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PRESENTATION

Operator

Welcome to the Schneider Electric’s 2022 Half Year Results. (Operator Instructions) I would like to inform all parties that today’s conference is being recorded. (Operator Instructions) I will now hand you over to Amit Bhalla, Head of Investor Relations.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

Hello, good morning. Welcome to Schneider Electric’s H1 results. We are here from Paris today. Joined by Jean-Pascal Tricoire, Chairman and CEO; and Hilary Maxson, our CFO. We are going to go through the slides, which you already have. And after that, we’ll make sure we have enough time for each of the questions. I just want to make sure that you -- I remind you about the disclaimer that you see on the slide right now. And without further ado, I pass it over to Jean-Pascal.

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Thank you, Amit. I all -- it’s really good to be in person with Hilary and Amit today to report on -- I would qualify a very eventful on turbulent H1 2022. And if I look at the situation, it’s a very contrasted situation. On one side, we face a very strong demand. On the other side, we’ve been facing all of H1 multiple external events, which we have to weather through. And the good news is that through this turbulent weather, we signed very strong results at the end of H1. So a picture of those results for the first time in our history, EUR 16 billion, which is more than EUR 2 billion more than last year H1, 10% all over the first half of organic growth, that has absorbed the effects of the lockdown in China on the transformation and transition we had to realize in Russia.

Both of our businesses, energy management and industrial automation participate to this strong growth and at a very high level of profitability. And this signed the year at 17.3%, which confirms now for many quarters that Schneider is navigating above the bar of 17% of operating margin. And this is all the more remarkable that this is H1 on traditional here at Schneider sees a profitability, which is lesser in H1.
Seeing all of this, we see in June, beginning of July, and all of H1 a confirmed strong demand for the technologies we are providing. And I'm going to spend some time to explain the why of that. And combined with the strong execution on pricing and volume means that we are upgrading today our full year guidance by 2% on growth, but we're going to come back on that later in the presentation. So now let's come back on the headlines of this first half of 2022. I already said it, EUR 16 billion of sales, plus 10% organic growth, inclusive of the effect of the lockdown of China and Russia. If you would exclude those 2 effects the growth would be mid-teens and the growth on volume is above 4%. So a very solid performance made of both volume and price, and Hilary will be more explanatory of all this.

Adjusted EBITA, progressing by 10% also at EUR 2.8 billion and again, above the bar of 17% on the way to keep increasing every year our operating profitability. Adjusted net income at EUR 1.8 billion, another historical high growth of 11%. And finally, an operating cash flow at EUR 2.6 billion in progress of more than 20% now to be completely explicit about cash flow. Our free cash flow has been impacted negatively by the decision we explained at the end of 2021, at the end of the first quarter of this year, that we would prioritize on supply and make sure that we build enough stock so that we can improve the delivery to our customers in front of a strong sustained demand, which is actually accelerating due to the present situation on the energy front.

So what's the contrasted view of this first half. On one side, facing quite a lot of operational headwinds, which are external factors, COVID-19, which hit China in Q2, and China for us is really important, really a remarkable reaction of China. When you think about it in H1, all of our regions, would it be in Q2 or in H1, are posting solid growth. So kind of compensating for all of those headwinds.

Geopolitics, and especially the transformation that we have to realize in Russia, and a combination of supply tension and inflation, which are the collateral of a strong growth, which we are really dealing with on working on, to get better structurally at dealing with those transitions in demand.

On the other side, we are facing an accelerated demand -- or an accelerating demand. All of this started, if you remember, in 2019 with a request for all companies to be more sustainable. That was more of a midterm aspiration. Then the COVID reinforced the need for digitization. And the energy crisis that we are all facing in the world here, which in some cases, they bought energy scarcity on your capacity to operate during next winter for all is the price of energy and the sheer impact it has on the economics on any company, any country or any city pushes to a level of urgency never seen before, the need for efficiency everywhere.

And the only way to do it is digitization and electrification, which is the only way to decarbonize and exit somewhere of the dependency on the supply of fossil fuel. I would add to that, that the tensions of supply chain have pushed to a new level the need for reshoring, friendshoring, which means going back to produce in mature economies where labor is scarce and where you need to automate.

So you see that there is fundamentals of our strategy around digitization, electrification and sustainability have been significantly accelerated. And we are in a very special time in the history of what we do where the midterm aspiration is actually accelerated by the short-term urgency to transition the model of energy for any country, any city or any customer.

And now looking at the geographies, we see a sustained demand on all sites because in developed countries, which are, in most of the cases, facing higher prices of energy, there is a renewed need to accelerate the energy transition outside of fossil fuel, outside of -- well, towards efficiency. And at the same time, in our portfolio of countries in the past years, resource-driven economies had been lagging and the new price of energy and resources globally is pushing the resources to a new level, which trickles down into all the economies. So quite a reinforced demand as we see.

Let me give you some very practical examples of what we are doing. Like we go to Belgium ORES, large network operator facing the need to manage supply, demand, manage better the electrical assets, manage also the volatility of renewable, deployment of a very large ADMS, advanced distribution management system, to have a grid that is smart and manage demand response.

Let's move on to Australia, the other side of the world. In Melbourne, where a typical example of what we do a lot at the moment, which is a retrofit of an existing building, actually reaping out all the legacy systems and especially the BMS and putting a brand-new open system of BMS on energy management to cut energy consumption on carbon emissions.
Moving on to Salvador, El Salvador for a data center, another example where we win on the data center because we supply the whole value chain, both in electricity and in digitization with all the guarantee of one manufacturer on one technology supplier.

And then if we go to Tianjin -- to Jingdong, which is one strategic supplier of Schneider, but a large supplier of the automotive industry helping them in the frame of our carbon project to cut their emission, to better manage their energy, which is beneficiary to us because they belong to our Scope 3. But beneficiary to them because it makes them more competitive with their other customers and particularly all the ones which have taken carbon commitments.

So now maybe in simple terms, why do we propose a very convincing solution today to a very crucial problem of our customers all over the world and especially in the places which are affected by a higher price of energy? Because we've been working in that combination of digital and electrification over the past 20 years to supply complete and integrated solutions for our customers to not only improve their process, their safety, their resiliency, but really cut their energy spending and transform their energy supply from high carbon sources to low-carbon sources.

