

2021: Record year setting foundation for ongoing sustainable growth All-time high Revenues, Adj. EBITA margin and Net Income

- **FY21 revenues of €29 billion, up +12.7% org. (c.+7% vs. 2019);**
 - **Energy Management up +13.3% org. (c.+8% vs. 2019)**
 - **Industrial Automation up +10.7% org. (c.+5% vs. 2019)**
- **Q4 Group revenues up +7% org., with growth in all geographies**
- **FY21 Adj. EBITA €5 billion; Adj. EBITA Margin 17.3%, up +140 bps org.**
 - **Positive net price and mix in FY21**
 - **Supply chain pressures continue to impact performance**
- **Net Income of €3.2 billion, up +51% (c.+33% vs. 2019)**
- **FCF of €2.8 billion, all-time high operating cash flow of €4.5 billion**
- **Reduction of c.€300 million in previously announced restructuring charges¹; structural savings plan on-track**
- **Progressive dividend² at €2.90/share, up +12%; 2021 TSR at c.+50%**
- **Share buyback of c.€0.9 billion to c.€1.4 billion to be completed in 2022³**
- **Successful start to 2021-25 Schneider Sustainability Impact - score of 3.92 vs. target of 3.75**
- **2022 Financial Target announced**

Rueil-Malmaison (France), February 17, 2022 - Schneider Electric announced today its fourth quarter revenues and full year results for the period ending December 31, 2021.

Key figures (€ million)	2020 FY	2021 FY	Reported Change	Organic Change
Revenues	25,159	28,905	+14.9%	+12.7%
Adjusted EBITA	3,926	4,987	+27.0%	+23.2%
% of revenues	15.6%	17.3%	+170bps	+140bps
Net Income (Group share)	2,126	3,204	+51%	
Free Cash Flow	3,673	2,799	-24%	
Adjusted Earnings Per Share (€)	4.72	6.13	+30%	+31.3%

1. In July 2020, the Group communicated restructuring costs of between €1.15 - €1.25 billion over three years (2020-2022) linked to SFC savings of c.€1 billion over three years (2020-2022)

2. Subject to Shareholder approval on May 5, 2022

3. Subject to Shareholder approval on May 5, 2022 to raise the cap on purchase price to €250 per share from the current €150 per share

Jean-Pascal Tricoire, Chairman and CEO, commented:

“2021 has been a record year with strong execution amidst ongoing health related and supply constraints. Our unique solutions - Digital for efficiency and Electrification for sustainability - meet a very strong demand in our four key end-markets and in all geographies. We serve our customers and support their journey to growth, digitization and sustainability. Our absolute priority is to serve our customers in a supply constrained environment.

In 2021 we delivered a record level of financial performance, with all-time high revenues, gross profit, adjusted EBITA and Net Income, all with very strong year-over-year progression. Our adjusted EBITA margin reached a record high of 17.3% and passed the bar of 17% one year early. Our free cash flow, now consistently at around €3 billion levels on average, was impacted in 2021 by the build-up of inventories to satisfy the high levels of customer demand that will continue into 2022. We remain committed to our progressive dividend policy - and today we announce our 12th consecutive year of dividend progression - by proposing a dividend of €2.90 to the shareholders meeting in May 2022. We remain focused on shareholder returns, and track both TSR and EPS as key metrics of our performance.

We were honored in 2021 to be recognized by Corporate Knights as the world’s most sustainable corporation. To raise the bar on sustainability, we launched in 2021 our new and ambitious Schneider Sustainability Impact 2021-25 program. We are off to a strong start achieving a score of 3.92 against a year-one target of 3.75.

We continue sharpening our portfolio to execute on our strategy. In 2021 we completed the acquisitions of ETAP and of OSIssoft through AVEVA, to reinforce our digital offer. In Q4 we also closed two earlier stage acquisitions strengthening our Energy Management software portfolio. We made further progress on our disposal program which continues into 2022.

Looking ahead, and as we elaborated upon in our Capital Markets Day, our end-markets are in acceleration and our offers incorporating Services, Software and Sustainability provide incremental growth drivers, further enhanced by our unique operating model. This allows us to set an ambitious target for 2022 both in terms of organic revenue growth, and also organic expansion of our adjusted EBITA margin beyond the record levels achieved in 2021.”

I. FOURTH QUARTER REVENUES WERE UP +7% ORGANIC

2021 Q4 revenues were €7,910 million, up +6.9% organic and up +11.0% on a reported basis.

Products (59% of FY revenues) grew +9% organic in Q4, with double-digit growth in Industrial Automation products and high-single digit growth in Energy Management products. The Group continues to further develop its strong relationships globally with distribution partners with synergies for both businesses. Sales growth in the quarter included volume expansion and was supported by incremental price actions during the quarter supplementing increases through the year. Growth was constrained by supply chain pressures throughout the quarter. The Group remains focused on product innovation across the portfolio, with several new offers launched during 2021.

Systems (23% of FY revenues) grew +6% organic in Q4. The Group's offers continued to perform strongly across end-markets, up high-single digit in Energy Management and showing solid growth in Industrial Automation, where there continued to be divergence between strong sales into Discrete automation markets while later-cycle Process & Hybrid markets were slower to convert demand recovery into sales growth. Systems sales were also impacted by supply chain pressures.

