement **+3pts** vs. 2022 (Engagement Index) Progressing toward our 2025 target

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DIGITAL + ELECTRIC = SUSTAINABLE

Ideally positioned to capitalize on a

Digital & Electric future

in the end-markets we serve

Buildings | Data Center | Infrastructure | Industry

Capital Markets Day
November 9, London

Positioned on structurally growing markets supported by strong secular trends

Industrial reshoring

Exponential growth in data accelerated by AI

Urbanization trends in rapidly developing economies

Grid resilience & digitization

At an inflection point in Energy transition & Net-Zero journey

Decarbonization & digitization of Buildings

Process electrification

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HY 2023
Financial Performance Highlights

Hilary Maxson | CFO

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Financial highlights – Strong performance in H1 2023

Further progress on sustainable growth journey

Revenues

€18bn, +15% org.

Strong demand dynamic in most end-markets and geographies, supported by backlog execution and price

Gross Margin

42.4%, +220bps org.

Pricing carryover offsetting inflation over the cycle bolstered by positive productivity

Adj. EBITA Margin

18.0%, +190bps org.

Strong organic progression while investing for future growth

Net Income

€2.0bn, +33%

Adj. Net Income

€2.0bn, +13%

Firm control on below-the-line costs delivers strong growth of net income

Operating Cash Flow

€2.7bn, +4%

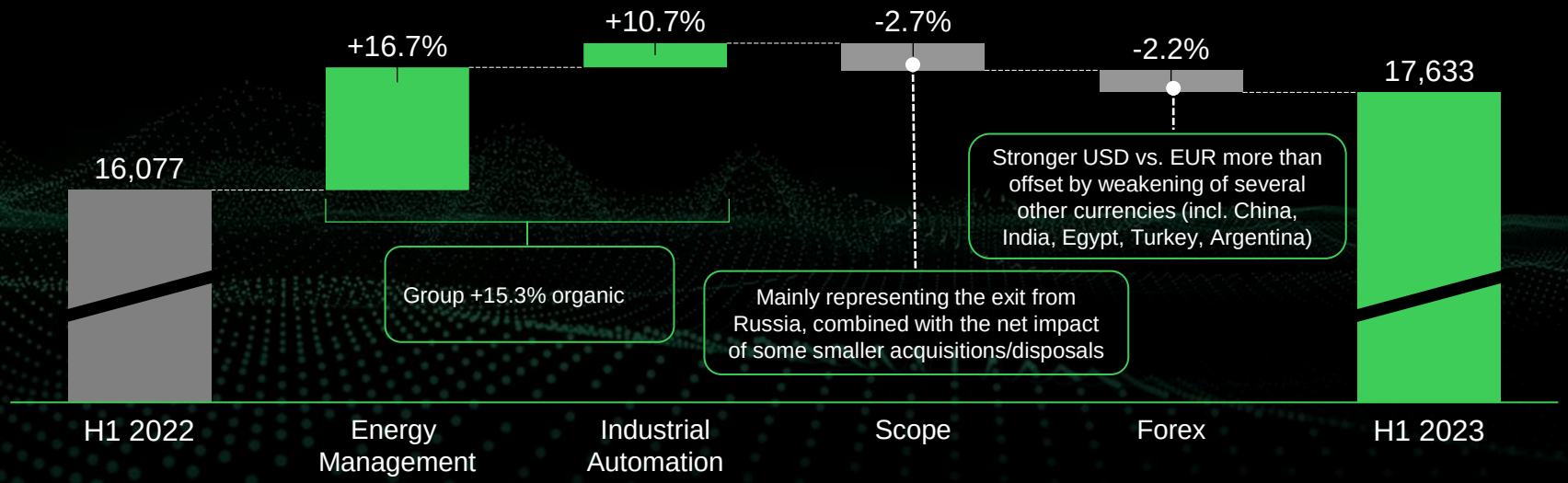
Free Cash Flow

€0.8bn, +86%

Free cash flow impacted by working capital needs

Strong growth in H1 2023 up +15% organic

Analysis of Change in Group Revenues (in €m)



Based on current rates, the FX impact on FY 2023 revenues is estimated to be between -€1.4 billion to -€1.5 billion

The FX impact at current rates on adjusted EBITA margin for FY 2023 could be around -80bps.