And I want to share quickly, I promise, some examples of what we do here. Let's take the building. And here, I'm not comparing futuristic things. I'm comparing an average building in Europe or in the U.S. to a building that is retrofitted with green technologies, which are existing at Schneider. And here, we use a combination of several things. Through EcoStruxure, we combine Energy and Automation into one repository, and we optimize the 2 together. We connect everything from the endpoint to the cloud.

With our software suite, we allow our customers to manage, digitize on a digital twin the old building from the design through the -- to the operations, to the commissioning. We doing that allow them to operate all of their buildings into one unified operating center on the fees element that we have spoken less about, but that we bring into more and more applications is bringing to them local power generation based on microgrid and renewable so that they cover the rest of their energy needs based on local power generation. Impact divided by 2 or 3 carbon emissions divided by 2 or 3 the energy spend and divided by 30% to 50% the whole energy demand.

Same thing applies to industry. And I won't be as detailed, but industry has been more advanced in the digitization of its processes for the research of productivity. A big problem today for many industries is the energy side of the equation, which traditionally has been much less connected and much less optimized. It was probably too much taken for granted. We at Schneider, from the beginning, have made no difference between process and energy, and all of our systems are made to optimize and to manage side by side the equation of energy and the equation of process. Impact on productivity, on energy savings, on workforce efficiency at the time when workforce is scarce on reduction on maintenance and improvement of uptime and managing the times where the energy is not there at points in time where you have to manage and produce your energy locally.

All of this, of course, is generating a lot of digital, a lot of data, and we see it in our figures. So the whole of IT as a segment has increased to 17%, 1-7, of our turnover in H1, so it keeps increasing. And I know that many of you are always focused on the hyperscaler equation, but integrate that on those 17%, those hyperscaler make around 2% of the total. So large part of what we do is on the rest of the digital value chain. And what we've seen with great pleasure on what we had anticipated, I think for -- you know us, you've followed us and you know what we're explaining that the more people bring data on the cloud, the more they have to install more computing, storage, AI on the edge.

And that is creating a very strong and very promising development as this development is barely starting and this is a place due to the legacy of APC, where Schneider has the strongest and the most accessible offer all across the world. And final part of the whole equation is everything we provide to utilities on to customers to be able to transition to a new model of electrification, which is more sustainable, more digital, more decentralized, more efficient, more resilient based on microgrid, smart grids and smart on connected points of consumption.

And we've been, as you know, growing our portfolio of software to manage demand response, to decentralize the grid around smart on microgrid and to also manage a point of consumption and especially serve the growing need of electric vehicle, which we don't see as an part need. We see it as an integrated part of any electrical system as most of the charge will happen at the home of people, at the office of people or when they go working on a campus.
I want to mention here that we have signed an agreement of collaboration with Hitachi Energy because we don’t have any high voltage, and there is a kind of obvious logic in working together across the border of high voltage and medium voltage when application for higher power on some utilities needed, and there is a natural meeting of mine when it comes to smart grids and when we speak between the 2 companies.

And this, of course, more data, new landscape of energy means for us more digital and more services. And today, when you see the total sum of digital and services, it’s now more than -- in H1 more than 50% of our turnover. In H1, this part is growing faster than the rest of the company. And we are -- good news of Q2, we are catching up in services. If you remember, in Q1, our service growth was low because we had prioritized the production of components to our partners because supply chains, we found more reserve or more capacity in our supply chain, we are able to liberate those components for -- more components for our services. And services in Q2, we are growing double digits. So we are catching up on that side.

On the other side of digital, great news that we see connectable products growing by 16% in H1. So that means that we are -- there again selling more than we used to on production and electronics are becoming more available. But I want to insist on one part of the portfolio, which we’ve spoken a lot over the past 10 years, which is growing a portfolio of agnostic software. All the job that Schneider is doing for its customers is to offer an IoT platform EcoStruxure that transform every object to a set of data on the cloud and what gives sense to that data is our portfolio of software.

In H1, the sum of all of our software, industrial automation, which is mostly AVEVA on Energy Management represents a turnover of EUR 1.3 billion, which is a very large software company. If you take a pro forma of last year, it would have been EUR 2.4 billion on the full year to give you a size reported to a full year.

And the great thing is that this development of analytics, AI, software gives place also to more objects being connected to those analytics. So once again, this first half, a growth of 35% of the assets that we connect and manage for the sake of our customers.

For example, practical examples on how all of this is combining EcoStruxures and IoT platform, AVEVA as a software platform to serve Dalmia cement. I’m actually very happy that it connected to an electrical distribution, which was connectable of our newly integrated company of Larsen & Toubro in India for serving a cement company, Dalmia, which is very well known in India, to cut their energy spending and reduce and cut their carbon emissions.

Another example in gold mining in Canada, where we combine AVEVA, and especially PI from OSI, together with EcoStruxure to improve both process and energy, what we do in University of British Columbia, in UBC, by digitizing the power systems, using a combination of ETAP on EcoStruxure. So we see more and more synergies being built by the diverse companies of our portfolio.

Now H1 once again has been a time where most of our growth has been limited or constrained by supply issue, strong demand, not enough supply, especially in semiconductors. Now even in those difficult times, I’d like to mention that we were recognized by Gartner as the second best supply chain in the world, just behind Cisco. Last year, we’re #4, so we keep progressing. And this recognizes a lot of things that we do, but especially the relationship we are establishing with our suppliers.

Our job on sustainability or permanent progress on sustainability, on digitization, on the regionalization of our supply chain. This, on the top of it, we have 7 plants, which are recognized as lighthouse facilities by the World Economic Forum and so on and so on, 100 smart factories, 65 -- 64 Zero-CO2 sites and so on.

Now how do we deal with supply chain pressures? And again, if you would exclude the disruption of Russia and China, our volumes were growing above 4% in H1 and quite consistent between Q1 and Q2 with a big exception. It’s not the same volume, Q2 is much higher volume. The first one is really the strategic relationship with our suppliers. We go beyond the transaction to the strategic exploration of innovation and capacity with our -- particularly our semiconductor suppliers.