Software & Services (18% of FY revenues) grew +2% organic in Q4.

Software and Digital Services grew in the quarter, with strong double-digit organic growth in Energy Management software including good performance in Smart Grid, and with strong contribution from RIB Software. The Group's eCAD offering (incorporating IGE+XAO, ALPI and ETAP) was strengthened in 2021 through several new product releases, gaining good traction with customers. AVEVA was down in the quarter, impacted by an exceptionally high base of comparison from Q4 2020. AVEVA's sales pipeline for the remainder of its financial year (to 31 March 2022) remains on track. Digital services grew double-digit incorporating several EcoStruxure advisors across both businesses. Within this, Cybersecurity services were down in the quarter, though up double-digit for the year.

Field Services grew low-single digit in Q4, with impacts from shortages and restricted site access due to COVID-19 in several countries.

Sustainability: The Group's Sustainability offers delivered double-digit growth in the quarter, with strong performance in North America as Sustainability consulting services continued to gain traction and acted as a catalyst for the rest of the Group's portfolio.

Digital update:

- The Group continues to prioritize and track digital adoption with good progress in the growth of Assets under Management (AuM), reaching 6.2 million, up +50% year-on-year by the end of December 2021, and up +12% in Q4.
- The Group also continues to support the development of e-commerce platforms through its value chain for the benefit of customers. In 2021, sales through e-commerce channels grew by c.+25%.
- Schneider Electric Exchange (the Group's open ecosystem collaboration platform) added a further 25,000 registered users and more than 100 new digital offerings in 2021.

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

€ million		Q4 2021		
		Revenues	Organic Growth	Reported Growth
Energy Management	North America	1,793	+5.6%	+10.0%
	Western Europe	1,524	+5.0%	+5.4%
	Asia Pacific	1,835	+7.4%	+11.6%
	Rest of the World	971	+12.9%	+12.3%
	Total Energy Management	6,123	+7.1%	+9.6%
Industrial Automation	North America	458	+18.6%	+68.9%
	Western Europe	466	-6.8%	-8.8%
	Asia Pacific	580	+9.9%	+14.9%
	Rest of the World	283	+11.6%	+11.2%
	Total Industrial Automation	1,787	+6.4%	+15.9%
Group	North America	2,251	+7.4%	+18.4%
	Western Europe	1,990	+2.0%	+1.7%
	Asia Pacific	2,415	+8.0%	+12.3%
	Rest of the World	1,254	+12.6%	+12.1%
	Total Group	7,910	+6.9%	+11.0%

€ million		FY 2021		
		Revenues	Organic Growth	Reported Growth
Energy Management	North America	6,725	+12.5%	+9.8%
	Western Europe	5,506	+11.0%	+12.8%
	Asia Pacific	6,715	+14.3%	+21.6%
	Rest of the World	3,233	+17.2%	+14.8%
	Total Energy Management	22,179	+13.3%	+14.7%
Industrial Automation	North America	1,542	+13.0%	+38.4%
	Western Europe	1,876	+6.7%	+6.9%
	Asia Pacific	2,280	+12.0%	+14.7%
	Rest of the World	1,028	+13.3%	+7.3%
	Total Industrial Automation	6,726	+10.7%	+15.7%
Group	North America	8,267	+12.6%	+14.2%
	Western Europe	7,382	+9.9%	+11.2%
	Asia Pacific	8,995	+13.7%	+19.8%
	Rest of the World	4,261	+16.2%	+12.9%
	Total Group	28,905	+12.7%	+14.9%

Q4'21 PERFORMANCE BY END MARKET

The Group sells its full integrated and digital 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 buildings remained one of the Group's strongest growth areas across most major economies supported by the impact of hybrid working supplementing the underlying urbanization and renovation trends. Demand for the Group's offers in non-residential buildings such as Healthcare, Retail Stores, Life Science and Warehouse/Distribution also remained strong while demand from Hotels and Commercial Offices continued to gain momentum.
- Data Center** – The Data Center & Network market continued to experience strong demand, driving strong growth across North America and Europe in the quarter. Supply shortages remained a challenge, however the Group was able to deliver overall good sales growth for the quarter across hyperscale and smaller customers. The Group's technologies with a total solution approach combining hardware, software, digital services and field services enabled customers to expand their capacities and facilities quickly at local and regional levels to satisfy the fast-evolving market needs (Co-location providers, Hyperscale, Telco's, Edge installations and multinational industrial/commercial customers). The Group's offers for Distributed IT also had another quarter of strong demand and sales growth.
- Infrastructure** – The Group's broad portfolio of offers is well oriented as Grid operators are investing more in distribution to ensure grid stability, resilience, digitization and to meet their own decarbonization pledges. Execution of an on-going project in Egypt contributed to sales in the quarter. Investments made in Software and Services also contributed to growth, including double-digit growth in Smart Grid sales. In the quarter,

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the Group benefitted from the expansion of certain utilities and saw good traction with smaller Microgrid operators. Transportation demand was good in the quarter for both the Energy Management and Industrial Automation businesses while Water and Wastewater (WWW) saw solid demand.

