Schneider Electric
Full Year 2022 Results

Financial Information

Life Is On Schneider Electric

All-time high Revenues, Adj. EBITA and Net Income
Well positioned for sustainable growth in coming years
Enacting new governance structure, effective May 2023

Rueil-Malmaison (France), February 16, 2023

Financial Highlights

- **FY22 revenues of €34 billion, up +12% organic, +18% reported**
  - **Energy Management up +13% organic**
  - **Industrial Automation up +10% organic**
- **Q4 Group revenues up +16% organic**
- **FY22 Adj. EBITA €6 billion, up +14% organic, +21% reported**
  - **Adj. EBITA Margin 17.6%, up +40bps organic**
- **Net Income of €3.5 billion, up +9%; Adj. Net Income €4.0 billion, up +16%**
- **FCF of €3.3 billion; up +19% with strong contribution in H2**
- **Disposal program completed: €1.7 billion of revenues addressed**
- **Structural savings of €1 billion delivered (2020-2022)**
- **Progressive dividend[1] at €3.15/share, up +9%**
- **Schneider Sustainability Impact - score of 4.91 vs. target of 4.70**
- **2023 Financial Target – Adj. EBITA org. growth between +12% and +16%, driven by +9% to +11% org. revenue growth and +50bps to +80bps org. Adj. EBITA margin improvement**
- **Chairman and CEO roles to be separated as previously announced: Jean-Pascal Tricoire to continue as Chairman, Peter Herweck appointed as new CEO, effective May 4, 2023**
- **Capital Markets Day expected in Q4 2023**

Key figures (€ million)	2021 FY	2022 FY	Reported Change	Organic Change
Revenues	28,905	34,176	+18.2%	+12.2%
Adjusted EBITA	4,987	6,017	+20.7%	+14.4%
% of revenues	*17.3%*	*17.6%*	*+30bps*	*+40bps*
Net Income (Group share)	3,204	3,477	+9%	
Free Cash Flow	2,799	3,330	+19%	
Adjusted Earnings Per Share[2] (€)	6.13	7.11	+16%	+13.1%
Dividend Per Share[1] (€)	2.90	3.15	+9%	

1. Subject to Shareholder approval on May 4, 2023
2. See appendix Adjusted Net Income & Adjusted EPS. Organic change of adj. EPS is calculated after removal of impacts from Russia operations in both 2021 and 2022

Jean-Pascal Tricoire, Chairman and CEO, commented:

"We deliver a strong 2022, despite the multiple challenges confronting businesses and individuals around the world. The strategic choices we made in past years position ourselves on the twin trends of Electrification and Digitization as our customers seek greater sustainability and resilience. The transformation of our business over past years positions us well for the future and our offers have never been more relevant. The unique operating model we have developed, based on a balanced and empowered geographical organization, a strong digital capability combined with a focus on sustainability has allowed us to respond effectively to the challenges we faced and to our customers' needs.

We announce a year of record revenues, profitability and net income. On free cash flow, we finish the year strongly, reflective of a progressive easing in supply chains and our ability to service the backlog we had built, which remains high. This strong performance allows us to deliver a progressive dividend for the 13th consecutive year, and we shall propose a dividend of €3.15 per share. As an Impact company, we appreciate that in order to do well we also need to do good. As such we are proud to deliver a score of 4.91 against a target of 4.70 in the second year of our ambitious 2021-2025 Schneider Sustainability Impact program.

2022 was a significant year for the evolution of our portfolio. We have now completed the transaction to acquire the entire share capital of AVEVA, which will allow us to accelerate on our software strategy, building a single data-hub to bring together the industry twin and the energy twin of our customers' enterprise. We also completed our portfolio optimization program, disposing or deconsolidating €1.7 billion of revenues over the program, and €2.2 billion if we include our Russia operations which we transferred to local management.

Looking forward, I remain confident in our positioning for the future. This allows us to set an ambitious financial objective for 2023 where we target organic growth in our adjusted EBITA of between +12% and +16%, driven by strong organic revenue growth and adjusted EBITA margin expansion.

I fully support the future appointment of Peter Herweck as Chief Executive Officer. The selection process has been exemplary. Peter has 30 years of experience in our industry and has learnt our company over the past 7 years. His experience in software and automation are paired with a firm commitment to the Group's values, culture and ambition to be an Impact Company. He has acquired CEO experience in building and transforming AVEVA. We have a long history of working well together on key transformations, especially in digital. With this change of governance, which combines continuity and renewal, the Group is starting a new chapter in its history – with more digital, more software, more technology and more sustainability. I am looking forward to continuing to fully contribute to the success of the team, as Chairman."

I. FOURTH QUARTER REVENUES WERE UP +16% ORGANIC

2022 Q4 revenues were €9,320 million, up +16.0% organic and up +17.8% on a reported basis.

Products (58% of FY 2022 revenues) grew +16% organic in Q4. There was double-digit growth in both Energy Management and Industrial Automation, supported by progressive easing in supply chain constraints, which enabled strong execution against the high backlog in place at the start of the quarter. There was good contribution from volume expansion, while price remained a significant driver of the organic growth for the quarter. While most end-markets remain well oriented, growth was impacted by continued softness in consumer-linked segments in some geographies.