Regional strategy, multi-hub, redeveloping some products when we have to, to go on the platform, which will have more capacity. We see that Electronics will remain tight through 2023. And we won about it, but we have been securing strategic stock on supply impacting the working
capital in H1. Not to mention that on the structural elements, like the time in transit, which have increased and which mechanically have been increasing the inventory.

But the main factor has really been very selectively on very well-identified parts of components, making sure that we secure strategic stock. We keep progressing on our sustainability agenda. Big focus on carbon and especially on the carbon project. But you see here some of the examples of the places where we are working circularity on packaging in this specific case.

Everything about ethics, on making sure that our processes, our culture is super robust on that side, on providing clean electricity to all the people who don’t have access to it and especially in emerging countries where we are operating. We, at the same time, are partnering with more and more customers to help them save CO2, and we are trending to 80 million to 100 million tonnes of CO2 that we are measuring precisely that we help our customers save, which when you think about it is above the footprint, the carbon footprint of Schneider Scope 1, 2, 3. This is somewhere the Scope 4 of Schneider that today we are measuring.

But this business has been developing high double-digit and will keep being a strong point of us, where we combine our expertise of energy with digitization capability and more important so the capacity to execute on the solutions we are proposing. Really would like to insist that I think in these times, where pandemic, where geopolitics, where difficulty to travel is isolating the different places in the world, the key elements of DNA of Schneider have been really, really important to keep us working with responsibility on making decisions at the closest possible from the issues.

And you know the 3 attributes of our culture, having a meaningful purpose on doing things in a meaningful way according to the standards of global compact. There’s one recognition I want to single out here, which is Microsoft appointing us as the best company or the best partner in the field of energy and sustainability in the first half of this year in 2022.

We are – and we want to be the most inclusive company across industries, and our global footprint speaks for us on the fact that we empower region. And probably the most important is empowerment, making sure that local teams and local presence make decisions by themselves and manage the company as theirs.

And I think the example of China recovery in less than 1 month is a great example of that commitment. We had more than 1,000 colleagues sleeping in the factory for 6 weeks to make sure it would keep running and then reestablishing full capacity in 2 weeks. That’s one of the multiple examples of engagement we had with our colleagues.

I would like somewhere to conclude with that. I’ve been working in this sector for a long time, and there are some pivotal times in any sort of industry. And I think this H1 is one of those very specific moment where there is no choice but to transition. It’s a time where the agenda of midterm, which is to reduce carbon to fight climate change, which has been a late realization of, let’s say, the past few years, is meeting the urgency for many places, companies, countries, cities, to transition their energy model.

And guess what? Those 2 are perfectly consistent. So everything we do to deal with this energy crisis, energy price, energy availability are no regret moves to make us better in terms of fighting climate change provided they go in the direction of what Schneider is somewhere -- has been working on for the past 20 years, which is an equation which is pretty simple in 4 elements.

First, priority to efficiency everywhere. And the only way to disrupt efficiency fast and cheap is through digitization. Second, electrification of usages. Of course, the tip of the iceberg, the most visible is mobility. But the biggest stake is probably with buildings, on temperature control in buildings with a massive transition, which has to take place in the next months and years. Then making sure that this electricity is green and everybody of us can participate with decentralizing energy production on its roof, of its home, of its building, of its office, of its plant, of whatever supermarkets and industrial zones across the world.

And finally, digitizing everything from the plant to the plug, we started to say in 2008, because this is the only way to optimize demand and response. And all of this, Schneider is developing a consistent chain of technologies that plug with each other, an IoT platform called EcoStruxure, software platform around AVEVA on our software companies to be the digital partner of our customers on their journey to net 0 on energy security. So that’s what we see today. And Hilary, I’d like to hand over the mic to you as we go into the next stage of the presentation.
Hilary Barbara Maxson - Schneider Electric S.E. - CFO

Thanks, Jean-Pascal, and good morning, everyone. I definitely agree, we're at a very exciting inflection point in our business and end markets for the future. And I'll, of course, put this into the context of our current financial performance in the quarter and in the half year. I'll start with some key financial highlights.

As I've mentioned before, we remain committed towards our journey of sustainable growth in the short, medium and long term. H1 2022 represents another half year of strong performance in a highly complex environment still reflecting high demand through Q2 and with some easing of supply constraints if you exclude the impacts of the China lockdowns in Russia.

As Jean-Pascal said and despite the complexities, we finished with record revenues of EUR 16 billion, up 10.1% organic with contribution from both price and volume. Our gross margin and adjusted EBITDA, as expected for the first half, reflect the unprecedented inflationary and supply constrained environment, and we expect an improvement in the organic progression of both of those in the second half.

Our net income is impacted by previously announced charges related to the exit of our Russia operations and other wind-down activities in Russia. Our adjusted net income, which excludes these charges, is at plus 11%. And we continue to translate our strong results into record operating cash flow, up 21% for the half.

Our free cash flow is below last year, due primarily to trade working capital and choices we made to better serve our customers in this supply-constrained environment. And I'll go into the details on all of these points in the next slides.

Turning first to revenues for the half. You can see that both our businesses are contributing strongly. Energy management is up plus 10.8% organic. And industrial automation, where we have relatively higher impacts from electronic shortages, is up plus 7.5% organic. In total, organic growth was plus 10.1% with the majority of that due to price.

However, if we remove the impacts in Q2 from the China lockdown and from Russia, we're at a higher than 4 points contribution from volume at the group level for the half with a sequential improvement in both euros and in percentage from Q1 to Q2.

In scope, we had OSIsoft shift into organic results as of the Q2. So remaining scope impacts start to be minimal. Impacts from FX, primarily the strengthening of the U.S. dollar and Chinese yuan versus the euro, positively impacted the half. And based on current rates, we would expect positive impacts to top line for the full year of plus EUR 1.7 billion to EUR 1.8 billion and around plus 20 basis points to adjusted EBITDA margin.

Of course, rates remain volatile. So as usual, we'll update you on expected impacts throughout the year. We also continued to show strong performance in our strategic pillars of more products, more software and services and more sustainability.