Double-digit growth in all business models, led by Systems

PRODUCTS
56% of H1 revenues

+10%

H1 organic growth

- Energy Management up double-digit, while Industrial Automation grew high single-digit
- Progressive improvement in supply chain allowing good backlog execution
- Positive contribution from volume, with price as the significant driver (mostly carryover)
- Focus on expanding digital footprint through innovation

SYSTEMS
26% of H1 revenues

+29%

H1 organic growth

- Growth in excess of +20% org. in both businesses
- Strong demand across relevant end-markets
- Benefitting from price actions; mostly carryover from last year
- Supply chain easing supported growth

SOFTWARE & SERVICES
18% of H1 revenues

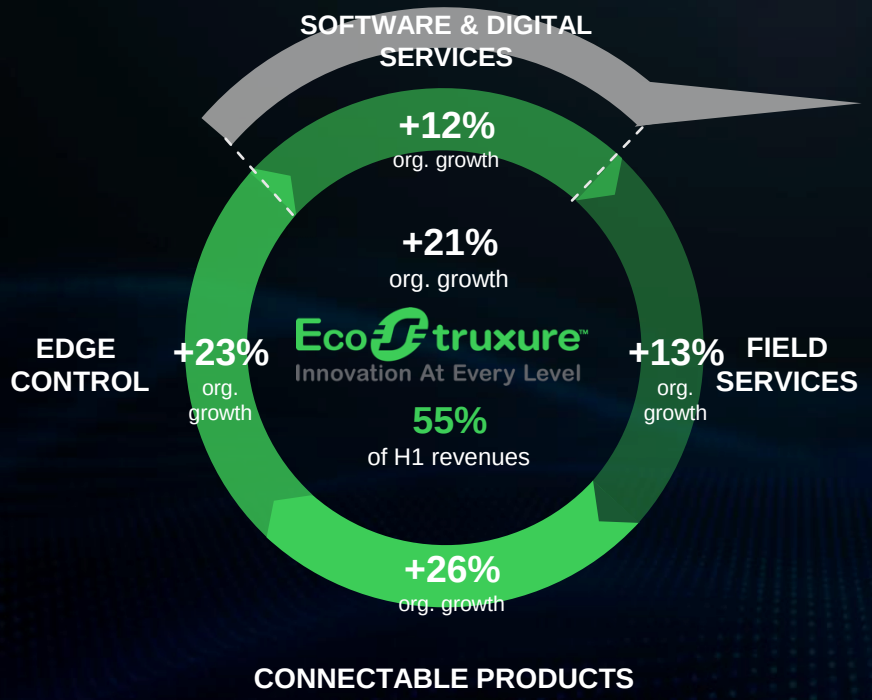
+12%

H1 organic growth

- Software & Digital Services up +12% org.
  - Strong performance at AVEVA, with ARR growth up +15%[1]
  - Strong growth in EM software led by double-digit growth from eCAD offers
  - Digital Services up strong double-digit with growth in EcoStruxure Advisors
- Field Services up +13% org.
  - Double-digit growth in both businesses
- Sustainability Business[2] up double-digit vs. high base of comparison

1. *At constant currency, adjusted for Russia impacts*
2. *Sustainability consulting and services offers are split between Digital and Field Services*

We continue to progress on our digital journey, digital flywheel up +21% org. in H1



€1.4bn
H1 2023 revenues

Key achievements of H1 2023

- Digital innovation driving strong growth in connectable products
- Good growth in Software and Digital Services despite transition to subscription at AVEVA
- Strong recovery in Field Services, growing double-digit in H1

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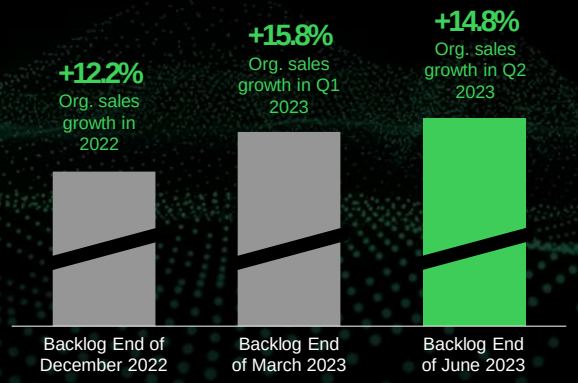
Backlog continued to build in H1 despite demand moderation in specific segments

Strong market demand throughout H1 2023:

- Record high backlog at the end of H1
- Continued backlog creation in Q2 while sales grew +14.8% org.