Systems (24% of FY 2022 revenues) grew +21% organic in Q4, with a similar organic growth rate in each business. Energy Management experienced strong growth across the offer range, including for Data Centers and in relation to the digitization of Buildings. Industrial Automation saw strong growth in systems sales into both Discrete and Process automation markets. Systems sales saw a positive impact from pricing, and also benefitted from the progressively improving supply chain situation, while external demand remained strong.

Software & Services (18% of FY 2022 revenues) grew +8% organic in Q4.

Software and Digital Services grew low single-digit organic in Q4. The growth dynamic was differentiated, with AVEVA impacted by its transition to a subscription model but remaining focused on the growth of Annualized Recurring Revenue (ARR) which was up +12.3%[3] as at December 31, 2022. Energy Management software grew double-digit in the quarter with particularly strong momentum in eCAD offers. Digital service offers delivered double-digit growth led by EcoStruxure Advisors in Energy Management.

Field Services grew double-digit organic in Q4 with similar growth rates in both businesses, supported by a recovery in the availability of spare parts. Within Industrial Automation, the growth in services related to large projects remained impacted by the lag effect arising from COVID-19.

Sustainability Business: Sustainability offers (split between Digital and Field Services) delivered growth in excess of +20% organic in the quarter. North America continued to be the major contributor to sales, with strong customer interest across other geographies. Western Europe in particular saw strong growth in the quarter. Sustainability consulting continues to be a driver for engagement at customer C-Suite level, to the benefit of the full portfolio.

Digital update:

January 2023 was a significant milestone in the Group's digital journey, with the completion of the transaction to acquire the entire share capital of AVEVA. This transaction will allow Schneider to accelerate on its software strategy, bringing benefits to customers across their enterprise. Software (including digital services) represented an amount of €2.6 billion in revenues in 2022, with offers across the lifecycle of our customers assets from Design & Build to Operate & Maintain.

Schneider Electric continues to make progress on its 'Digital Transformation @ Scale' to create unified software, user experience, data federation and AI as set out in the 2021 Capital Markets Day. This includes tracking the evolution of its digital flywheel where strong progress has been made against the targets set out in 2021. Schneider Electric is focused on growing recurring revenues which serve to deepen the relationship with customers across the lifecycle of their assets and installations, for the benefit of both parties over time.

In 2022, the Digital Flywheel represented 53% of Group revenue, showing good progress towards a target of around 60% by 2025. The growth of the Digital Flywheel outperformed the Group average led by strong performance in connectable products (which now represent 25% of Group revenues), notably in Energy Management offers; and edge control (which now represents 10% of Group revenues), notably in Industrial Automation offers.

Software & Services represented 18% of Group revenues in 2022 as the Group continues to work towards a target of around 23% by 2025. Performance in the year was led by strong double-digit growth in Digital Services, while growth at AVEVA was impacted by the transition from a license to subscription model and growth in Field Services was impacted by supply chain shortages, particularly in the first half of the year.

Within Software & Services, around 36% of revenues was classed as recurring, showing strong progress towards a target of around 45% by 2025.

Schneider Electric continues to prioritize and track digital adoption with good progress in the growth of Assets under Management (AuM), reaching 7.4 million, up 25% year-on-year at the end of Q4, increasing from 6.8

3. At constant currency, adjusted for Russia impacts million at the end of Q3 and including strong progress in monetized assets, with in excess of 50% of total AuM now monetized.

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

Region	Q4 2022			FY 2022		
	Revenues € million	Reported Growth	Organic Growth	Revenues € million	Reported Growth	Organic Growth
North America	2,602	+45.1%	+28.3%	8,994	+33.7%	+17.8%
Western Europe	1,746	+14.6%	+14.5%	6,223	+13.0%	+13.1%
Asia Pacific	2,042	+11.3%	+9.8%	7,773	+15.8%	+9.0%
Rest of the World	937	-3.5%	+14.2%	3,452	+6.8%	+10.0%
Total Energy Management	**7,327**	**+19.7%**	**+17.5%**	**26,442**	**+19.2%**	**+12.9%**
North America[4]	548	+20.0%	+8.7%	1,992	+29.3%	+10.5%
Western Europe	537	+15.0%	+18.0%	2,081	+10.9%	+13.6%
Asia Pacific	620	+6.7%	+7.1%	2,568	+12.6%	+6.5%
Rest of the World	288	+1.9%	+10.7%	1,093	+6.3%	+7.7%
Total Industrial Automation	**1,993**	**+11.5%**	**+10.8%**	**7,734**	**+15.0%**	**+9.5%**
North America	3,150	+40.0%	+24.3%	10,986	+32.9%	+16.4%
Western Europe	2,283	+14.7%	+15.3%	8,304	+12.5%	+13.2%
Asia Pacific	2,662	+10.2%	+9.2%	10,341	+15.0%	+8.4%
Rest of the World	1,225	-2.3%	+13.4%	4,545	+6.7%	+9.4%
Total Group	**9,320**	**+17.8%**	**+16.0%**	**34,176**	**+18.2%**	**+12.2%**

