

## Q3 2021: Group revenues up +9% organic

### Full Year 2021 target confirmed despite supply chain pressures

- **Record Q3 Group revenues of €7.2 billion with growth in both businesses and across all regions**
  - **Energy Management up +9.4% organic**
  - **Industrial Automation up +6.7% organic**
  - **Global supply chain pressures, including shortages in electronics, impacted Q3 revenues, particularly in Industrial Automation**
- **Group organic growth: c.+7% Sept. YTD vs. 2019 (c.+6% at June YTD)**
  - **Top 3 countries for the Group (U.S., China and India) each up double-digit org. vs. Q3 2019**
- **Continued progress on strategic priorities in Q3:**
  - **Product sales up +10% org. despite challenges in the global supply chain**
  - **Software & Services up +7% org. Good progress on integration of recent acquisitions**
  - **2021-2025 Schneider Sustainability Impact program progressing well**
- **Share Buyback: ~€260 million completed since reinstatement in July 2021; €0.6 billion of current program completed cumulatively to-date**
- **FY 2021 Target confirmed**

Rueil-Malmaison (France), October 27, 2021 - Schneider Electric announced today its third quarter revenues for the period ending September 30, 2021.

Jean-Pascal Tricoire, Chairman and CEO commented: *“We continue to deliver strong revenue growth in Q3, up double-digit against pre-pandemic levels, reflecting the relevance of our solutions and the high and sustained level of demand in our end-markets. Our EcoStruxure portfolio and our integrated operating model addresses the unique challenges facing our customers, as we partner with them to deploy energy and automation digital solutions for efficiency and sustainability. We take further steps on our own sustainability journey, making good progress toward our Schneider Sustainability Impact 2021-25 targets.*

*We continue to operate in an increasingly constrained supply chain environment, globally, resulting in shortages, and increased input and freight costs, which we continue to manage with our customers and suppliers. Against this backdrop, we confirm our full year targets”.*

## I. THIRD QUARTER REVENUES WERE UP +9% ORGANIC

2021 Q3 revenues were €7,221 million, up +8.8% organic and up +11.8% on a reported basis, accelerating sequentially in Q3 when compared to 2019 with September YTD up c.+7% organic vs. 2019 (June YTD up c.+6% vs. 2019).

**Products** (60% of Q3 revenues) grew +10% organic in Q3, with a similar level of growth in Energy Management and Industrial Automation. In Energy Management the growth was led by the Group's offer for Residential and small buildings, as well as offers for Industry, Infrastructure and Distributed IT markets. In Industrial Automation, growth was led by a continuation of strong sales to OEMs. Sales growth was supported by price actions taken throughout the year. The Group remained agile as it continued to deal with supply chain pressures which increased through the quarter.

**Systems** (22% of Q3 revenues) grew +7% organic in Q3. The Group's offers for Infrastructure and Data Center markets performed strongly, while for Industry there was good growth from sales into Discrete automation markets, while sales into Process & Hybrid markets remained challenged despite positive demand trends broadening across more geographies.

**Software & Services** (18% of Q3 revenues) grew +7% organic in Q3. Software and Digital Services grew double-digit organic in the quarter, with good traction across the Group's offers for Buildings, Data Centers, Industry and Smart Grids. RIB Software contributed strongly to the organic growth, while ETAP also performed well (included in scope effects for Q3). AVEVA grew high-single digit organic. Field Services grew low-single digit with performance in some countries, including the U.S., Australia and in South-East Asia, impacted by restricted site access due to COVID-19. The performance of the Group's Sustainability services continued to reflect the increasing importance of the topic with customers, showing strong double-digit growth.

**Digital update:** The Group continues to prioritize and track digital adoption with good progress in the growth of Assets under Management (AuM), reaching 5.5 million, up +47% year-on-year by the end of September 2021.