- **Industry** – Discrete automation markets saw strong demand with growth in Packaging, Material Handling (Warehouse & Logistics) and the Electronics industry– albeit that sales growth was held back by some component shortages. Sustained growth in Hybrid industries continued, including in Consumer Packaged Goods (CPG) supported by customers' digital transformation and demand for sustainability offers. Metals, Mining and Minerals (MMM) demand continued to improve in the quarter. Oil and Gas (O&G) experienced strong demand towards the end of the year across the portfolio including EcoStruxure offers in decarbonization and efficiency for customers.

Group trends by geography:

North America (28% of Q4 revenues) was up +7.4% organic impacted by supply chain constraints. The U.S. grew high-single digit and Mexico grew double-digit, while Canada was down slightly. Field service offers continue to benefit from investment albeit that COVID-19 continues to restrict some site access.

In Energy Management, which grew +5.6% organic, the U.S. grew mid-single digit and Canada grew slightly while Mexico was up strongly. The common theme remained strong Residential and Data Center growth while some system sales were impacted by component shortages. The Group's Sustainability offers continued to see strong growth in Q4, up double-digit. Canada sales were also driven by Residential and Data Center markets, while Mexico benefitted from good project execution. Within Infrastructure our utility customers continued to expand as renewable penetration increases along with the rise in grid modernization and Distributed Energy Resources.

Industrial Automation grew +18.6% organic, led by strong double-digit growth in the U.S. and Mexico, while Canada contracted. In the U.S., Discrete automation markets and demand for Industrial Software led the strong growth, while demand recovery in Process & Hybrid end-markets has not yet translated into sales growth. Canada sales grew in Discrete automation markets but were weaker in Process & Hybrid markets, including for Industrial Software. Mexico sales were strong across the full breadth of the Group's automation portfolio, supported by execution on a large process industry project in the quarter.

Western Europe (25% of Q4 revenues) grew +2.0% organic impacted by supply chain constraints. Demand was strong across Residential and Data Center end-markets, and for Industrial OEM.

Energy Management grew +5.0% organic. Germany and Spain each saw double-digit growth driven by a continuation of good demand for the Group's Residential offers. The U.K. grew high-single digit, benefitting from strong growth in the Data Center end-market and good traction on non-residential technical buildings due to strong demand for modernization. Italy grew mid-single digit with a continuation of good growth in Residential markets and also in Data Centers, while France saw solid growth supported by a strong Residential market. Performance in the Nordic countries was more subdued, delivering low-single digit growth.

Industrial Automation was down -6.8% organic, heavily impacted by a high base of comparison in Software mainly in the U.K. and Switzerland. Excluding the impact of Software, Industrial Automation in the region would have grown mid-single digit organic. There was good growth in Italy, Spain and France driven by demand in Discrete automation markets. Germany was around flat, with good growth in Discrete automation offset by weakness in Process & Hybrid markets. There was strong growth in Discrete automation in the U.K.

Asia-Pacific (31% of Q4 revenues) grew +8.0% organic in Q4, and showing double-digit growth against Q4 2019, due to a strong performance across Energy Management offers and in Discrete automation markets across the region.

In Energy Management, which grew +7.4% organic, China was up mid-single digit against a high-single digit base of comparison, driven largely by good demand from industrial customers, utilities and Data Center despite supply chain pressures and some impact from COVID-19 lockdowns towards the end of the quarter. India was up high-single digit, with strong growth across the portfolio of offers as the post-lockdown rebound continued, including positive demand trends in commercial buildings. Australia delivered solid growth with good traction in transportation projects and continued good residential demand in response to government incentives, despite localized lockdowns and supply chain tightness impacting some parts of the business, notably in services. Elsewhere in the region there was broad-based growth, led by New Zealand and Singapore up strong double-digit, although several countries in the region were impacted by COVID-19 restrictions.

In Industrial Automation, which grew +9.9%, the performance remained contrasted between strong growth from sales into Discrete automation markets and continued weaker sales into Process & Hybrid markets. China grew strongly, up double-digit despite a double-digit base of comparison. Growth was driven by continued momentum in Discrete Automation, led by OEM customers, including in material handling, packaging, electronic products and HVAC segments, despite supply chain shortages. There was also good traction in Industrial Software. India grew strong double-digit led by Discrete automation markets, particularly in the packaging and hoisting sectors, and for customers in export markets. Across the rest of the region, Japan was up mid-single digit, while Australia and South Korea were down due to a high base of comparison in Software with underlying performance around flat, as electronic component shortages continued to impact across the large industrial markets of the region.

Rest of the World (16% of Q4 revenues) grew +12.6% organic, with product sales remaining the key driver.

In Energy Management, which grew +12.9% organic, each of Middle East, South America, Africa and Central & Eastern Europe grew double-digit. The Middle East benefitted from strength in Turkey where demand for the Group's Energy Management products remained very strong, and a partial rebound in Saudi Arabia benefitting from execution of infrastructure projects. Growth in South America was driven by Brazil and Chile with strong demand supported by price actions, while in Africa, Egypt continued to benefit from a large infrastructure project, among good growth across the rest of the continent. CIS grew mid-single digit, against a double-digit base of comparison from Q4 2020 with demand remaining strong and good growth in Residential markets.