Q4 2022 PERFORMANCE BY END-MARKET

Schneider Electric sells its integrated portfolio into four end-markets: Buildings, Data Center, Infrastructure and Industry, leveraging the complementary technologies of its Energy Management and Industrial Automation businesses. In Q4, the performance by end-market remained strong with dynamic demand in all four end-markets with some level of destocking in specific segments. Consumer-linked segments such as Residential buildings and Distributed IT remained relatively weaker, in a continuation of trends seen in the previous quarter. All four end-markets continue to be supported by customer's focus on electrification, digitization and sustainability.

- **Buildings** – The Group continues to see overall good demand in the buildings end-market with continued strength in non-residential, while in residential markets the very strong demand of recent years is now beginning to normalize. Strong sales growth was supported by supply chain easing, resulting in backlog execution. Performance in Non-residential was supported by demand in the technical building and hotel segments, while renovation trends and decarbonization commitments continue to underpin this end-market. Growth in Residential varied by geography, with strong growth in the U.S., India and many other countries, while China and parts of Western Europe remained relatively weaker.

  Data Center – The Data Center & Networks end-market experienced another quarter of strong demand and double-digit sales growth with customers benefitting from the breadth of the Group's offers (MV, LV, Secure Power, Cooling, BMS, Software) and its geographic coverage. There was strong sales growth in

4. OSIsoft global revenues are fully reported within North America multiple geographies particularly in North America and parts of Western Europe. There was strong performance in the Data Center space, including continued strong demand and sales growth from Internet giants. Sales growth in Distributed IT grew high-single digit despite continued pressure on the consumer-linked aspect of this business.

- **Infrastructure** – Growth in the Electric Utilities segment remained strong reflective of continued demand as increased pressures from new applications (e.g. buildings, EVs) and renewable generation capacities require additional investments from utility operators to ensure grid stability while continuing to focus on sustainability and digitization. Transportation reported another quarter of strong demand particularly with airports, while Water and Wastewater (WWW) demand remained solid at a high level, with good traction for services.

- **Industry** – Sales into Discrete automation markets grew double-digit in Q4, supported by an easing of supply chain pressures. There was good activity with channel partners and in a broad number of OEM segments including Food & Beverage, Consumer Packaged Goods, industrial automation & packaging, pharmaceutical, various material handling segments, pumping, EV battery manufacturing and semiconductors. There was some destocking in the quarter even though demand remained robust. Sales into Process & Hybrid markets also grew double-digit outside of software. Energies & Chemicals (E&C) activity was supported by new energy investments and decarbonisation initiatives with good demand in Europe, Middle East and Asia. There was solid demand in Metals, Mining & Minerals (MMM) particularly in Africa and India including in copper and steel markets where customers are continuing to focus on sustainability.

Group trends by geography:

North America (32% of FY 2022 revenues) was up +24.3% organic in Q4, having seen a positive evolution in the supply chain tightness which restricted sales growth earlier in the year.

In Energy Management, which grew +28.3% organic, the U.S. and Mexico each grew at close to +30%, while Canada grew double-digit. The U.S. saw very strong growth across end-markets, including in Residential which was boosted by execution of backlog, while demand remained good. Dynamics in the Data Center & Network market remained similar to the previous quarter, with continued strength in Data Center, while Distributed IT was relatively weaker, particularly in the consumer-linked part of this business. Canada saw some softness in Residential but was compensated by good strength across other end-markets. Field Services grew strongly in the quarter, in part due to the improved supply environment.

Industrial Automation grew +8.7% organic, with high-single digit growth in the U.S. Growth in Canada was very strong but Mexico was weak against a strong double-digit base of comparison. In the U.S., there was double-digit growth in sales for both Discrete and Process & Hybrid automation markets outside of Industrial Software, which was down. Canada saw strong growth in both Discrete automation and Industrial Software, while Mexico was down due to a large process industries project in the baseline.

Western Europe (25% of FY 2022 revenues) grew +15.3% organic in Q4.

Energy Management grew +14.5% organic. There was double-digit growth in each of the five main economies of the region led by Spain and Italy, with the U.K., Germany and France all making strong contributions to sales growth. Consumer-linked areas such as residential buildings continued to see softer demand, with sales growth in Residential and Distributed IT markets flat supported by backlog execution. There was good sales growth into Infrastructure (grid) and non-residential buildings markets particularly in relation to renovation and retrofit, supported by demand for the Group's sustainability offers. There was strong growth across the rest of the region, in particular in Belgium and the Netherlands. Energy Management software saw another quarter of strong growth as did Field Services which benefitted from progressive improvement in supply chain.