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

€ million		Q3 2021		
		Revenues	Organic Growth	Reported Growth
<b>Energy Management</b>	North America	1,746	+11.3%	+10.4%
	Western Europe	1,278	+3.5%	+3.3%
	Asia Pacific	1,729	+9.0%	+17.2%
	Rest of the World	816	+16.3%	+14.8%
	<b>Total Energy Management</b>	<b>5,569</b>	<b>+9.4%</b>	<b>+11.3%</b>
<b>Industrial Automation</b>	North America	392	+6.7%	+41.9%
	Western Europe	444	+10.3%	+9.8%
	Asia Pacific	555	+0.7%	+4.2%
	Rest of the World	261	+14.7%	+9.2%
	<b>Total Industrial Automation</b>	<b>1,652</b>	<b>+6.7%</b>	<b>+13.7%</b>
<b>Group</b>	North America	2,138	+10.6%	+15.1%
	Western Europe	1,722	+5.2%	+4.9%
	Asia Pacific	2,284	+6.8%	+13.7%
	Rest of the World	1,077	+15.9%	+13.4%
	<b>Total Group</b>	<b>7,221</b>	<b>+8.8%</b>	<b>+11.8%</b>

€ million		9m YTD 2021		
		Revenues	Organic Growth	Reported Growth
<b>Energy Management</b>	North America	4,932	+15.3%	+9.7%
	Western Europe	3,982	+13.5%	+15.9%
	Asia Pacific	4,880	+17.1%	+25.9%
	Rest of the World	2,262	+19.2%	+15.9%
	<b>Total Energy Management</b>	<b>16,056</b>	<b>+15.9%</b>	<b>+16.7%</b>
<b>Industrial Automation</b>	North America	1,084	+11.0%	+28.6%
	Western Europe	1,410	+12.1%	+13.3%
	Asia Pacific	1,700	+12.6%	+14.7%
	Rest of the World	745	+13.9%	+5.9%
	<b>Total Industrial Automation</b>	<b>4,939</b>	<b>+12.4%</b>	<b>+15.6%</b>
<b>Group</b>	North America	6,016	+14.6%	+12.7%
	Western Europe	5,392	+13.2%	+15.2%
	Asia Pacific	6,580	+15.8%	+22.8%
	Rest of the World	3,007	+17.8%	+13.3%
	<b>Total Group</b>	<b>20,995</b>	<b>+15.1%</b>	<b>+16.4%</b>

## GROUP PERFORMANCE BY END MARKET

The Group sells its full portfolio into four main end-markets: Buildings, Data Center, Infrastructure and Industry, leveraging the complementary technologies of its Energy Management and Industrial Automation businesses.

- **Buildings** – Residential markets continue to drive growth in most major economies linked to home electrical distribution. Demand for the Group's offers in technical non-residential buildings such as Hospitals, Healthcare, Life Science and Warehouse/Distribution remains strong while demand from Hotels and Commercial Offices grew at a lower pace.
- **Data Center** – Data Center & Networks saw double-digit sales growth on the back of continued strong demand, though the quarter was impacted by some supply challenges. In the Data Center market, our technologies combining secure power as well as electrical distribution and software offers (which are sold to Co-location providers, Hyperscale, Telco's, Edge installations and multinational industrial/commercial customers) led the growth in the quarter. Customers continue to build capacity and facilities at both a local and regional level to reduce latency and improve data security and sovereignty. The Group's offers for Distributed IT continued to perform strongly.
- **Infrastructure** – In Q3 the Group continued to execute on existing large projects with offers from both businesses. The Group continues to grow sales to Grid operators as countries prioritize grid stability, resilience and digitization as a key part of decarbonization pledges. In the quarter, the Group saw strong growth from its Smart Grid offers including ADMS, specific EcoStruxure Advisors, and good traction with

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Microgrid operators. There were good project wins from the Transportation and Water and Wastewater (WWW) segments, incorporating offers from both businesses.

- **Industry** – Discrete automation markets continued to contribute strong revenue growth, where OEM demand has been boosted by pumping, material handling and packaging segments, with offers from both businesses. In Process & Hybrid automation markets, there was a continuation of demand recovery in the Oil & Gas (O&G) segment, helped by the rise in oil prices, though with limited positive impact on sales growth as yet. The group saw strong traction for offers from both businesses in Consumer-Packaged Goods (CPG) and Metals, Mining & Minerals (MMM).