In Industrial Automation, which grew +11.6% organic, there was strong growth from Discrete automation markets, coupled with a return to growth for sales into Process & Hybrid markets. Each of South America, CIS and Central & Eastern Europe grew double-digit, primarily due to continued strong demand in Discrete automation markets, although with a return to growth in Process & Hybrid markets in South America. The Middle East grew high-single digit, with a strong performance in Discrete automation markets in Turkey more than offsetting continued softness in Process & Hybrid sales in the Gulf states. Africa saw solid growth, including in Process & Hybrid markets.

CONSOLIDATION⁴ AND FOREIGN EXCHANGE IMPACTS IN Q4

Net acquisitions / disposals had an impact of **+€100 million** or **+1.4%** of Group revenues. This includes mainly 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 **+€181 million** or **+2.7%** of Group revenues, primarily due to the strengthening of the Chinese Yuan and the U.S. Dollar against the Euro.

Based on current rates, the FX impact on FY 2022 revenues is estimated to be between **+€500 million to +€600 million**. The FX impact at current rates on adjusted EBITA margin for FY 2022 could be around **+10bps**.

II. FULL YEAR 2021 KEY RESULTS

€ million	2020 FY	2021 FY	Reported change	Organic change
Revenues	25,159	28,905	+14.9%	+12.7%
Gross Profit	10,156	11,843	+16.6%	+12.5%
<i>Gross profit margin</i>	40.4%	41.0%	+60bps	-10bps
Support Function Costs	(6,230)	(6,856)	+10.0%	+5.8%
<i>SFC ratio</i>	24.8%	23.7%	-110bps	-150bps
Adjusted EBITA	3,926	4,987	+27.0%	+23.2%
<i>Adjusted EBITA margin</i>	15.6%	17.3%	+170bps	+140bps
Restructuring costs	(421)	(225)		
Other operating income & expenses	(210)	(21)		
EBITA	3,295	4,741	+44%	
Amortization & impairment of purchase accounting intangibles	(207)	(410)		
Net Income (Group share)	2,126	3,204	+51%	
Adjusted Net Income (Group share)⁵	2,614	3,409	+30%	+31.9%
Adjusted EPS⁵ (€)	4.72	6.13	+30%	+31.3%
Free Cash Flow	3,673	2,799	-24%	

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

5. See appendix Adjusted Net Income & Adjusted EPS

- **ADJUSTED EBITA MARGIN AT 17.3%, UP +140 BPS ORGANIC DUE TO LEVERAGE ON HIGHER VOLUMES, PRICING ACTIONS, POSITIVE MIX AND INDUSTRIAL PRODUCTIVITY**

Gross profit was up **+12.5%** organic with Gross margin down **-10bps** organic, reaching **41.0%** in 2021. This was mainly driven by the pricing actions, positive mix impact and industrial productivity, notwithstanding additional costs incurred due to raw material inflation and continued pressures on global supply chains.

2021 Adjusted EBITA reached **€4,987** million, increasing organically by **+23.2%** and the Adjusted EBITA margin expanded by **+140bps** organic to **17.3%**.

The key drivers contributing to the earnings change were the following:

- Volume impact was positive, **+€1,039** million.
- The Group delivered an industrial productivity level of **+€164** million. Underlying industrial productivity was **+€325** million, before the headwind from higher costs of freight and electronic components, which were **-€161** million.
- The net price⁶ impact was positive at **+€41** million in 2021. Gross price on products was positive at **+€612** million due to pricing actions taken throughout the year. In total, RMI was a headwind at **-€571** million.
- Cost of Goods Sold inflation was **-€71** million in 2021, of which the production labor cost and other cost inflation was **-€75** million, and a decrease in R&D in Cost of Goods Sold was **+€4** million. The overall investment in R&D, including in support function costs continued to increase as expected and represented **~5%** of 2021 revenue.
- Support function costs increased organically by **-€359** million, or **+5.8%** organic in 2021 but the Group was able to reduce the overall SFC to Sales ratio from 24.8% to 23.7%, lower by 150bps organic.

The Group continued to deliver on its structural savings and cost efficiency plan with savings of **€411** million in 2021. There was a partial reversal of the c.€300 million tactical savings achieved in 2020, with **€220** million returning to the cost base, with certain categories such as travel still below pre-pandemic levels. The Group invested an additional **€390** million on its strategic priorities in 2021 including in relation to R&D, digital infrastructure, and service personnel. Additionally, the Group faced some impact from inflation for **€181** million in 2021.

Cumulatively, the Group has now delivered structural savings of c.€760 million since the start of 2020, against its operational efficiency plan to deliver c.€1 billion of structural savings in the period 2020-2022.

- The impact of foreign currency decreased the adjusted EBITA by **-€40** million in 2021.

6. Price on products and raw material impact

- 2021 performance resulted in a favorable mix effect of **+€108 million** due to the relative strength of growth of the Products business, an improvement of margin in the Systems business and evolution of the geographical mix, more than offsetting the impact of lower growth from AVEVA.
- The impact from scope & others was **+€179 million** in 2021, coming mainly from the positive contribution of recent acquisitions RIB Software, L&T E&A division, OSIsoft and ETAP.