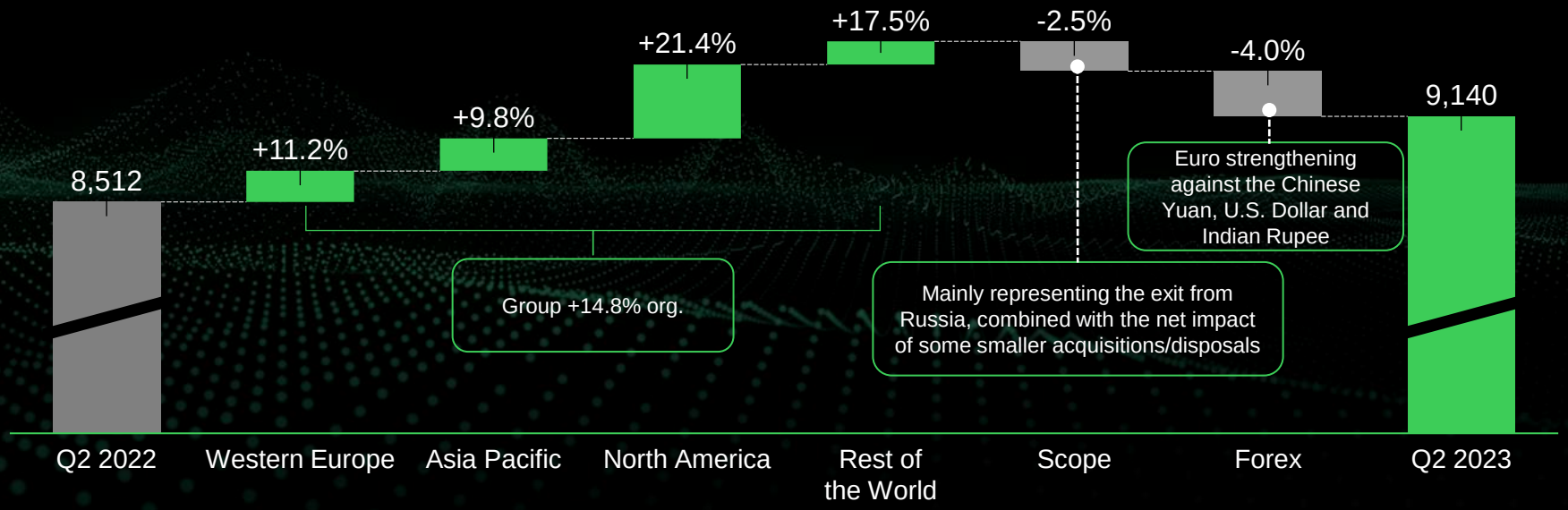
~3.8 months	~5 months	~6 months	> 6 months
of sales on avg (2018 to 2021)	of sales in 2021 closing backlog	of sales in 2022 closing backlog	of sales in H1 2023 closing backlog

	Q2 2023 vs Q2 2022[1]
Data Center	++
Machine Solutions / OEM	-
Residential Buildings	-
Healthcare	+
CPG	+
MMM	+
Utilities	++
Energies & Chemicals	++
Transportation	++

1. *Based on non-GAAP orders in selected segments*

Q2 2023 Group revenues up +15% organic

Analysis of Change in Group Revenues (in €m)



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Energy Management +16% Q2 org. growth

Split of Q2 2023 revenue by geography:

W. Europe	N. America	Asia Pac.	Rest of the World
23%	37%	28%	12%

North America +24%

- Strong double-digit growth in the U.S. and Mexico, Canada up high-single digit
- U.S. Buildings end-market saw strong growth with Resi supported by backlog execution and rental market, Non-resi strong in technical buildings and renovation
- U.S. Data Center remains strong; distributed IT growing more modestly
- U.S. Industry and Infra performing well, strong growth of EM sales into industrial OEM
- Strong growth in services across the region