## Group trends by geography:

**North America** (30% of Q3 revenues) was up +10.6% organic. The U.S. was up double-digit organic vs. Q3 2019.

In Energy Management, which grew +11.3% organic, U.S., Canada and Mexico each delivered double-digit growth. Even factoring in some capacity constraints on the supply chain, U.S. sales were driven by continuing strong Residential markets supported by electrical code changes, and technical building demand, with good Data Center growth and continuing Utilities growth. Canadian sales growth was driven by residential demand. Mexican sales growth was driven by Residential and Infrastructure markets.

In Industrial Automation, which grew +6.7% organic, the U.S. delivered solid growth overall, driven by double-digit growth in discrete automation markets particularly OEM, while sales into Process & Hybrid automation markets remained subdued despite a recovery in O&G demand. Canada grew double-digit, mainly in discrete automation markets while Mexico saw double-digit growth in both discrete and Process & Hybrid automation markets.

Across the region, Field service grew in both Energy Management and Industrial Automation but was impacted by a slow opening of sites after COVID-19 related lockdowns earlier in the year.

**Western Europe** (24% of Q3 revenues) grew +5.2% organic and delivered solid growth against Q3'19 despite supply chain constraints. Demand was driven by strength in Residential, Data Center and Industrial OEM, and exceeded sales growth in the region.

Energy Management grew +3.5% organic. Germany and Spain each saw strong growth driven by a continuation of residential demand trends. Italy grew mid-single digit, mainly from sales into Residential and Data Center end-markets, while the U.K. and France each saw solid growth, up low-single digit, supported by good performance in Non-Residential technical buildings, though impacted by some supply chain pressures.

In Industrial Automation, which grew +10.3% organic, France, Italy and Spain grew double-digit while the U.K. grew high single-digit, all benefitting from demand in discrete automation markets, with France also seeing some contribution from Process & Hybrid markets. Germany saw mid-single digit growth with discrete automation markets relatively stronger than Process & Hybrid, despite supply chain pressures including from component shortages.

**Asia-Pacific** (32% of Q3 revenues) grew +6.8% organic, against a base of comparison higher than the Group average (Q3'20 up +5.1% organic), with both China and India growing double-digit organic vs. Q3 2019. With its strong performance in the quarter, India has now recovered to pre-pandemic levels.

In Energy Management, which grew +9.0% organic, both China and India grew strongly, despite double-digit bases of comparison. China was up high-single digit supported by strong performance in non-residential / technical buildings and utilities markets despite supply chain pressure. India was up double-digit, accelerating sequentially when compared to 2019, with strength in Data Center and Residential buildings end-markets. Australia saw high single-digit growth against a lower base of comparison, returning to pre-pandemic levels supported by residential demand in response to government incentives, despite the impact of lockdowns in some states impacting projects and services. Much of South East Asia showed double-digit growth, however some countries including Indonesia and Vietnam continue to be impacted by COVID-19 and related lockdowns.

In Industrial Automation, which grew +0.7%, the picture was more contrasted, with China slightly down against a strong double-digit base of comparison and impacted by shortages in the supply chain. There was continued strong demand from OEM customers including in the packaging and material handling segments, where the export market remained strong. In Process & Hybrid automation markets, MMM showed good traction. India delivered double-digit growth with strength in discrete automation markets including from OEM's exposed to packaging and hoisting segments, also supported by performance in industrial software. Performance across the rest of the region was mixed, with strength in Japan where sales into discrete automation markets continued to perform well, broadly offset by softness in Australia where the continuation of lockdowns in some states impacted growth, and in South Korea where market conditions remained challenging. Demand in Process & Hybrid markets across the region remained subdued.

**Rest of the World** (14% of Q3 revenues) grew +15.9% organic.

In Energy Management, which grew +16.3% organic, performance was broadly comparable across a disparate region, with double-digit growth in each of Middle East, Africa, South America, CIS and Central & Eastern Europe, as the strong demand recovery continued, particularly in shorter cycle end-markets. In terms of individual countries, Egypt continued to benefit from execution of a large infrastructure project, while Turkey continued its strong recent trend in product sales across end-markets. Brazil was the largest contributor in South America, within the double-digit growth for the region overall. Russia performed well due to strength of demand in the Residential market.