More products continue to progress strongly despite component shortages, up plus 12%, driven by continued strong customer demand across our end markets and geographies. Price accounts for around 8 points of that with around 4 points from volume. But like I said before, excluding impacts from Russia and the China lockdown, we do see a step-up in volume, both in euros and as a percentage of sales in the Q2 versus the Q1.

Software, including digital services, was up plus 10% for the half with energy management software performing particularly strongly and with AVEVA at high single digit as it accelerates its SaaS transformation. Field services were up plus 6%, with a strong acceleration in the Q2. And we continue to see strong double-digit growth in our sustainability business with particularly strong growth in sustainability consulting, where we have a strategic focus.

And on the slide, we've showed one customer case here where we're working with Richland County School District in the U.S. to enable them to achieve both their net 0 ambitions while simultaneously reducing energy costs.
Turning now specifically to the second quarter top line. We were up plus 10.3% organic and positive in all regions despite impacts from China lockdowns and Russia. Contributions from the quarter remained overall positive even including these impacts. I'll comment on the specific performance of the regions by business in the following slides, but I want to share a few points here.

Outside of China, organic growth within Asia Pacific was well over 20%. And if we exclude Russia from Rest of World, we had double-digit organic growth in that region.

As you know, we've announced our intentions to exit Russia and signed a binding agreement to sell our Russia operations in July. We do expect to continue to report results from Russia operations in our organic results until the close of that transaction expected later this year.

In terms of scope, we have limited impacts in Q2, and FX impacted us positively due to the weakening of the euro against other major currencies. Total Q2 revenues were at a record level of EUR 8.5 billion, partly boosted by the positive FX evolution, but also due to strong pricing and positive volume supported by the strong demand environment.

Looking specifically at Energy Management, we were up plus 11.6% for the quarter despite supply chain constraints and against a very positive baseline. North America was up 13% for the quarter, with all 3 countries up double digit, continued by -- driven by continued strong demand in building, both residential and nonresidential, and data center as well as execution of infrastructure projects.

Western Europe was up 18% for the quarter with some easing of supply chain pressures there and with double-digit growth in all of the major economies, driven by strong demand dynamics broadly and particularly in data center and building end markets, where we start to see more demand tied to the EU's Fit for 55 or energy transition package.

Asia Pacific was up 6% despite lockdowns in China, where we were down high single digit, but with strong momentum in June coming out of the lockdowns. Outside of China, we were up well over 20% in the rest of Asia Pacific, driven by demand across all of the major geographies with particular contributions from India, driven by building and data center. Rest of World was up 10% with strong double-digit growth in Central and Eastern Europe, Middle East and South America, partially offset by impacts from Russia.

Turning now to industrial automation sales. They were up 6% for the quarter despite supply chain constraints, lockdowns in China and Russia. North America was up 4%, with particularly strong performance in Mexico, driven by project execution and Process & Hybrid. U.S. and Canada were up high single digit in discrete markets, but with Process & Hybrid still lagging, partially impacted by supply constraints.

Software revenues were down low single digit for the quarter, impacted by contract timing there. Western Europe was up 13% for the quarter despite a high base of comparison and benefiting from some easing in supply chain constraints. We saw double-digit growth in most of the key geographies in Europe, driven by strong demand in OEM, our channel business and software, partially offset by process and hybrid.

Asia Pacific was up 3% for the quarter with China down around 10% organic due to the impact of Shanghai lockdowns and supply pressures. The rest of Asia Pacific was up well over 20% despite a strong base of comparison with strong growth in discrete markets, particularly in India, South Korea and Taiwan, as well as software contract timing in Australia.

Rest of World was up 5%, with strong growth in discrete and a continuation of growth in process and hybrid, led by commodity-linked economies. Excluding impacts from Russia, Rest of World was up double digit.

Turning now to the P&L. We saw organic growth in our adjusted EBITDA of plus 10% to EUR 2.8 billion. And despite the inflationary environment, as well as impacts from China and Russia, we maintained our margin at the 17.3% record we attained in December 2021 with an organic regression of just minus 10 basis points. Of course, strong pricing was a driver here, as well as our operating leverage where our SFC to sales ratio improved by 1 point to 23.3%, and I'll go through some more detail on this in the next slides.
Adjusted EBITDA margin was down minus 10 basis points for Energy Management and down minus 50 basis points for Industrial Automation. We saw positive net price in both businesses with margin impacted by the strong inflationary pressures and Industrial Automation impacted by its relatively higher exposure to electronic components.

At group level, we finished the half with gross margin of 40.6%, down 110 basis points organic. This was primarily driven by inflationary headwinds in RMI, electronics and freight. As you can see, we did drive strongly positive transactional pricing in H1 and are net positive in euros versus inflation in RMI as well as electronics and freight, although we’re still negative in terms of gross margin percentage.

We also had low underlying industrial productivity for the half, impacted by further inflationary elements as well as the constrained supply chain environment. And we expect this dynamic to broadly turn around in the H2 as we flush out some of our backlog and continue with agile pricing.

Mix elevated our gross margin by plus 60 basis points, driven by continued focus on pricing in our systems business, primarily tied to the inflationary environment. And in scope, the positive 40 basis points you see there is contribution from OSI in the Q2, which will move to organic going forward.

The second key driver of our adjusted EBITDA performance is our operating leverage, where we're finalizing our structural cost savings program in 2022. We continue to see some reversal in tactical savings, primarily travel, although we don’t expect that to be material going forward.

In terms of structural savings, we've now driven EUR 860 million of savings since 2020, and we're well on track to deliver the around EUR 1 billion savings expected between 2020 and 2022. And at the same time, we continue to make strategic investments in R&D and digital to support the future demand we see driven by the mega trends of electrification, digitization and now energy security mentioned by Jean-Pascal.

Turning now to net income, including scope and FX, our adjusted EBITDA is up 18%. Below the line, our other income and expense was negatively impacted by an initial EUR 220 million charge driven by the exit from Russia versus a positive plus EUR 77 million gain on disposal in 2021. M&A integration costs remained about flat year-over-year.

Restructuring costs were EUR 85 million for the half and aligned with expectations. Amortization of purchase price accounting intangibles stepped up as expected due to acquisitions closed in 2021, primarily OSIsoft. And in financial costs, our cost of net debt decreased slightly due to lower interest rates, but offset by a move to hyperinflationary accounting in some geographies and a revaluation of financial assets.