Industrial Automation grew +18.0% organic, with improvements in supply chain supporting conversion of backlog. Each of the five major economies of the region grew double-digit. Spain saw growth in excess of +30% led by performance in Discrete automation markets. France and Italy each performed strongly across both Discrete and Process & Hybrid markets, while growth in Germany and the U.K. was more oriented toward Discrete automation. Growth in Discrete automation markets across the region was led by offers for Material Handling and Food & Beverage segments. There was good acceleration of growth in Process & Hybrid automation markets, including for Industrial software which grew strongly. Outside of the major economies, there was strong growth across several smaller countries.

Asia-Pacific (30% of FY 2022 revenues) grew +9.2% organic in Q4.

In Energy Management, which grew +9.8% organic, China grew low-single digit, despite the disruption caused by a resurgence of COVID-19 infections across the country in December. There was good growth in Data Center, Infrastructure and for Energy Management offers sold into multiple industrial segments, supported by backlog execution, while the real-estate market remained soft, as expected. There was continued dynamic growth in India, up double-digit in the quarter with strong demand across the portfolio and notably in Buildings (both Residential and Non-residential) and Data Center end-markets. Australia was up double-digit with strong sales growth in Buildings where there was good demand in Non-residential and where growth in Residential was supported by backlog execution. Across the rest of the region, there was double-digit growth in many countries, with Japan, South Korea and Indonesia all particularly strong.

In Industrial Automation, which grew +7.1% organic, China was down low-single digit impacted by the resurgence of COVID-19 infections in December and coupled with a double-digit base of comparison. India saw strong growth, in excess of +20% despite a strong double-digit base of comparison, led by Discrete automation, particularly with OEMs. Japan and South Korea, each grew double-digit, with Japan seeing very strong growth in Discrete automation supported by backlog execution, while the growth in South Korea also extended to Process & Hybrid markets. There was good growth throughout the rest of the region, including in Australia, Singapore and Indonesia.

Rest of the World (13% of FY 2022 revenues) grew +13.4% organic in Q4, having grown at a similar rate in Q4 2021.

In Energy Management, which grew +14.2% organic, South America and the Middle East each grew in excess of +20% organic, including a strong contribution from price but also reflective of general strength in resource-driven economies. The Middle East saw continued strong growth in Turkey, while Saudi Arabia and UAE also grew strongly including across Non-residential, Data Center and Infrastructure markets. Growth in South America was led by Argentina with Brazil around flat overall in the face of ongoing supply chain challenges, and down in sales into Residential markets. Central & Eastern Europe was up double-digit, while Africa was down low-single digit due to a large project in the prior year. CIS was down, primarily due to Ukraine, with the sale of the Group's Russia operations now complete and treated as a scope item.

In Industrial Automation, which grew +10.7% organic, South America, the Middle East, Africa and Central & Eastern Europe were all up double-digit. There was strong growth in Discrete automation markets in South America, Central & Eastern Europe and in the Middle East where, in particular, Turkey saw strong growth. There was good growth in Process & Hybrid markets, led by the more resource driven economies of Africa, Middle East and South America. CIS was down, primarily due to the wind-down of AVEVA's activities in Russia, with the sale of the Group's Russia operations having completed end-Q3.

CONSOLIDATION[5] AND FOREIGN EXCHANGE IMPACTS IN Q4

Net acquisitions/disposals had an impact of **-€165 million** or **-2.1%** of Group revenues, mainly representing the disposal of Schneider Electric's Russia operations and the net impact of several small acquisitions and disposals.

The impact of foreign exchange fluctuations was positive at +**€298 million** or **+3.9%** of Group revenues, primarily due to the strengthening of the U.S. Dollar against the Euro.

Based on current rates, the FX impact on FY 2023 revenues is estimated to be between **-€600 million** to **-€700 million**. The FX impact at current rates on adjusted EBITA margin for FY 2023 could be **around -40bps**.

Based on transactions completed to-date, the Scope impact on FY 2023 revenues is estimated to be **around -€750 million**. The Scope impact on adjusted EBITA margin for FY 2023 is estimated to be around **-30bps**, particularly impacted by the exit from Russia.

II. FULL YEAR 2022 KEY RESULTS

€ million	**2021 FY**	**2022 FY**	**Reported change**	**Organic change**
Revenues	28,905	**34,176**	**+18.2%**	**+12.2%**
Gross Profit	11,843	**13,876**	**+17.2%**	**+10.8%**
Gross profit margin	*41.0%*	*40.6%*	*-40bps*	*-50bps*
Support Function Costs	(6,856)	**(7,859)**	**+14.6%**	**+8.2%**
SFC ratio (% of revenues)	*23.7%*	*23.0%*	*+70bps*	*+90bps*
Adjusted EBITA	4,987	**6,017**	**+20.7%**	**+14.4%**
Adjusted EBITA margin	*17.3%*	*17.6%*	*+30bps*	*+40bps*
Restructuring costs	(225)	(227)		
Other operating income & expenses	(21)	(433)		
EBITA	4,741	**5,357**	**+13%**	
Amortization & impairment of purchase accounting intangibles	(410)	(424)		
Net Income (Group share)	3,204	**3,477**	**+9%**	
Adjusted Net Income (Group share)[6]	3,409	**3,968**	**+16%**	**+13.5%**
Adjusted EPS[6] (€)	6.13	**7.11**	**+16%**	**+13.1%**
Free Cash Flow	2,799	**3,330**	**+19%**	

5. Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.
6. See appendix Adjusted Net Income & Adjusted EPS. Organic change of adj. Net Income and adj. EPS is calculated after removal of impacts from Russia operations in both 2021 and 2022

ADJUSTED EBITA MARGIN AT 17.6%, UP +40 BPS ORGANIC DUE TO BETTER VOLUMES, PRICING ACTIONS AND DELIVERY OF THE GROUP'S COST SAVINGS PROGRAM

Gross profit was up **+10.8%** organic with Gross margin down **-50bps** organic, reaching **40.6%** in 2022. The decline in margin was mainly driven by lower productivity due to inflationary pressures in the supply chain.

2022 Adjusted EBITA reached **€6,017** million, increasing organically by **+14.4%** and the Adjusted EBITA margin expanded by **+40bps** organic to **17.6%** as a consequence of strong pricing, good cost control and improving SFC/Sales ratio.

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

- Volume impact was positive, +**€761** million.

- The Group's industrial productivity level was **-€457** million. Underlying industrial productivity was +€148 million, before the headwind from higher costs of freight, electronic components and other inflationary items in the supply chain which totaled -€605 million. Over a three-year period (2020-2022) the Group has delivered underlying industrial productivity in excess of €700 million (before the impacts of freight and electronics) with 2022 in particular impacted by tightness in global supply chains.

- The net price[7] impact was positive at **+€1,348** million in 2022. Gross pricing on products was positive at +€1,818 million due to pricing actions taken throughout the year. In total, RMI was a headwind at -€470 million. Net price after taking into account freight, electronic components and other inflationary items in the supply chain was +€743 million.

- Cost of Goods Sold inflation was **-€197** million in 2022, of which the production labor cost and other cost inflation was **-€123** million, and an increase in R&D in Cost of Goods Sold was **-€74** million. The overall investment in R&D, including in support function costs continued to increase as expected and represented ~5% of 2022 revenue.

- Support function costs increased organically by **-€581** million, or **+8.2%** organic in 2022 but the Group was able to reduce the overall SFC to Sales ratio from 23.7% to 23.0%, improving by 90bps organic.

  The Group continued to deliver on its structural savings and cost efficiency plan with savings of €203 million in 2022. The Group invested an additional €547 million on its strategic priorities in 2022 including R&D, digital and commercial footprint to support future growth. Additionally, the Group faced a significant headwind from inflation, which totaled €254 million in 2022.

  Cumulatively in the period 2020-2022, the Group met its objective in delivering €1 billion of structural savings.

- The impact of foreign currency increased the adjusted EBITA by **+€333** million in 2022, including an IFRS technical adjustment for hyperinflation impact in Turkey and Argentina.

- 2022 performance resulted in a favorable mix effect of **+€49** million due to a strong improvement of Gross Margin in the Systems business (mainly coming from pricing) more than offsetting impacts from the relatively faster growth of Systems volumes compared to Products and lower growth at AVEVA.

- The impact from scope & others was **-€226** million in 2022, with net Scope impacts representing a small negative amount mainly associated with Russia, which is treated as a scope item in Q4.

7. Price on products and raw material impact

By business, the FY 2022 adjusted EBITA for:

- **Energy Management** generated an adjusted EBITA of **€5,392 million**, or **20.4%** of revenues, up c.+40bps organic (up +10bps reported), due mainly to a combination of good volumes and strong pricing, an improvement of gross margin in the systems business, and good control of SFC more than offsetting the inflationary pressures in the supply chain.

- **Industrial Automation** generated an adjusted EBITA of **€1,458 million**, or **18.9%** of revenues, up c.+30bps organic (up +40bps reported), due mainly to a combination of good volumes and strong pricing, more than offsetting the inflationary pressures in the supply chain and a negative mix impact from lower sales at AVEVA.

- **Central Functions & Digital Costs** in 2022 amounted to **€833 million** (€756 million in 2021), reducing slightly as a proportion of revenue to 2.4%. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2022.

- **ADJUSTED NET INCOME UP +16%**

Restructuring charges were **-€227 million** in 2022, €2 million higher than last year as the Group continued to implement its operational efficiency program to generate c.€1 billion of structural cost savings in the period 2020-2022. Cumulative restructuring charges over the same three-year period totaled €873 million.

Other operating income and expenses had an impact of **-€433 million**, consisting of -€287 million losses in relation to the exit from Russia (mostly write-off of net book value), -€180 million of M&A and integration costs, -€75 million impairment associated with the disposal of Transformer Plants in Poland and Turkey, partly offset by gains on other disposals made in the year. In 2021, other operating income and expenses had a small negative impact of -€21 million as gains on disposals mostly offset the costs of M&A and integration.