In Industrial Automation, which grew +14.7% organic, performance was strong across multiple sub-regions, with Middle East, South America, CIS and Central & Eastern Europe each up double-digit due to strength in discrete automation markets where Turkey, Brazil and Russia were key contributors to growth. There was strong double-digit growth in relation to the Group's industrial software offer, alongside a continued improving demand trend in Process & Hybrid markets although this is not yet reflected in sales growth. Africa was down linked to its exposure to Process oriented markets.



## II. CONSOLIDATION<sup>1</sup> AND FOREIGN EXCHANGE IMPACTS IN Q3

Net acquisitions / disposals had an impact of **+€180 million** or **+2.8%** of Group revenues. This includes mainly the 2020 acquisitions of Larsen & Toubro E&A division and ProLeiT, the 2021 acquisition of ETAP, and the acquisition of OSIsoft by AVEVA, partly offset by some smaller disposals completed in Q2 and Q3.

The impact of foreign exchange fluctuations was positive at **+€18 million** or **+0.2%** of Group revenues, primarily due to the strengthening of the Chinese Yuan against the Euro offset by the strengthening of the Euro against the U.S. Dollar.

Based on current rates, the FX impact on FY 2021 revenues is estimated to be between **-€300 million** to **-€400 million**. The FX impact at current rates on adjusted EBITA margin for FY 2021 could be **around flat**.

## III. SCHNEIDER SUSTAINABILITY IMPACT

Named as the [world's most sustainable corporation 2021](#) by Corporate Knights Global 100 Index, the Group announced the acceleration of its sustainability strategy in January, aligned to its [commitments](#) regarding climate, resources, trust, equal opportunities, generations, and local communities in support of the United Nations Sustainable Development Goals (SDGs).

Schneider Electric has continued to progress on its ambitious 11 global and 1 local targets as part of its Schneider Sustainability Impact (SSI) program, engaging in positive climate action with the broader business ecosystem by expanding its global sustainability consulting business and helping an increasing number of customers who need to strategize and execute on their own decarbonization journey, and with its suppliers who trusted the Group by joining The Zero Carbon Project, a global program which will support to halve their carbon emissions in the next 5 years.

*"We know that addressing climate change is the defining issue of our generation, and that businesses play a key role – but we also know that we must go faster if we are to avoid the worst impacts of warming this century,"* said Olivier Blum, Chief Strategy and Sustainability Officer for Schneider Electric. *"By combining our own experience in sustainability with our market-leading services in decarbonization and energy strategy and action, we can escalate the transition to a cleaner, greener but also more equal and inclusive future."*