Western Europe +10%

- Double-digit growth in U.K., Germany and Italy. Spain up high-single digit, while France grew mid-single digit. Growth supported by backlog execution
- U.K. led the growth, with strength in Infra, Non-resi and Data Center. Germany saw similar growth drivers
- Italy and Spain saw broad strength across end-markets, while France impacted by high base of comparison
- Non-resi across the region supported by renovation trends, while Resi was mixed – strong growth in Southern Europe, while Northern Europe was down
- Data Center, Infrastructure and Industry end-markets well oriented and contributed to growth

Rest of the World +16%

- Strong demand for systems offers across the region, supported by price actions taken in certain countries in response to currency devaluation
- Middle East up strong double-digit, led by project demand in Saudi Arabia and strong growth in Turkey
- Africa up strong double-digit supported by project execution in multiple countries including South Africa and Egypt
- South America grew mid-single digit, led by Argentina, while Brazil was down on market softness and continued supply challenges
- Central & Eastern Europe down slightly

Asia Pacific +11%

- China up double-digit against low base, more than recovering declines of Q2'22. Strong growth in electronics, transportation & renewables, while construction remains soft
- India up mid-single digit against particularly high base, with continued strength across end-markets
- Australia up low-single digit, with good growth in systems partly offset by weaker demand for products
- Strong growth in many countries across rest of the region

Industrial Automation +12% Q2 org. growth

Split of Q2 2023 revenue by geography:

W. Europe	N. America	Asia Pac.	Rest of the World
31%	22%	32%	15%

North America +8%

- U.S. up double-digit, Canada up high single-digit, Mexico down on high base
- Strong double-digit growth across segments in U.S. discrete automation, despite ongoing supply constraints, supported by backlog execution
- Growth in sales of both automation and industrial software into Process markets, but less strong than performance in discrete markets
- Canada was relatively stronger in Process industries
- Mexico was down due to execution on a large project last year

Western Europe +16%

- Germany, U.K., France and Italy up double-digit, Spain up high-single digit
- Good performance in discrete automation markets supported by easing supply chains, with OEM segments including material handling and packaging strong
- Process markets continue to rebound
- Strong quarter at AVEVA, notably in the U.K. and Switzerland
- Services grew strong double-digit

Rest of the World +21%

- Middle East up strong double-digit, driven by Discrete automation in Turkey and projects in Process industries in the Gulf region
- Africa grew strong double-digit with good performance in both Discrete and Process & Hybrid
- South America up high single-digit
- Central & Eastern Europe grew mid-single digit

Asia Pacific +7%

- China up mid-single digit against low base, with some residual supply chain issues. Process up strong double-digit, led by E&C, supported by project execution. Discrete growth more muted, particularly in construction-tied OEM
- India up strong double-digit against high base, led by growth in Discrete
- Japan saw strong double-digit growth supported by backlog execution
- Australia delivered strong growth, while Korea declined

Adj. EBITA: Margin at 18.0%, +190bps organic

In €m	H1 2022	H1 2023	*Reported change*	*Organic change*
Revenues	16,077	17,633	*+9.7%*	*+15.3%*
Gross Profit	6,535	7,482	*+14.5%*	*+21.8%*
Gross Margin (%)	40.6%	42.4%	*+180 bps*	*+220 bps*
SFC[1]	(3,753)	(4,308)	*+14.8%*	*+17.0%*
SFC[1] Ratio (% Revenues)	23.3%	24.4%	*-110 bps*	*-30 bps*
Adjusted EBITA	2,782	3,174	*+14.1%*	*+28.8%*
Margin %	17.3%	18.0%	*+70 bps*	*+190 bps*
R&D/Sales ratio	5.3%	5.2%	*-10 bps*	*-40 bps*