Our effective tax rate was adversely impacted by around 2 points due to the Russia charges. Excluding this, our ETR was up 1 point to 25% for the half. And this all results in net income of EUR 1.5 billion, down 2%. Our adjusted net income, which just to note, does include the adverse impacts on effective tax rate from the Russia charges, is up 11%, and our adjusted EPS is at EUR 3.24 per share, also up 11%.

Our operating results translated strongly into our cash flow from operations, driving it to a record level for the half of EUR 2.6 billion. As expected, our trade working capital increased year-over-year due to the growth dynamic with particular acceleration in June due to China and to better support demand in the supply-constrained environment.

Accounts receivable increased while our days sales outstanding remained roughly flat year-over-year and versus December. Inventory increased year-over-year due to the decisions we discussed at the year-end to increase safety stock and components to better serve customers in a supply-constrained environment and due to lead time extensions. We have a focus on reducing our inventory days over the year as supply chain constraints ease, but this will be limited as we continue to focus on resiliency.

In non-trade working capital, there’s a onetime cash impact of a differential in bonus payments and some timing items. So free cash flow finished at EUR 441 million for the half, with a good increase in Q2 versus Q1.

For the second half, we continue to expect strong operating cash flow based on our results, and we’d expect to finish the year with around EUR 3 billion in free cash flow. Regarding capital allocation, our overall priorities remain unchanged. We remain focused on disciplined capital allocation with an emphasis on shareholder returns over the short, medium and long term.
A few specifics from the half. We've now reached EUR 1.1 billion of our EUR 1.5 billion to EUR 2 billion portfolio disposal program with the sale of our Eurotherm business and our oil transformer plants in Poland and Turkey. And we remain on track for finalization of that program by year-end.

Regarding share buyback, we remain committed to finalizing our EUR 1.5 billion to EUR 2 billion program with around EUR 800 million of that now completed. On acquisitions, we’re announcing a couple of earlier-stage bolt-on deals. The first EV Connect is an electric vehicle charging solutions provider with an agnostic EV charging management software solution. And AutoGrid is a company we've been partnering with since 2015 and where we already had a minority stake where we fully acquired in July.

AutoGrid is a leader in AI-driven optimization for grids, an area that is extremely important in the new energy landscape and where we have a compelling offer, our ADMS through our digital grid business.

I'll finish with a quick update on our debt ratios, now at 1.46x net debt to adjusted EBITDA with a D, roughly on par with last year and remaining quite healthy. And with that, I'll turn back to Jean-Pascal to give an update on our 2022 full year expectations.

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Yes. I think we gave you a complete explanation of our strong results of H1. I want to emphasize also one thing is that we compare to H1 2021, which was absolutely exceptional, right? We -- that was the exit of COVID. So we were exiting with very strong demand and still a way of operating, which was very savvy. So this point of comparison was very demanding. I'm very happy that we confirm actually more normal times where we are today even with all the turbulence actually impacted by more turbulences, though strong results of last year.

So what do we expect in H2 2022? We see a continuation of strong and dynamic market demand, including further recovery in late-cycle segments, and I'm thinking about all the resource sector, particularly on all the infrastructure sector, which has been a big place of development of Schneider over the past 10 years, and we should be on that part of the business in very strong fundamentals.

A gradual easing in supply chains through -- though we see pressures on electronics remaining, and that's a big part of our attention on transformation. We see a strong recovery in China post Q2 impact on ECO China. Our China team reacted in times of crisis. They would be very committed to really recover as we go forward.

We see continued inflationary pressures, and that's probably the collateral of the strong demand. On whatever those -- that environment, on that inflation and the pressures on supply chain, we aspire to be net price positive for the full year. And that includes, as you know, RMI, but now also freight and electronics.

And based on that very strong beginning of the year, we acknowledge also that the environment is uncertain, but we see a 2022 adjusted EBITDA growth of between 11% to 15% to be compared to 9% to 13% that we prospected in February. And the target would be achieved by a revenue growth of 9% to 11%, with respect to a 7% to 9% organic that we had declared at the beginning of the year, and an adjusted EBITA margin up by 30 to 60 bps. And this would imply an adjusted EBITA around 17.7% to 18%, confirming the trajectory that we have prospected during our CMD.

I want to repeat also what Hilary was saying. We aspire also to reestablish our cash flow around EUR 3 billion at the end of the year, and we feel that our model is really in good shape to deliver that commitment, not forgetting our long aspiration to be a company of 25, where Schneider is a place where we develop businesses where the combination of operating profit and growth is at the level of 25 or exceeding 25.

And it’s been a very busy H1, right? Very operational H1, as you can imagine with everything we have described. And when I look at H2 2022, this is what we are working on. First priority is really to support our customers on their urgency to transition their energy model and to digitize their processes. So the second one is, of course, a large -- and it’s a teamwork across the company, which is to prioritize everything on the supply chain resilience with a specific focus on electronics.
We are going to be really working on executing on our backlog, and we see that our inventory should be more normalized at the end of the year as we exit those big variations of activities that were initiated with the COVID on strong recovery and then more disturbances. We'll keep working on accelerating our services on our software and working very closely with our sister companies in this field.

And finally, as the environment is volatile, is making sure that we keep cultivating all the elements of our model, which brings flexibility and agility and capacity to adapt to any kind of environment, I think this is a capacity that we've proven several times in the past many years.

With that, thank you, and I think we are ready for questions, right. Amit, back to you.

QUESTIONS AND ANSWERS

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thank you both. We are going to move into question and answers. I'm aware of the time. So I think just at the outset, I said we will probably go over the hour to accommodate. But just in respect for the others, we'll keep it to 1 question. Come back if we have time. So I'm going to pass it to the operator to give the instructions and we start the Q&A.

Operator

We will now begin the question-and-answer session. (Operator Instructions) The first question is from Alasdair Leslie of Societe Generale.