The amortization and impairment of intangibles linked to acquisitions was **-€424 million** compared to -€410 million last year. The increase was mostly due to OSIsoft with a full year of amortization in 2022, compared to 9 months in 2021.

Net financial expenses were **-€215 million,** €39 million higher than in 2021. The cost of debt was up slightly year-on-year, and additionally there was a negative FX impact on currencies where hedging is not possible.

Income tax amounted to **-€1,211 million**, higher than last year by €245 million as a function of the higher profit. The effective tax rate was 25.7%, higher due to the impact of the Russia disposal (ETR of 24.6% excluding Russia, in the expected range of 23%-25% and compared to 23.2% in 2021).

Share of profit on associates decreased to **+€29 million**, down -€55 million compared to last year. Net Income from Delixi was down -€29 million year-on-year, impacted by COVID-19 lockdowns in China and some softness in Residential buildings markets. The net result generated by Uplight was also down year-on-year.

As a result, Net Income (Group share) was **€3,477 million** in 2022, up +9% from 2021. The Adjusted Net Income[8] was **€3,968 million** in 2022, up +16% vs. 2021.

8. See appendix for Adjusted Net Income calculation

- **FREE CASH FLOW REACHED €3.3 BILLION**

The Group delivered Free Cash Flow of **€3,330 million**, primarily due to the P&L performance driving record operating cash flow of €5,393 million.

Trade working capital requirements continued to impact the free cash flow for the year, as the Group prioritized securing supply and delivery to customers in an overall strong demand environment. The trade working capital dynamic turned positive in H2 as expected, with easing of supply chain constraints supporting backlog execution and therefore a reduction in the inventory levels held.

Net capital expenditure of €1,024 million remained stable at ~3% of revenue, while R&D cash costs of €1,845 million represented 5.4% of 2022 revenue.

- **BALANCE SHEET REMAINS STRONG**

Schneider Electric's net debt at December 31, 2022 amounted to **€11,225 million** after payment of €1.8 billion to fulfill the 2021 dividend, net acquisitions of €0.3 billion, offset by the good Free Cash Flow performance of €3.3 billion.

The net debt was also impacted by a technical adjustment of €4.6 billion to reflect the commitment to purchase the minority shares in AVEVA, a transaction which closed on January 18, 2023. Adjusting to exclude the impact of such purchase commitments would result in a net debt of €6,477 million, comparable to the €7,127 million of the previous year end.

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

- **CASH CONVERSION & PROPOSED DIVIDEND**

Cash conversion was 96% in 2022 in part due to lower net income as a result of losses incurred from the exit of the Russia business. Excluding this impact, the underlying cash conversion ratio was 88%.

The proposed dividend[9] is €3.15 per share, up +9% vs. 2021 as the Group maintains its progressive dividend policy for the 13th year.

9. Subject to Shareholder approval on May 4, 2023

III. CORPORATE GOVERNANCE

New governance structure and appointment of Peter Herweck as CEO

In accordance with the wish expressed by Jean-Pascal Tricoire to step down as Chief Executive Officer during his current term of office, and with the intention of the Board of Directors to separate the functions of Chairman and Chief Executive Officer, the Governance & Remunerations Committee, under the guidance of the Board of Directors, has conducted a comprehensive process to propose a succession plan for the role of CEO. Pursuant to this process, the Board has decided to implement a new governance structure that splits the office of Chairman from that of Chief Executive Officer.

Peter Herweck, currently Chief Executive Officer of AVEVA, was the unanimous choice of the Board, and will succeed Jean-Pascal Tricoire as Chief Executive Officer of Schneider Electric after the Annual General Meeting scheduled for May 4, 2023, becoming responsible for the general management of the company, as the sole executive corporate officer. Jean-Pascal Tricoire will remain as Chairman, at the unanimous request of the Board of Directors who want to retain the benefit of his experience in significantly and successfully transforming the company over the past 20 years.

Fred Kindle, Vice Chairman & Lead Independent Director, stated: "*Our committee has been working on Jean-Pascal Tricoire's succession plan and the future governance of Schneider Electric for over four years. Several high-quality candidates were considered. Peter's level of global operational experience, technology and software acumen, skills and personal qualities were assessed by the Board as being particularly in line with the Group's strategy. His appointment was unanimously approved by the Board of Directors with Jean-Pascal Tricoire's full support*".

The Board of Directors would like to express its deepest thanks to Jean-Pascal Tricoire for his 36 years of service and for leading over the past 20 years the fundamental and strategic transformation of the Group in focus, scale, performance, purpose and capability. His many achievements include the repositioning of Schneider Electric as a leader in the fields of digitization, electrification and sustainability, and building a distinctive culture and management system based on a meaningful and inclusive mission and the empowerment of people. This robust foundation has made Schneider Electric future-ready and is set to contribute to the continued success of the Group in the coming years supported by Jean-Pascal Tricoire in his role as Chairman.