Energy Management

c.+140bps
Org. Adj. EBITA

Industrial Automation

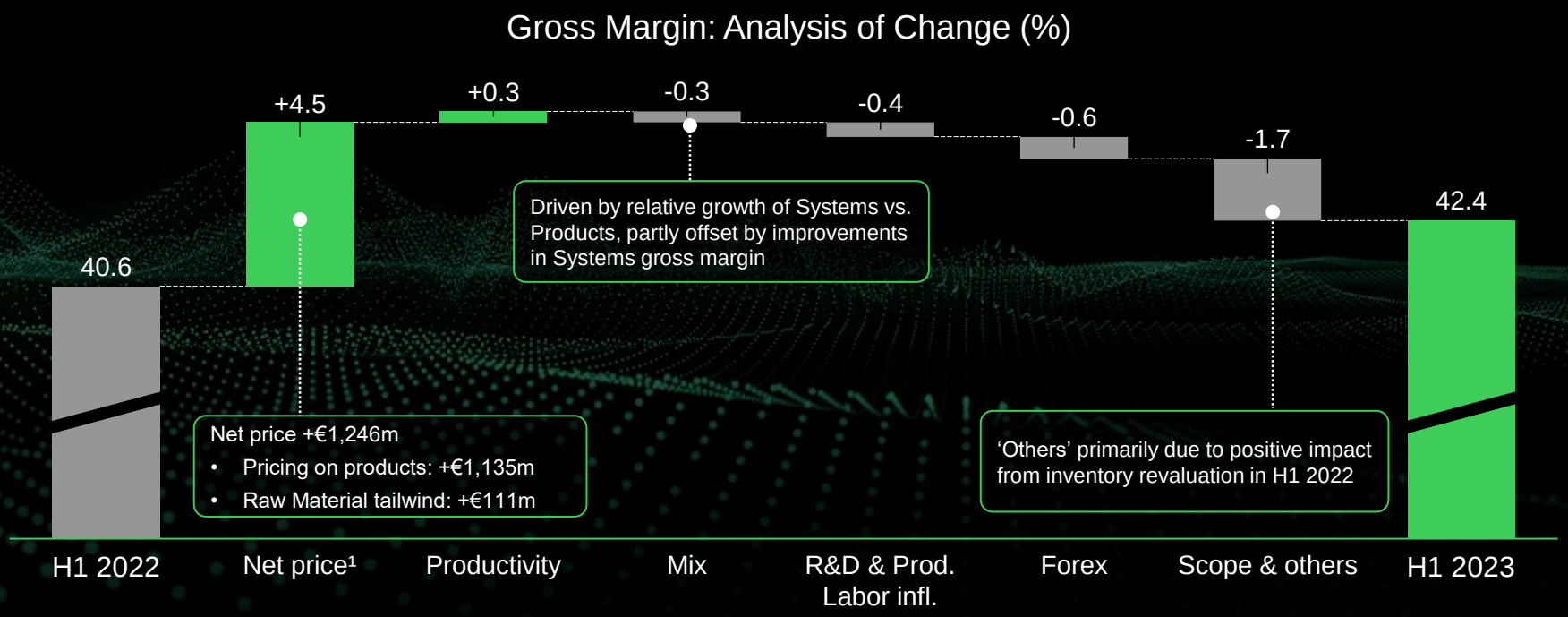
c.+180bps
Org. Adj. EBITA

- SFC higher by +17.0% organic due to one-time items, inflation and further investment in the Group's strategic priorities
- SFC/Sales ratio deteriorates from 23.3% to 24.4% negatively impacted by Scope and FX, alongside a -30bps organic impact

- R&D costs in P&L up +8% organic meaning R&D/Sales ratio falls slightly to 5.2% down -40bps organic
- On a cash basis, R&D spend increased to 5.7% of sales, up from 5.5% in H1 last year

1. Support Function Costs

Gross Margin: +220bps organic progression



See also: H1 2023 Gross Margin analysis of change clarification, published August 1, 2023, and available here