By business, the FY 2021 adjusted EBITA for:

- **Energy Management** generated an adjusted EBITA of **€4,501 million**, or **20.3%** of revenues, up c.+140bps organic (up +150bps reported and c.+170bps org. vs. FY'19), due mainly to the increase in volume, a good level of industrial productivity, and a positive impact from mix.
- **Industrial Automation** generated an adjusted EBITA of **€1,242 million**, or **18.5%** of revenues, up c.+90bps organic (up +140bps reported and c.+60bps org. vs. FY'19), due mainly to the increase in volume and positive net pricing, despite a dilutive effect on mix from the lower growth of AVEVA.
- **Central Functions & Digital Costs** in 2021 amounted to **€756 million** (€700 million in 2020), reducing slightly as a proportion of revenue to 2.6%. Investment in the Group's strategic priorities increased year-over-year, while the Corporate cost element continued to be an area of focus and remained under tight control, decreasing to around 0.7% of Group revenues in 2021.

▪ NET INCOME UP +51%

Restructuring charges were **-€225 million** in 2021, €196 million lower than last year as the Group continues to implement its operational efficiency program to generate c.€1 billion of structural cost savings in the period 2020-2022. The Group now expects the restructuring charges needed to generate the c.€1 billion of structural savings to be €850 million - €950 million over the period 2020-2022, c.€300 million lower than previously anticipated. The Group has incurred restructuring costs totaling €646 million over the first two years of the program.

Other operating income and expenses had a small negative impact of **-€21 million** (-€210 million in 2020), where the gain on disposal from the Cable Support, IMServ and US Motion Control businesses was offset by other costs, consisting mainly of M&A and integration costs.

The amortization and impairment of intangibles linked to acquisitions was **-€410 million** compared to -€207 million last year. The increase was mostly driven by additional amortization linked with acquisitions completed in H2 2020 and H1 2021, including RIB Software, L&T E&A division and OSIsoft.

Net financial expenses were **-€176 million**, €102 million lower than in 2020. The cost of debt was down slightly year-on-year, and the Group benefitted from a favorable FX impact, and also a favorable impact in the fair-value revaluation of financial assets.

Income tax amounted to **-€966 million**, higher than last year by €328 million as a function of the higher profit. The effective tax rate was 23.2% in 2021, vs. 22.7% in 2020, and in line with the expected range of ETR of 22%-24% in 2021.

Share of profit on associates increased to **+€84 million**, from +€66 million last year. The Group share of Delixi net income was +€81 million, up c.+€8 million year-on-year, with performance resulting in strong organic growth in revenues and profitability.

As a result, Net Income (Group share) was **€3,204 million** in 2021, up +51% from 2020 and up +33% from 2019. The Adjusted Net Income⁷ was **€3,409 million** in 2021, up +30% vs. 2020.

▪ **FREE CASH FLOW REACHED €2.8 BILLION**

The Group delivered Free Cash Flow of **€2,799 million**, primarily due to the P&L performance driving record operating cash flow of €4,469 million.

Trade working capital requirements impacted the free cash flow, as expected, as trade receivables rebounded from the lower levels seen at the end of 2020, and inventory was built up both as a consequence of the strong external demand environment, and the supply chain pressures.

Net capital expenditure of €817 million remained stable at ~3% of revenue, while R&D cash costs of €1,539 million represented 5.3% of 2021 revenue.

▪ **BALANCE SHEET REMAINS STRONG**

Schneider Electric's net debt at December 31, 2021 amounted to **€7,127 million** (€3,561 million in December 2020) after payment of €1.6 billion to fulfill the 2020 dividend, net acquisitions of €4.2 billion, offset by the good Free Cash Flow performance of €2.8 billion.

The net debt at 31 December 2020 had benefitted from €1.1 billion of funds raised from a rights issue performed by AVEVA in anticipation of the closing of the OSIssoft transaction, which occurred in H1 2021.

The Group remains committed to retaining its strong investment grade credit rating.

▪ **CASH CONVERSION & PROPOSED DIVIDEND**

Cash conversion was 87% in 2021 (including impacts of IFRS 16) due to the higher working capital requirements as inventory was built to satisfy the strong demand.

The proposed dividend⁸ is €2.90 per share, up +12% vs. 2020 as the Group maintains its progressive dividend policy.

7. See appendix for Adjusted Net Income calculation

8. Subject to Shareholder approval on May 5, 2022

III. SCHNEIDER SUSTAINABILITY IMPACT

The 2021-2025 SSI program, launched on the same day in January 2021 that [Schneider Electric was recognized as the world's most sustainable corporation](#) by Corporate Knights, is designed to boost Schneider's efforts in fighting climate change and social inequality, through [11 global transformations](#) complemented by many local commitments. Throughout 2021, key transformative programs have been put in place to ensure successful progress towards the program's 2025 targets.