Alasdair Leslie - Societe Generale Cross Asset Research - Equity Analyst

So just on pricing, what do you see effectively baked into your full year top line assumption now for the full year within that 9% to 11% guidance? Is it still equivalent to the half, I suppose, of the bottom end of the range? Or is it perhaps higher now?

And then linked to that, we've seen a rollover of copper, steel, silver prices, all important raw materials for you. Obviously, other nonmaterial inflation is still coming through. I was just wondering how does this influence pricing discussions, negotiations with your customers where you go more direct? Does it get it tougher in any way? I suppose the question is, do you think you can hold -- or we can continue to raise prices if commodities continue to weaken?

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

So to address the first piece of your question, obviously, we gave a range for the second half. But at this point, we would say that more than 50% of the top line that we're giving, we do expect it to be in price. The demand environment remains strong. No real change from the beginning of the year there, remains strong. But we certainly have more price and more inflation in front of us.

So across the range, we would say that it's more than 50% in terms of our expectation, with at the same time, our expectation is an easing of supply chain, and I gave that number of where we were, I think, in the Q1, I said around 4 points from volume excluding the impacts we talked about today around 4 points in the Q2 as well.

So there's a range there, but you can look at the various numbers. In terms of RMI, maybe I'll start and you can also comment if you want to jump, Pascal. But in terms of RMI, yes, we see some easing in the RMI environment. But realistically, it's still extremely volatile. So at the moment, probably not a super key concern to us in terms of pricing. In general, the inflationary environment continues with many factors.

And I think from a customer standpoint, they understand that. But also to keep in mind, we remain in a supply-constrained environment. So at the moment, I think customers are very much still prioritizing deliveries for that strong demand that we see.
Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

I would add to that. It's really -- it will take a long time to flush out the backlog. We have quite a lot to operate here. And before concluding on RMI on any price or for that matter, integrate that Q2 was low in China. China is back. So we remain very attentive to the evolution of every kind of price at the moment, cost and will act in consequence with our pricing.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Next question, please.

Operator

The next question is from Phil Buller of Berenberg.

Philip John Buller - Joh. Berenberg, Gossler & Co. KG, Research Division - Research Analyst

Jean-Pascal, I hear everything you say about this being a pivotal moment for the energy transition, energy efficiency acceleration. It all makes total sense. But I assume not everything in the portfolio is able to decouple from the macro economy. So how much of the portfolio would you say is more of a GDP proxy?

And on the parts that are truly aligned to this energy efficiency theme, given the economic environment, I assume some customers may be forced to hold off on spending even if the desire is there. So how should we think about how will this nets out? Because based on what you're saying, it sounds as though you don't really foresee volumes going down in 2023, absent things like lockdowns or pandemic.

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Okay. I assume we give enough elements on our portfolio that you can make your own estimation on what's linked to the energy transition. But summarize, energy transition will be much more electrification everywhere, which is -- with that, you have the whole portfolio of Schneider.

And I would add to that, that there will be also the need to re-extract some fossil fuel to compensate for the 1 million barrels on BTUs, which are missing from Russia, which has already started. So we see a renewal of that business on the top of it in what we call the resource economies.

So I would say that a large part of our portfolio is absolutely directly concerned or is serving that need of energy transition. Now if you want to find other angle, 70% of our portfolio for what we call impact revenue, where you don't have everything, which is -- where we don't have at all everything, which is serving the resource economy.

So look, I mean, there is quite a lot of elements or parameters which are flying in the air at the moment. But fundamentally, what we serve, which is supporting the electrification of the world, which is supporting transportation, mobility, supporting the transition of buildings to electrical, research for fast results in efficiency, thanks to digitization, which goes into the direction of digitization and serving the resource, the reshuffling of the resource industry is all going into the right direction, right?

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thanks, Phil. We’ll go to the next question, please.
Operator
The next question is from Jonathan Mounsey of BNP Paribas Exane.

Jonathan R. Mounsey - BNP Paribas Exane, Research Division - Analyst of Capital Goods
Really, it's only the choice to raise guidance. Obviously, an extremely good first half, putting pressure on the guidance for the full year. But I'm just thinking we see PMIs weakening in the West. We see in particular, the zero Russian gas risk and what that might imply. And you choose to raise guidance now. What gives you the confidence? Do you have a backlog that's so strong, you've already pretty much guaranteed you can do similar second half just through execution?

And on the Russian gas point, which obviously would be a Black Swan event and might disrupt that. How do you stress test the business in that scenario? And if you have, could you give us any insights on what a zero Russian gas scenario might mean for your business through the winter and into next year, please?

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO
So maybe in a quick way, we have a strong backlog, and we have a stress test many a times, but it starts anyway with a strong backlog. On many of the geographies, we are European headquarter company, but don't forget that a large part of our business is outside of Europe. Actually, 75% of our business is outside of West Europe in places which are better catered for energy, and are not suffering the gas thing.

On the top of it in Europe, probably the strongest places for us are not in the places that are likely to be the most impacted by gas issues. So I would summarize it on, yes, and I would keep it to that level of detail for the scenario testing that we've been doing with the Executive Committee and the Board.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR
All right. Thanks, Jon. Next question, please.

Operator
The next question is from Andre Kukhnin of Crédit Suisse.

Andre Kukhnin - Crédit Suisse AG, Research Division - Mechanical Engineering Capital Goods Analyst
I wanted to ask about the software business growth of 10% that you highlighted. Can you talk about the difference of that between industrial and the kind of building energy management side? I think it implies quite a bit faster growth for the EcoStruxure and BIM pieces. So maybe if you could talk about sustainability of that as well, please?

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO
Yes. On -- well, for everything which is related to AVEVA. AVEVA has its own communication, which is going to be by essence more detailed than ours. On the rest of the portfolio, which is linked to energy, it's really a point of focus for our customers. So we are connecting more and more of our system. They generate data. They want analytics. They want to understand what's going on from resiliency application, predictive maintenance, making sure that there is no outage or organize the shading off of some parts of the installation, if there is a need to shave the peak of consumption, to Resource Advisor, which is managing the whole equation of your spending on the whole equation of your carbon emissions.
So we see that, and we have a full suite and somewhere we see also the more we connect some of our products and some of our systems, which are coming on the market today are natively connected or connectable, like Christmas effective, which is a new generation of low-voltage panel giving you access automatically when you buy a Schneider panel to digital data, which is inside this panel. So you see a demand which is strong linked to the assets, linked to the smart grid, linked to the need to understand your resource utilization and organize the management of the grid, on the management of demand and response.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thanks, Andre. Next question, please.