1. Price on products and raw material impact

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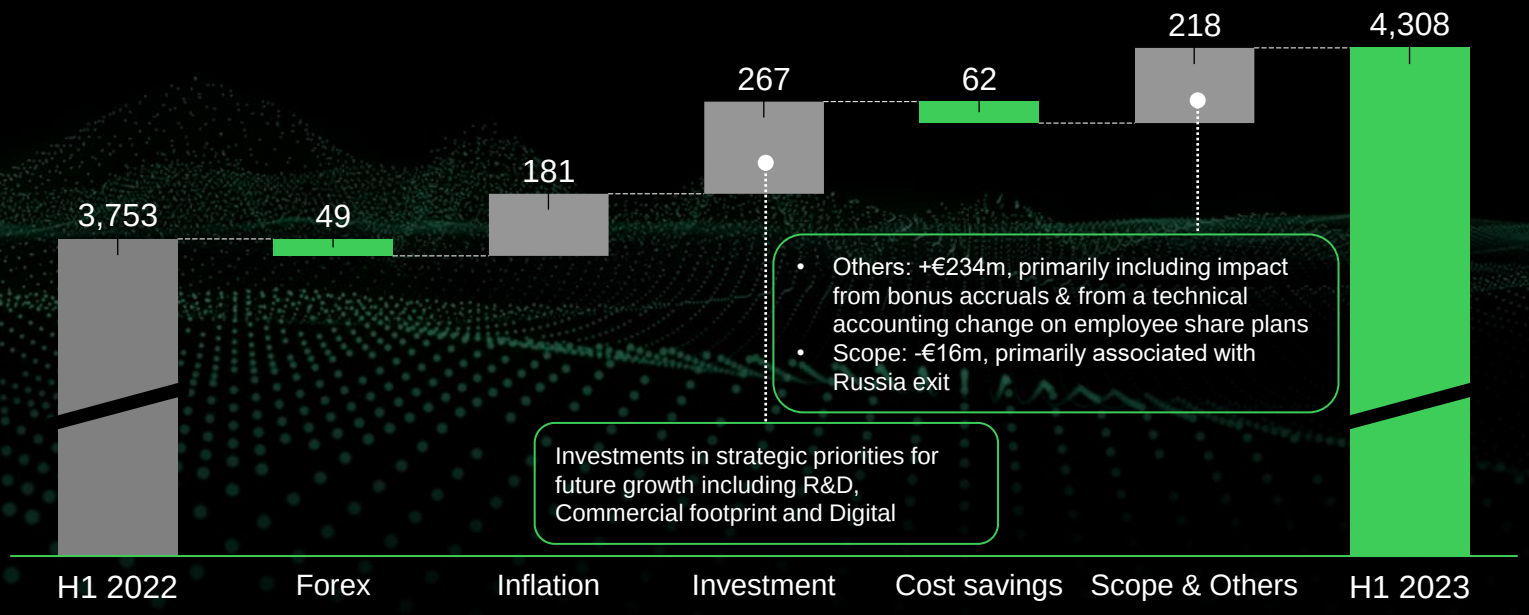
SFC: Continued investment to support future growth

Analysis of Change of SFC (in €m)



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Adjusted Net Income of €2.0bn up +13%

In €m	H1 2022	H1 2023	% change
Adjusted EBITA	2,782	3,174	+14%
Other operating income and expenses	(304)	15	
Restructuring costs	(85)	(41)	
Amortization & imp. of purchase accounting intangibles	(206)	(196)	
EBIT	2,187	2,952	+35%
Financial costs	(103)	(207)	
Income tax	(565)	(687)	
Equity investment & Minorities	-	(35)	
Net income (Group share)	1,519	2,023	+33%
Adjusted Net income[1]	1,803	2,042	+13%
Adjusted Earnings per share[1]	3.24	3.64	+12%

H1 2023 impacted by a gain on disposal of VinZero partially offset by M&A / Integration costs. H1 2022 included impairment charges associated with Russia exit

Decreasing towards target of around €100m per year, as previously communicated

Impacted by the additional debt associated with the acquisition of AVEVA minorities, and rising cost of debt

Effective tax rate of 25.0%, in line with the expected range of 23-25% for FY2023

1: Adjusted net income and EPS calculation in appendix

Record H1 operating cash flow at €2.7 billion – FCF impacted by working capital requirements

Analysis of debt change in €m	H1 2022	H1 2023
Net debt at opening Dec 31	(7,127)	(11,225)
Operating cash flow	2,578	2,681
Capital expenditure – net	(448)	(630)
Operating Cash Flow net of capex	2,130	2,051
Change in trade working capital	(1,100)	(892)
Change in non-trade working capital	(589)	(339)
Free cash flow	441	820
Dividends	(1,650)	(1,806)
Acquisitions – net	(350)	90
Net capital increase / (decrease)	(219)	(41)
FX & other	(308)	(825)
(Increase) / Decrease in net debt	(2,086)	(1,762)
Net debt at June 30	(9,213)	(12,987)

All-time high operating cash flow for an H1, up +4% as a consequence of the record profitability in the first half

Good performance on receivables with DSO improving year-on-year, while on payables DPO is stable. Inventory days have increased slightly year-on-year as we continue to prioritize customer delivery

Variance to H1'22 primarily relates to level of bonus accruals/payments and employee share plan expense