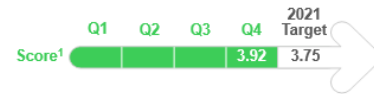
"As an impact company, we are making a unique difference and have raised the bar with our 2025 sustainability commitments. Our first year's results are encouraging and set the path towards our 5-year goals," said Olivier Blum, Chief Strategy and Sustainability Officer. *"Teams from across the company have collectively stepped up and we are engaged on sustainability on all fronts."*

Schneider Electric pursued its ambitious decarbonization goals, by deploying services and solutions to deliver energy efficiency and sustainability while guiding customers, partners, and suppliers on rapidly reducing their emissions. In 2021, Schneider's EcoStruxure™ solutions helped customers reduce their carbon emissions by 84 million tonnes which amount to 347 million tonnes saved or avoided since 2018.

The Group has a responsibility to its people and the communities it serves to boost equal opportunities, gender diversity and inclusion and support every generation. Its solutions for rural electrification ensured that another 4 million people were able to access safe, clean and reliable electricity in 2021.

Schneider Electric finished the year with an SSI score of 3.92 out of 10, exceeding expectations by going beyond the 3.75 target set for this first full year of the five-year program.

The details of SSI Q4 2021 results are as below:



Q4 2021 results

		Baseline	Q4 2021	2025 Target
CLIMATE	1 Grow Schneider Impact revenues* ²	70%	71%	80%
	2 Help our customers save and avoid millions of tonnes of CO ₂ emissions ³	263M	347M	800M
	3 Reduce CO ₂ emissions from top 1,000 suppliers' operations	0%	1%	50%
RESOURCES	4 Increase green material content in our products	7%	11%	50%
	5 Primary and secondary packaging free from single-use plastic and using recycled cardboard	13%	21%	100%
TRUST	6 Strategic suppliers who provide decent work to their employees ⁴	—	In progress	100%
	7 Level of confidence of our employees to report unethical conduct ⁵	81%	+0pts	+10pts
EQUAL	8 Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)	41/25/24	41/27/26	50/40/30
	9 Provide access to green electricity to 50M people ⁶	30M	+4,2M	50M
GENERATIONS	10 Double hiring opportunities for interns, apprentices, and fresh graduates	4,939	x1.25	x2.00
	11 Train people in energy management ⁷	281,737	328,359	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 Baseline 2019 ³ Cumulated since 2018 ⁴ Program in development ⁵ Baseline 2021 ⁶ Cumulated since 2008 ⁷ Cumulated since 2009

Schneider Electric's most recent sustainability awards include recognition from:

- [A list rating awarded by the CDP for 11th consecutive year](#)
- [Dow Jones Sustainability World Index for 11th year in a row](#)
- [A second Platinum medal from EcoVadis' ratings for global supply chains](#)
- [#1 spot on Vigeo Eiris' rating for Electronic Components & Equipment sector in Europe](#)
- [Corporate Knights' Global 100 list for 11th year in a row](#)
- [Bloomberg's Gender-Equality Index for fifth year in a row](#)

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

The Group has built a compelling, integrated and synergetic portfolio across its two businesses in the past years, with a focus towards driving sustainable growth in the short, medium and long-term. The Group continues to review its portfolio on an ongoing basis. As set out in the recent Capital Markets Day, the Group remains focused on completion of its ongoing €1.5 billion to €2.0 billion disposal program, by the end of 2022. The Group is also opportunistically supplementing its existing portfolio, where relevant, with early-stage technology companies (bolt-on in nature) that have the potential to add significant value in the long-term.

In Q4 2021, the Group engaged in the following transactions:

Acquisitions

- On July 5, 2021 the Group commenced squeeze-out proceedings to acquire the remaining shares of RIB Software. The process of registration of the squeeze-out was completed on December 14, 2021, and the Group now owns 100% of the shares. As a result, RIB Software has been delisted, effective December 30, 2021. RIB Software remains fully consolidated into the Energy Management business.
- Following the completion of a simplified public tender offer, the Group now holds 83.93% of the issued capital of IGE+XAO. In accordance with the Group's intentions as presented in the Information Note and the previously stated strategy to consolidate the various independent software entities within the Energy Management Software Division, the Group intends to implement a merger of IGE+XAO with Schneider Electric. The Boards of Directors of Schneider Electric and IGE+XAO have met on February 16, 2022 and approved the economic, financial and legal terms of the merger, including the merger parity of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger agreement as well as the merger appraisers' reports will be available on the websites of Schneider Electric and IGE+XAO. The Group will seek confirmation from the AMF that the merger would not require Schneider Electric to file a buy-out offer for the shares of IGE+XAO. In addition, the merger will be subject to the approval of the annual general meetings of the shareholders of IGE+XAO and Schneider Electric to be held on May 4 and 5, 2022 respectively.
- Aligned with the objectives set-out in the recent Capital Markets Day to focus on smaller and earlier stage acquisitions linked to long term incremental growth drivers for the Group, in December 2021 the Group successfully completed two bolt-on transactions to purchase controlling stakes in the following U.S. based companies:
 - Qmerit, a brand agnostic specialist platform for the orchestration of electrical installers with a specific focus on EV charging and system installation. Qmerit aims to become the leading digital platform for the installation of EV chargers in the residential/commercial market with a focus in North America.