Operator

The next question is from Alexander Virgo of Bank of America.

Alexander Stuart Virgo - BofA Securities, Research Division - Managing-Director

That’s all right. Jean-Pascal, Hilary and Amit, I wanted to just go back a little bit to China. And I wonder if you could talk about the sort of phasing. You talked about strong double-digit growth in June. And I wondered if you can just give us a bit of an idea about progress through July and prognosis for the second half, I guess, particularly given how much of a recovery that we’re at least hopefully shaping up to be?

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Well, China is including on our total guidance, right? So I won’t be that more specific. But what we say is that Q2 was disturbed, but we were expecting to exit Q2 with a recovery at full capacity. And this is where we are. And we see the whole country trying to catch up on what was missed in Q2, and you can trust China when they say they want to catch up. So this is what we see.

Plus, the government has been quite vocal in stimulating selectively parts of the economy to help through the recovery. They are all very conscious that they ask for sacrifices of the population on some business. So they are helping through the recovery. So all of those elements make us that what we see for China for the second half is part of the perspective we give you on the total guidance.

Good to see, by the way, how we performed, while China was, let’s say, meeting some delivery difficulties in Q2, which shows that our presence in Asia particularly, is more, far more than China. And actually, as Hilary was mentioning, very strong performance of the whole of Asia PAC during Q2, which was a great compensation for the temporary shortfall of China.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thank you, Alex. Next question?

Operator

The next question is from Guillermo Peigneux of UBS.
Guillermo Peigneux-Lojo - UBS Investment Bank, Research Division - Executive Director and Industrials Analyst

A question for Hilary, maybe a clarification. I think you suggested volume growth through the quarters. And I wanted to ask whether adjusting by China and Russia, did you see an acceleration in volumes in unit terms in Q2 versus Q1? And also, if possible, what did you see intra-quarter in terms of volumes?

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

Sure. So like I said before, in fact, if we do exclude those impact from the China lockdown, which was primarily during May, if you recall, that was when we had the Shanghai lockdowns.

Like Jean-Pascal said, we were back online very, very quickly. Kudos to the team. Heroic efforts there. But back online very, very quickly in June. So we did see -- if we exclude that impact, as well as just excluding Russia overall, which is what we would do when we close the transaction, we do see between the Q1, I talked about volumes of around 4 points. In the Q2, we're above the 4 points if we exclude those 2 impacts as a contribution to the overall sales. So we do see an increase in volumes between Q1 and Q2, both in terms of euros and also in terms of percent, which is quite different, obviously, because the Q2 baseline last year was quite large.

So I think that's what you see, that nice growth. That's where we're talking about an easing of supply constraints even already in the Q2. And like I said, that Q2 moved to stronger in June for China and in a few other geographies with a bit of easing of the supply constraints.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thanks, Guillermo. Next question, please?

Operator

The next question is from Lars Brorson of Barclays.

Lars Wauvert Brorson - Barclays Bank PLC, Research Division - Director

Maybe one for Hilary. Hilary, just on the implied H2 margin guidance. It looks at about 100 basis point uplift in the first half. Just wonder whether you could talk us through the key moving parts there. You talk about a return to normal seasonality out of -- that alone would explain that second half uplift. You're getting a bit of a China bounce. It sounds like there's a bit of volume acceleration at the midpoint of your guidance. So maybe you can help us understand a bit some of the headwinds that would be offsetting that, please, for the second half?

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

So for the guidance, of course, we gave a range. There's certainly a number of different scenarios that can happen, as you guys are asking in certain questions on the call, right?

So in terms of the second half, I talked through a couple of elements in terms of the margin. Of course, the top line contributes to that. And the H2 for us and the uptick in guidance that we made to the 9% to 11%, some of that and probably the majority of that is going to be on price. We did see higher inflation than we expected at the beginning of the year. So we see that price rolling in.

We have record backlogs at the moment with some of that being pricing that we've done already, of course. We expect with some easing of the supply constraints that, that will flow into the H2. I talked about some turnaround in the gross margin. And all of that we expect to translate into the H2.
Now there's certainly some uncertainties in the H2 as well. And again, I think a number of them have been brought up in the call today, there's some uncertainties in the macroeconomic environment. There's some uncertainty. Certainly, we still remain in a dynamic supply chain environment. So there's some uncertainties there as well. And we attempt to capture all of that like we usually do in the range of guidance that we gave for the full year, then you can see it translates into what you see for the H2.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. Thank you, Lars. Next question, please?

Operator

The next question is from Ben Uglow of Morgan Stanley.

Benedict Ernest Uglow - Morgan Stanley, Research Division - MD and Head of European Capital Goods Equity Research

I hope that all are well. First of all, I was just hoping to get a clarification on Alex’s question, vis-a-vis, China. Is it right to assume that the bigger part of the pickup that you’ve seen since June is coming from the Industrial Automation area as opposed to Energy Management?

And if we sort of think about the second half, is it sort of correct for us to think that IA basically does a bit better than EM, so that was really a clarification. My real question is for Hilary. And it’s really about how you think about the sort of the inventory at the moment. Because if I look at that, it’s about EUR 4.5 billion. If we look back at what it was or what it used to be, it was closer to just over EUR 3 billion. So it really is a big increase in the inventory. I’m assuming that this is really building up stockpiles of electronic components. Are there -- in your view as a sort of CFO, are there any beyond carrying cost, are there any risks at all in terms of holding that level of inventory? I mean, is it just a nice cushion to have? It’s a bit of a financial cost? Or are there any downside risks if the world slows down?

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

Understood. Maybe do you want me to start with China or you start?

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

I can take China quickly. I don’t think -- well, first, IA in China has been mostly limited by supply in the past, I would say, 1 year or so. And we are working on it. It’s improving, but that has been the main issue on that side.