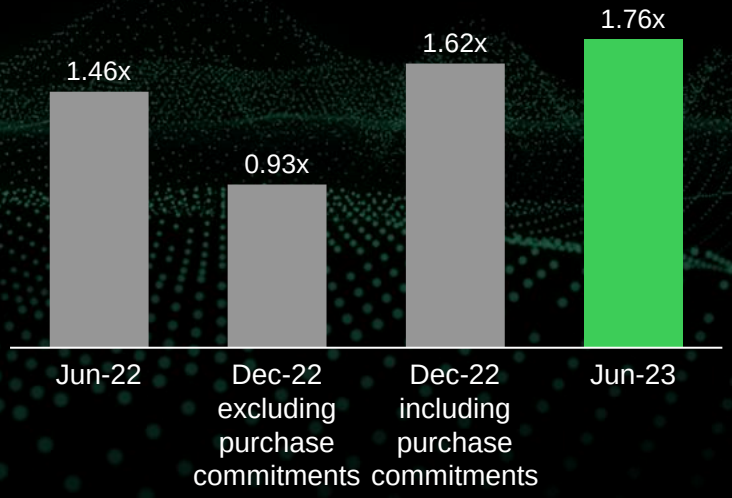
Free Cash Flow of €820m. Cash conversion ratio 41% of net income compared to 29% in H1 last year. As in 2022, the Group expects a higher cash conversion ratio in H2

Share buyback program resumed

Increase vs. H1'22 mainly due to FX

Balance sheet remains strong

Net Debt / Adj. EBITDA[1]



Main impacts in H1 2023

- Cash payment of €4.6bn to purchase minority shares in AVEVA (shown as a purchase commitment at 31 Dec.)
- Payment of €1.8bn to fulfill FY22 dividend
- Re-start of share buyback program: €41m completed in June, and a further €67m in July
- Free cash flow generation of €820m

1. Trailing 12 months Adj. EBITDA; Net debt as of period end

Expected Trends & Financial Target

Peter Herweck | CEO

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Expected trends in coming months

Demand environment

- 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
- Continued pressure on demand in residential buildings and a moderation from elevated levels in discrete manufacturing (particularly in China and Western Europe)

Geographical trends

- U.S. expected to contribute strongly to growth through a combination of strong demand, industrial reshoring and backlog execution
- China to continue to rebound from slow start to the year with progressive recovery in market demand
- Middle East and India to lead growth dynamic in emerging markets
- Government incentives across the world centered around digitization, energy transition, decarbonization and improved energy efficiency to support growth

Supply chain

- Backlog execution to support growth
- The improved supply environment should support stronger industrial productivity in H2

2023 Target upgraded

The Group upgrades its 2023 financial target as follows:

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

(previously between +16% and +21% 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** (previously +10% to +13% organic)
- Adjusted EBITA margin up **+120bps to +150bps organic** (previously +100bps to +130bps 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 FX & Scope available in slide 33

Q&A

Investor Relations ready to engage

27 July	**2023 Half Year Results**
6 September	Morgan Stanley Industrial CEOs Unplugged Conference (UK)
13 September	Kepler Cheuvreux Autumn conference (Paris)
26 October	Q3 2023 Revenues

Capital Markets Day
November 9th 2023
LONDON

Investor Relations contacts

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To schedule an interaction with Schneider Electric, please contact lorna.scrimshaw@se.com

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Appendix

2023 additional notes

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2023 revenues is estimated to be between -€1.4 billion to -€1.5 billion. The FX impact at current rates on adjusted EBITA margin for FY 2023 could be around -80bps

- **Scope:** Around -€800 million on 2023 revenues and around -30bps on 2023 adjusted EBITA margin, based on transactions completed to-date, particularly impacted by the exit from Russia