- EnergySage, a leading online comparison marketplace for residential microgrids (including rooftop solar, energy storage, project financing and community solar). EnergySage connects residential consumers to pre-screened installation companies, generating brand-agnostic cost-effective installations of decarbonized energy systems.

These early stage bolt-ons will accentuate the existing digital offers within the Energy Management portfolio and provide incremental cloud-based digital services for the benefit of customers.

Disposals

The Group continues to make progress on its portfolio optimization program for the disposal / deconsolidation of revenues of €1.5 billion to €2.0 billion by the end of 2022, having cumulatively addressed revenues of €0.8 billion thus far.

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. In 2021, 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 bought back 5.9 million shares for €577 million, at an average price of €97 per share.

The Group remained limited in its ability to further progress the share buyback by a cap on purchase price of €150 per share. As announced at its Capital Markets Day on November 30, 2021, the Group proposes to raise this cap on purchase price to €250 per share, subject to approval at the next Annual Shareholders' Meeting scheduled for May 5, 2022.

The Group remains committed to the completion of the existing €1.5 billion to €2.0 billion program by the end of 2022.

As at 31 December 2021 the total number of shares outstanding was 556,576,560 (the total number of shares in issue was 569,033,442).

VI. CORPORATE GOVERNANCE

On February 16, 2022, the Board appointed Mrs. Nivedita Krishnamurthy Bhagat, also known as Nive Bhagat, as an Observer with the aim to propose her appointment at the next Shareholders' Meeting. Mrs. Bhagat, a British citizen, is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of its Group Executive Committee. She will bring to the Board the experience and skills related to her extensive business, technology and digital background. She will also strengthen the profiles of the Schneider Board with her excellent knowledge of global markets. She will qualify as an independent Director with regard to all the criteria set by Article 9.5 of the AFEP/ MEDEF Corporate Governance Code and, if appointed, will join the Digital Committee.

VII. EXPECTED TRENDS IN 2022

The Group expects to grow both its revenues and profitability in 2022, in line with the framework for sustainable growth for the medium and long-term announced in its recent Capital Markets Day.

In 2022, the Group expects:

- A continuation of strong and dynamic market demand, including further recovery in late-cycle segments
- All regions and all four end-markets expected to contribute to growth
- Sales to benefit from higher level of backlog exiting 2021
- Ongoing uncertainty linked to health crisis
- Ongoing global supply chain pressures continue to impact in coming months
- Increased pressure on input costs, including raw materials, labor, freight and the sourcing of electronic components
- Despite the overall inflationary environment, and current supply chain pressures, the Group aspires to be net price positive for the full year (including impacts of freight and electronics)

VIII. 2022 TARGET

The Group sets its 2022 financial target as follows:

2022 Adjusted EBITA growth of between +9% and +13% organic.

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

- Revenue growth of **+7% to +9% organic**
- Adjusted EBITA margin up **+30bps to +60bps organic**

This implies Adjusted EBITA margin of **around 17.6% to 17.9%** (including scope based on transactions completed in 2021 and FX based on current estimation).

The Group expects progress on these levers to be weighted towards H2.

Further notes on 2022 available in appendix

IX. 2022-2024 TARGETS AND LONG-TERM AMBITIONS AS ANNOUNCED IN CAPITAL MARKETS DAY

2022 – 2024 Targets:

- Organic revenue growth of between +5% to +8%, on average
- A yearly organic improvement of between +30 bps to +70 bps in adjusted EBITA margin
- c.€4 billion Free Cash Flow by 2024

Longer-term ambitions:

- Organic revenue growth of 5%+ on average across the economic cycle
- Opportunity to further expand adjusted EBITA margin and Free Cash Flow beyond 2024: Operational leverage and continued evolution of business mix to positively impact margins

The financial statements of the period ending December 31, 2021 were established by the Board of Directors on February 16, 2022. At the date of this press release, the audit procedures were carried out and the report of the statutory auditors is being finalized.

The Q4 2021 & FY 2021 Annual Results presentation is available at www.se.com

Q1 2022 Revenues will be presented on April 27, 2022.

The Annual General Meeting will take place on May 5, 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 Universal Registration Document (which is available on www.se.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

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

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

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

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

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Appendix – Further notes on 2022

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2022 revenues is estimated to be between **+€500 million to +€600 million**. The FX impact at current rates on adjusted EBITA margin for FY 2022 could be around **+10bps**
- **Scope:** around **+€150 million** on 2022 revenues and around **-10bps** on 2022 Adj. EBITA margin, based on transactions completed in 2021
- **Tax rate:** The ETR is expected to be in the **23-25%** range in 2022
- **Restructuring:** The Group expects restructuring costs of between **€850 million - €950 million** over three years (2020-2022), c.€300 million lower than previously anticipated

Appendix – Revenues breakdown by business

Q4 2021 revenues by business were as follows:

€ million	Q4 2021				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	6,123	+7.1%	-0.1%	+2.6%	+9.6%
Industrial Automation	1,787	+6.4%	+6.7%	+2.8%	+15.9%
Group	7,910	+6.9%	+1.4%	+2.7%	+11.0%

H2 2021 revenues by business were as follows:

€ million	H2 2021				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	11,692	+8.1%	+0.8%	+1.5%	+10.4%
Industrial Automation	3,439	+6.5%	+6.5%	+1.9%	+14.9%
Group	15,131	+7.8%	+2.1%	+1.5%	+11.4%

FY 2021 revenues by business were as follows:

€ million	FY 2021				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	22,179	+13.3%	+2.7%	-1.3%	+14.7%
Industrial Automation	6,726	+10.7%	+6.0%	-1.0%	+15.7%
Group	28,905	+12.7%	+3.5%	-1.3%	+14.9%

Appendix – Consolidation

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

Appendix – Adjusted EBITA, Analysis of Change

	H1	H2	FY
	Adj. EBITA	Adj. EBITA	Adj. EBITA
2020 Adj. EBITA	1,576	2,350	3,926
Volume	742	297	1,039
Net Price	65	(24)	41
Productivity	194	(30)	164
Mix	29	79	108
R&D & Production Labor Inflation	(39)	(32)	(71)
SFC	(206)	(153)	(359)
FX	(88)	48	(40)
Scope & Other	89	90	179
2021 Adj. EBITA	2,362	2,625	4,987

Appendix - Results breakdown by division

€ million		FY 2020	FY 2021	Organic
Energy Management	Revenues	19,344	22,179	
	Adjusted EBITA	3,634	4,501	
	Adjusted EBITA margin	18.8%	20.3%	c. +140bps
Industrial Automation	Revenues	5,815	6,726	
	Adjusted EBITA	992	1,242	
	Adjusted EBITA margin	17.1%	18.5%	c. +90bps
Corporate	Central Functions & Digital Costs	(700)	(756)	
Total Group	Revenues	25,159	28,905	
	Adjusted EBITA	3,926	4,987	
	Adjusted EBITA margin	15.6%	17.3%	+140bps
€ million		H1 2020	H1 2021	Organic
Energy Management	Revenues	8,755	10,487	
	Adjusted EBITA	1,494	2,145	
	Adjusted EBITA margin	17.1%	20.5%	c. +330bps
Industrial Automation	Revenues	2,820	3,287	
	Adjusted EBITA	429	599	
	Adjusted EBITA margin	15.2%	18.2%	c. +320bps
Corporate	Central Functions & Digital Costs	(347)	(382)	
Total Group	Revenues	11,575	13,774	
	Adjusted EBITA	1,576	2,362	
	Adjusted EBITA margin	13.6%	17.1%	c. +350bps
€ million		H2 2020	H2 2021	Organic
Energy Management	Revenues	10,589	11,692	
	Adjusted EBITA	2,140	2,356	
	Adjusted EBITA margin	20.2%	20.1%	c. -20bps
Industrial Automation	Revenues	2,995	3,439	
	Adjusted EBITA	563	643	
	Adjusted EBITA margin	18.8%	18.7%	c. -120bps
Corporate	Central Functions & Digital Costs	(353)	(374)	
Total Group	Revenues	13,584	15,131	
	Adjusted EBITA	2,350	2,625	
	Adjusted EBITA margin	17.3%	17.3%	c. -40bps

Appendix – Adjusted Net Income & Adjusted EPS

Key figures (€ million)	2020 FY	2021 FY	Change
Adjusted EBITA	3,926	4,987	+27%
Amortization of purchase accounting intangibles	(207)	(389)	
Financial Costs	(278)	(176)	
Income tax with impact from adjusted items	(781)	(1,028)	
Equity investment & Minority Interests	(46)	15	
Adjusted Net Income (Group share)	2,614	3,409	+30%
Adjusted EPS (€)	4.72	6.13	+30%

Appendix – Free Cash Flow and Net Debt

Analysis of net debt change in €m	FY 2020	FY 2021
Net debt at opening at Dec. 31	(3,792)	(3,561)
Operating cash flow	3,651	4,469
Capital expenditure – net	(762)	(817)
Operating cash flow, net of capex	2,889	3,652
Change in trade working capital	517	(1,114)
Change in non-trade working capital	267	261
Free cash flow	3,673	2,799
Dividends	(1,525)	(1,585)
Acquisitions – net	(2,393)	(4,231)
Net capital increase	(7)	(46)
FX & other (incl. IFRS 16)	483	(503)
(Increase) / Decrease in net debt	231	(3,566)
Net debt at Dec. 31	(3,561)	(7,127)

Appendix – ROCE

ROCE calculation				
P&L items				2021 Reported
EBITA ¹			(1)	4,627
Restructuring costs			(2)	-225
Other operating income & expenses			(3)	-21
= Adjusted EBITA			(4) = (1)-(2)-(3)	4,873
x Effective tax rate of the period ²			(5)	23.2%
= After-tax Adjusted EBITA			(A) = (4) x (1-(5))	3,742
Balance sheet items				2021 Avg of 4 quarters
	2020 reported	2021 reported		
Shareholders' equity	23,727	28,109	(B)	26,498
Net financial debt	3,561	7,127	(C)	7,363
Adjustment for Associates and Financial assets (fair value)	-1,065	-1,687	(D)	-6,137
= Capital Employed	26,223	33,549	(E) = (B)+(C)+(D)	27,724
= ROCE			(A) / (E)	13.5%

1. Without recent large M&A
2. Effective tax rate