Appointment of Giulia Chierchia as observer

On February 15, 2023, the Board appointed Mrs. Giulia Chierchia as an observer with the intent to propose her appointment at the 2023 Shareholders' Meeting. Mrs. Giulia Chierchia, an Italian and Belgian dual citizen based in the United Kingdom, is currently Executive Vice-President Strategy, Sustainability and Ventures of BP. She will bring to the Board her expertise in energy transition and her experience in strategy, sustainability, capital allocation and ventures. Mrs. Giulia Chierchia 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 Investment Committee.

IV. SCHNEIDER SUSTAINABILITY IMPACT

Schneider Electric, recognized as a leading sustainability practitioner by independent Environmental, Social and Governance (ESG) ratings, announced today strong annual sustainability impact results alongside its 2022 financial performance.

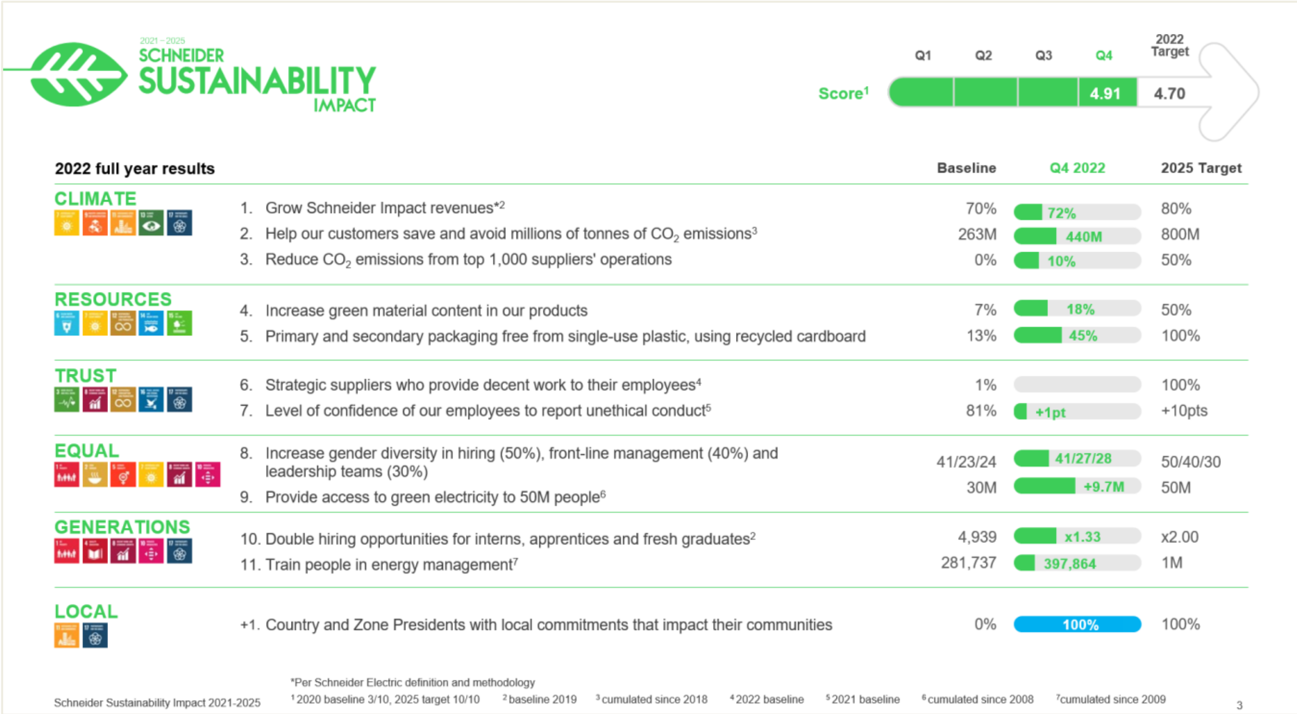
"*Despite increased geopolitical and economic uncertainty, in 2022, we remained focused on accelerating the transition to a cleaner and fairer world,*" confirms Gwenaëlle Avice-Huet, Schneider Electric's Chief Strategy &

Sustainability Officer. "*The close integration of corporate strategy, quality and sustainability is a factor of success to provide digitization, electrification, efficiency and sustainability solutions that tackle today's energy, climate and cost of living crises.*"

Here are some highlights of the Schneider Sustainability Impact in 2022:

- Schneider Electric becomes one of the first corporates in the world to get its Net-Zero targets for its entire value chain validated by the Science Based Targets initiative
- Schneider Electric's solutions and services helped customers save and avoid 440 million tonnes of CO_2 since 2018, with more than 90 million more in 2022 alone
- On top of that, the company's top suppliers reduced their own CO_2 emissions by 10% through its Zero Carbon project, and the Group initiated supplier engagement to advance decent work standards in its supply chain
- 45% of all packaging from the company is now made without single-use plastic and use recycled cardboard, up from 21% in 2021
- The company also expanded access to green and reliable electricity to 5.5 million people through its solutions and projects in 2022
- Schneider Electric launched its Sustainability School for all employees, so everyone can really understand the Planet and People challenges and do more at work and also in their personal lives

Overall progress made to fight Climate change, improve Resource efficiency, reinforce Trust and Equal opportunities, and empower all Generations contributed to a full-year Sustainability Impact score of 4.91/10, well above the target of 4.70 for the year. This result is an integral part of Schneider Electric's short-term incentives for more than 64,000 managers in the Group – an example of how it lives up to Impact company principles.