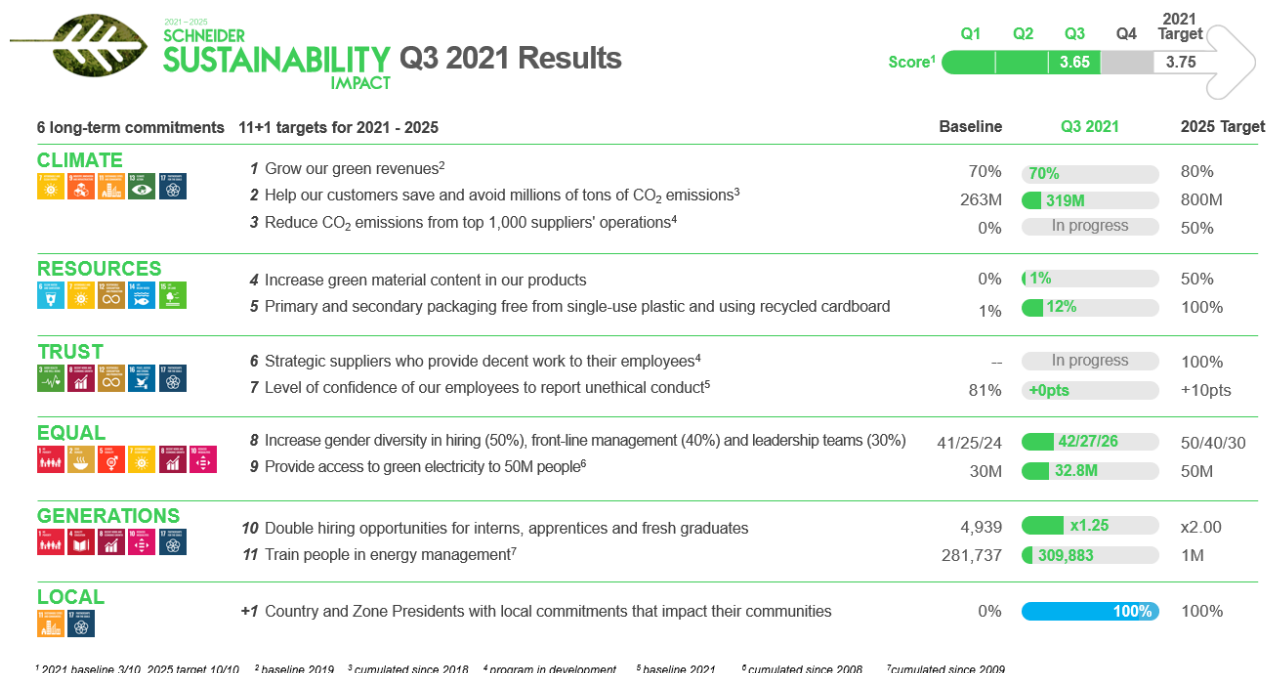
Schneider Electric has also continued to deliver on its long-term commitment to harness the power of all generations, by fostering learning, upskilling, and the development of each generation while paving the way for the next. Schneider Electric also announces today that the milestone of 300,000 people trained in energy management has been exceeded, thanks to the continued action of the Schneider Electric Foundation and its local partners.

At the end of the 3rd quarter of 2021, the SSI score reaches 3.65/10, still on track towards the end of year target set at 3.75/10.

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<sup>1</sup> Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.

The details of SSI Q3 2021 results are as below:



<sup>1</sup> 2021 baseline 3/10, 2025 target 10/10 <sup>2</sup> baseline 2019 <sup>3</sup> cumulated since 2018 <sup>4</sup> program in development <sup>5</sup> baseline 2021 <sup>6</sup> cumulated since 2008 <sup>7</sup> cumulated since 2009

Schneider Electric Sustainability recognitions and rankings include:

- **Global 100**, Schneider Electric ranked world's most sustainable company by Corporate Knights
- **Vigeo Eiris**, Schneider Electric reaches number 1 spot for sustainability in its sector
- **Gartner**, Schneider Electric ranked #1 in Europe Top 15 Supply Chains for 2021
- **Fortune**, Schneider Electric named one of the World's Most Admired Companies for the fourth year in a row, number 3 in Electronics industry
- **Grands Prix de la Transparence**, Schneider Electric received the Transparency Award in the Extra-financial transparency category

To access Schneider Electric Sustainability reports with detailed results and highlights click here: <https://www.se.com/ww/en/about-us/sustainability/sustainability-reports/index.jsp>



## IV. PORTFOLIO UPDATES

Disposals:

- The transaction signed on July 12, 2021, for the disposal of Schneider Electric Motion USA (a manufacturer of motion control components for automation equipment) to Novanta Inc., was completed on August 31, 2021.
- The transaction announced on July 30, 2021, for the divestment of its IMServ business to Funds advised by Blue Water Energy LLP, a U.K.-based private equity firm (regulated by the Financial Conduct Authority), was completed on August 31, 2021.

Including the transactions above, the Group has now cumulatively addressed revenues of €0.8 billion, against its portfolio optimization program for the disposal / deconsolidation of revenues of €1.5 billion to €2.0 billion by the end of 2022.

The Group now expects scope impact of around +€850 million on 2021 revenues and around +10bps on 2021 adjusted EBITA margin, based on transactions completed to-date.

## V. SHARE BUYBACK

As announced on July 30, 2021 the Group has restarted its €1.5 billion to €2.0 billion share buyback program with an extended timeframe for completion, to run until the end of 2022. Since the announcement, the Group has purchased 1.8 million shares for €262 million at an average price of €145 per share. Since the beginning of the program in 2019, the Group has now bought back 5.9 million shares for €577 million, at an average price of €97 per share.