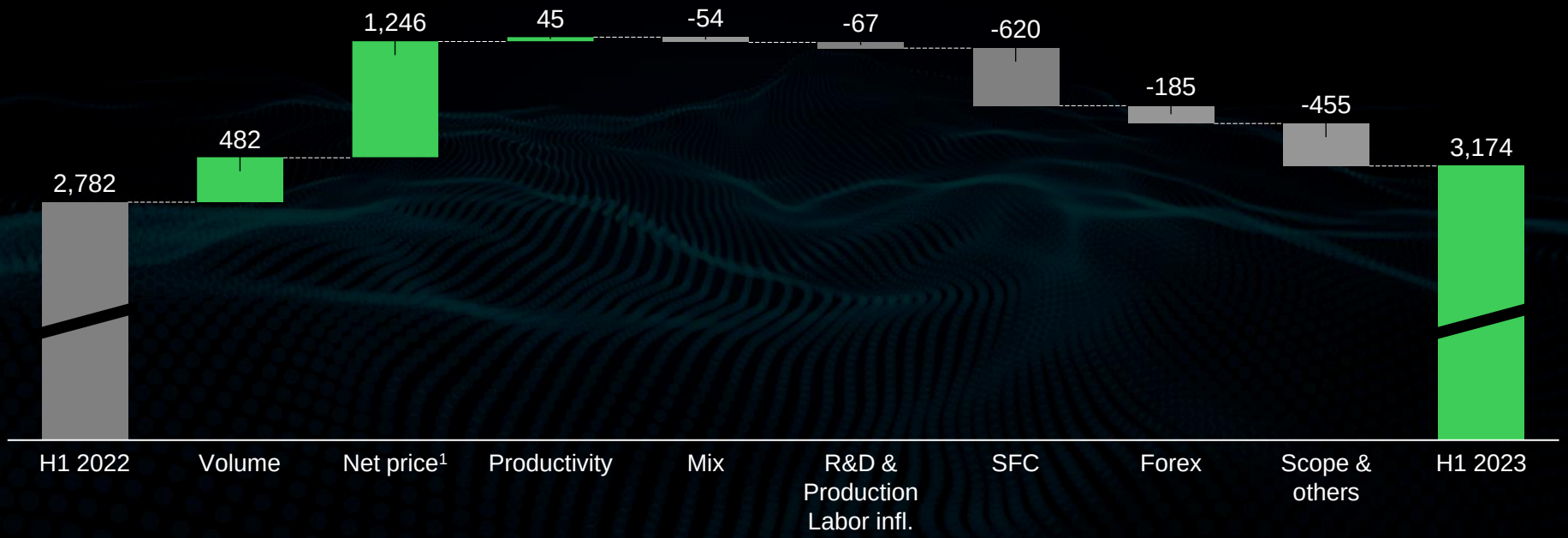
- **Financial costs:** Net finance costs are expected to be higher by around €200 million in 2023 when compared to 2022, primarily due to the additional debt related to the AVEVA transaction

- **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

Adj. EBITA +29% org. due to strong gross margin performance primarily offsetting inflation and investment in support function costs

Analysis of Change of Adjusted EBITA (in €m)



1. Price on products and raw material impact

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2021 – 2025 SCHNEIDER SUSTAINABILITY IMPACT

Q2 2023 Results

	Q1	Q2	Q3	Q4	2023 Target
Score[1]		5.28			6.00

6 long-term commitments		Baseline	Q2 2023	2025 Target
CLIMATE	1. Grow Schneider Impact revenues*[2]	70%	73%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions[3]	263M	481M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operations	0%	19%	50%
RESOURCES	4. Increase green material content in our products	7%	22%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	54%	100%
TRUST	6. Strategic suppliers who provide decent work to their employees[4]	1%	3%	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	41/27/29	50/40/30
	9. Provide access to green electricity to 50M people[6]	30M	+12.5M	50M
GENERATIONS	10. Double hiring opportunities for interns, apprentices and fresh graduates[2]	4,939	x1.38	x2.00
	11. Train people in energy management[6]	281,737	460,415	1M
LOCAL	+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

*Per Schneider Electric definition and methodology

[1] 2021 baseline 3/10, 2025 target 10/10 [2] 2019 baseline [3] cumulated since 2018 [4] 2022 baseline [5] 2021 baseline [6] cumulated since 2009

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Adjusted Net Income calculation

In €m	H1 2022	H1 2023
Adjusted EBITA	2,782	3,174
Amortization of purchase accounting intangibles	(206)	(196)
Financial Costs	(103)	(207)
Income tax with impact from adjusted items[1]	(670)	(694)
Equity investment & Minority Interests	-	(35)
Adjusted Net Income (Group share)	1,803	2,042
Adjusted EPS (€)	3.24	3.64

1. The effective tax rate implied in the adjusted net income calculation for H1 2022 is adversely impacted by the write-offs in relation to Russia exit

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