And when we look at H2, it’s really well, I would say, balanced between energy management on IA, knowing that many of our customers come to us because of the combination of the 2. China is a place where I have to repeat it again. We are not as exposed to residential and building as in other countries. Most of our exposure to the end markets are to mission-critical applications in infrastructure, digitization, in industry, in very technical buildings, where energy meets industrial automation. So for us, it’s not like we are counting on a specific catch-up on everything. It’s always the delivery in combination of our 2 capabilities. And the main work has to be done on supply because we still have a backlog there.

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

To turn to the question on inventory. So the way I think about it as CFO, if I look at those actual numbers, the EUR 3 billion-and-change to the EUR 4 billion-and-change is similar to the top line, where we’re very careful to parse through FX, price, volumes. A decent portion of that is associated with FX and with inflation. So sort of the offset of what we’re seeing in the top line in a decent part of what we’re seeing there. So close to probably 50% might be FX and associated with inflation that’s there.
The other piece is we have -- because of the extension in lead times, but also the shift from air to sea shipment, basically from most people in the world, air cargo is just not available anymore. We actually see an extension of inventory associated with having more time in order to deliver our stuff. So quite a bit in euros of what you see is actually explained by that.

That's why I actually like to focus a bit on the days because in terms of the days then outstanding, what we see is associated with the buildup in strategic components. So how do I feel about the risks there? I think with the FX, I think with the inflation, I think with the sea -- air to sea shipment, I don't see any hugely additional risk versus the sort of EUR 3 billion that we have today.

In terms of strategic components, we're very, very careful about what we want to stock there and why associated with our fast-running finished goods, I would say, that we really want to make sure that we're on par for. Now with -- in terms of things like write-offs or accruals, let's say, in the income statement, something that we're very carefully watching with our auditors as the inventory increases and doing what we need to in terms of making differences in the accruals that we have there. Of course, with an increase in inventory, there's some risk with obsolescence over time, but something we're paying very, very close attention to.

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**Amit Bhalla** - *Schneider Electric S.E. - Vice-President of Financial Communication & IR*

All right. Thank you for that question. I realized we run over. We'll probably go for 1 or 2 very quick questions, if we can squeeze them in. Of course, the IR team is available to consult later. But operator, can we go for the next one?

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**Operator**

Next question is from James Moore of Redburn.

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**James Moore** - *Redburn (Europe) Limited, Research Division - Partner of Capital Goods Research*

Can I ask about the new demand environment? I understand everything you said on phasing of sales growth guidance and the strong backlogs and the good developments in the first half. But could you comment on the latest 2Q new order intake growth momentum? And are you seeing any signs of slowing of growth or a book-to-bill deterioration in the latest new orders?

And also, on the process and hybrid growth trends, they seem to be a little bit below others. Are there any issues in process? Or is it end market mix differences?

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**Jean-Pascal Tricoire** - *Schneider Electric S.E. - Chairman & CEO*

I can very quickly take that. Frankly, and integrate that on the top of it, we are comparing with a very strong H1 on year 2021. But particularly, H1 was really a very strong delivery. Don't see that those signs, right, of weakening the backlog. It's all on the order intake, sorry, to be very precise.

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**Amit Bhalla** - *Schneider Electric S.E. - Vice-President of Financial Communication & IR*

All right. I think -- yes, let's take one final one, if we can squeeze in if we do it in a minute. And operator, is there another question?

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**Operator**

Yes, Sir. The last question is from Gael de-Bray of Deutsche Bank.
Gael de-Bray - Deutsche Bank AG, Research Division - Head of European Capital Goods Research

Look, I mean, you've been -- yes. Can you hear me now?

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Yes, we can. Yes, you're online. Yes, you're online. Yes, you can speak.

Gael de-Bray - Deutsche Bank AG, Research Division - Head of European Capital Goods Research

Okay. It seems there's a lag. Sorry about this. Okay. Look, you've been raising prices and increasing inventories like never before over the past few quarters. And in theory, I mean, surge in prices should lead to some demand destruction at some point. And when entering a potential slowdown, companies should rather be trading inventories. So obviously, we haven't seen any of this so far.

But Jean-Pascal, I mean, you've run these companies through many cycles. So I really like to get your thoughts about this and your sentiment on how all of these could possibly unfold.

Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Look, Gael, I know the company and you know the company. So we can have a pretty educated discussion on that one. The first thing, of course, we are ramping up our stock, but let's keep these things in perspective.

A part of that ramp-up is coming from structural elements, goods in transit, inflation, ForEx, and the other one is real stock that we target on the right components. And frankly, I think it's a good thing because maybe we took the fluidity of global supply chains maybe too much for granted. That's #1.

And you say we've ramped up price and we've ramped up inventory like never before, yes. But at the same time, we are in the landscape where the demand has never been as high as now, where inflation has never been as high as now on our neighbors on the shelves of distributors or our customers, cables and so on, which have seen a lot of cost increase. And therefore, we adapt to that situation.

The third point is that I've not lost of sight all the moments where I had to take some twist of the market. And I know that Schneider, because of our model, which is extremely outsourced upstream and downstream, and because the core of our business and revenue is made on very standard products that can be flushed over maybe a longer period, but there is not obsolescence in what we are doing. I feel in case, which is not our hypothesis today, there is a change of trend, we can see it. We can anticipate it. We can smoothen by the absorption of backlog, which again has never been as important as now. And we can deal with it.

We know how to adapt our cost. We've proven it. We've proven it in 2009. We've proven it much better actually in 2020, which shows that our business model and cyclical and market segments on capacity, of agility has improved a lot. And I think our maturity at the level of managing pricing in front of our cost has also increased a lot over the past few years.

I'm not telling you that managing at the moment is an easy task, but I've got very solid teams to do it and they are really engaged in adapting to any situation at the closest level to their customers on the local situations.

Amit Bhalla - Schneider Electric S.E. - Vice-President of Financial Communication & IR

All right. I think on that note, we will end the call. Thank you all very much for your time this morning. You have the calendar in front of you. And of course, look forward to seeing all of you in the coming days and weeks. Thank you.
Jean-Pascal Tricoire - Schneider Electric S.E. - Chairman & CEO

Thank you.

Hilary Barbara Maxson - Schneider Electric S.E. - CFO

Thank you.

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