## VI. 2021 FISCAL YEAR DIVIDEND CALENDAR

Dividend ex-date:	May 17, 2022
Record date:	May 18, 2022
Dividend payment date:	May 19, 2022

## VII. EVOLUTION OF MARKET DYNAMICS SINCE H1 2021 RESULTS

Since announcing H1 results on July 30, 2021 the Group has seen a continuation of strong and dynamic market demand, including further progressive demand recovery in late-cycle segments. Global supply chain pressures, including component shortages, increased in Q3 and are unlikely to abate for at least another 2-3 quarters. The Group also expects to continue to face increased input costs in relation to raw materials, freight and the sourcing of electronic components, despite the stabilization of some commodity prices in Q3.

## VIII. 2021 TARGET CONFIRMED DESPITE SUPPLY CHAIN PRESSURES

The Group reiterates its full year target (which assumes no further deterioration linked to COVID-19 leading to significant economic disruption) as follows:

2021 Adjusted EBITA growth of between +19% and +24% organic.

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

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

This implies Adjusted EBITA margin of around 16.9% to 17.2% (including scope based on transactions completed to-date and FX based on current estimation).

*Further notes on 2021 available in appendix*

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**The 2021 Q3 revenues presentation is available at [www.se.com](http://www.se.com)**

**The Group will host a Capital Markets Day on November 30, 2021**

**The 2021 Full Year Results will be presented on February 17, 2022**

**Disclaimer:** All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. For a detailed description of these factors and uncertainties, please refer to the section "Risk Factors" in our Annual Registration Document (which is available on [www.se.com](http://www.se.com)). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

**About Schneider Electric:** Schneider's purpose is to **empower all to make the most of our energy and resources, bridging progress and sustainability** for all. We call this **Life Is On**. Our mission is to be your **digital partner for Sustainability and Efficiency**.

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

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

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## Appendix – Further notes on 2021

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2021 revenues is estimated to be between **-€300 million** to **-€400 million**. The FX impact at current rates on adjusted EBITA margin for FY 2021 could be **around flat**
- **Scope:** Around **+€850 million** on 2021 revenues and **around +10 bps** on 2021 adjusted EBITA margin, based on transactions completed to-date.
- **Tax rate:** The ETR is expected to be in a **22-24%** range in 2021

## Appendix – Revenues breakdown by business

Third quarter 2021 revenues by business were as follows:

€ million	Q3 2021				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	5,569	+9.4%	+1.8%	+0.1%	+11.3%
Industrial Automation	1,652	+6.7%	+6.3%	+0.7%	+13.7%
<b>Group</b>	<b>7,221</b>	<b>+8.8%</b>	<b>+2.8%</b>	<b>+0.2%</b>	<b>+11.8%</b>

9m YTD 2021 revenues by business were as follows:

€ million	9m YTD 2021				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	16,056	+15.9%	+3.8%	-3.0%	+16.7%
Industrial Automation	4,939	+12.4%	+5.8%	-2.6%	+15.6%
<b>Group</b>	<b>20,995</b>	<b>+15.1%</b>	<b>+4.3%</b>	<b>-3.0%</b>	<b>+16.4%</b>

## Appendix – Consolidation

Number of months in scope	Acquisition/ Disposal	2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Larsen &amp; Toubro E&amp;A</b> Primarily Energy Management Business	Acquisition			1m	3m	3m	3m	2m	
<b>RIB Software</b> Energy Management Business	Acquisition			3m	3m	3m	3m		
<b>ProLeiT</b> Industrial Automation Business	Acquisition			2m	3m	3m	3m	1m	
<b>OSisoft</b> Industrial Automation Business	Acquisition						3m	3m	3m
<b>ETAP</b> Energy Management Business	Acquisition							3m	3m
<b>Cable Support</b> Energy Management Business	Disposal	3m	3m	3m	3m	3m	3m		
<b>Schneider Electric Motion USA</b> Industrial Automation Business	Disposal	3m	3m	3m	3m	3m	3m	1m	
<b>IMServ</b> Energy Management Business	Disposal	3m	3m	3m	3m	3m	3m	1m	