2021 – 2025 SCHNEIDER SUSTAINABILITY IMPACT

Score[1]	Q1	Q2	Q3	Q4	2022 Target
				4.91	4.70

2022 full year results		Baseline	Q4 2022	2025 Target
CLIMATE	1. Grow Schneider Impact revenues*[2]	70%	72%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions[3]	263M	440M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operations	0%	10%	50%
RESOURCES	4. Increase green material content in our products	7%	18%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	45%	100%
TRUST	6. Strategic suppliers who provide decent work to their employees[4]	1%		100%
	7. Level of confidence of our employees to report unethical conduct[5]	81%	+1pt	+10pts
EQUAL	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/23/24	41/27/28	50/40/30
	9. Provide access to green electricity to 50M people[6]	30M	+9.7M	50M
GENERATIONS	10. Double hiring opportunities for interns, apprentices and fresh graduates[2]	4,939	x1.33	x2.00
	11. Train people in energy management[7]	281,737	397,864	1M
LOCAL	+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

*Per Schneider Electric definition and methodology

[1] 2020 baseline 3/10, 2025 target 10/10 [2] baseline 2019 [3] cumulated since 2018 [4] 2022 baseline [5] 2021 baseline [6] cumulated since 2008 [7] cumulated since 2009

Schneider Sustainability Impact 2021-2025 3

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

V. PORTFOLIO UPDATES

In February 2019 Schneider Electric announced that it had identified several assets generating revenues of €1.5 billion - €2.0 billion as being less strategic and in some cases lower performing, to be reviewed with potential actions ranging, among others, from partnerships to disposals. Over the past four years there has been a systematic company-wide effort to assess the different components of the business to ensure they remain a good fit with the company strategy and positioning for the future.

The Group's disposal program has now been completed, addressing revenues of €1.7 billion by the end of the program, against its target range of €1.5 billion to €2.0 billion.

Since reporting on Q3 2022, Schneider Electric engaged in the following transactions:

Acquisitions

- AVEVA minorities

  Following a Court meeting held on January 16, 2023 to sanction the scheme of arrangement for the recommended cash acquisition of the entire issued and to be issued share capital of AVEVA that it did not currently own, the Scheme became effective on January 18, 2023 and Schneider Electric has now completed its acquisition of 100% of the share capital of AVEVA. AVEVA financial results were already fully consolidated within the Industrial Automation business of Schneider Electric.

Disposals

- Gutor

  On December 23, 2022, the Group entered into an agreement with Latour Capital, a French private equity investor, for the sale of Gutor Electronics´ operations. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor sales in 2021 were approximately €130 million, reported under Energy Management. The proposed transaction is subject to customary regulatory approvals and is expected to close in H1 2023.

- VinZero

  On December 8, 2022 the Group entered into an agreement with a European corporate for the sale of RIB Software's VinZero business. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator, and manufacturing organizations providing value-add services and consulting. The proposed transaction is subject to customary regulatory approvals and is expected to close in H1 2023. The business is currently reported as part of Energy Management.

- Eurotherm

  On October 31, 2022 the Group closed the transaction for the disposal of its Eurotherm business unit (a global provider of temperature and power control and measurement solutions) to Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems.

- Eberle

  On November 30, 2022 the Group closed the transaction for the disposal of Eberle Controls GmbH (Eberle) - a German provider of heating and air conditioning solutions for residential, commercial and public buildings - to Eberle's management and Borromin Capital Fund IV.

- Transformer plants in Poland and Turkey

  On January 6, 2023 the Group closed the transaction for the disposal of its Transformer plants in Poland and in Turkey to Groupe Cahors, an international company specialized in energy distribution, headquartered in France.

Schneider Electric believes that a continuous and ongoing review of the portfolio is a healthy business practice to ensure and retain the strategic focus of the Group. Starting 2023 this will be embedded as part of a 'business as usual' approach to portfolio optimization and will be reported externally where relevant.

VI. SHARE BUYBACK

Schneider Electric remains committed to the completion of the existing share buyback program. Since the beginning of the program in 2019, Schneider Electric has bought back 7.6 million shares for €797 million, at an average price of €105 per share.

Schneider Electric did not further progress the buyback in Q4 primarily due to restrictions on account of the proposed transaction with the AVEVA minority shareholders that was in progress during the quarter.

As at 31 December 2022 the total number of shares outstanding was 559,114,666 (the total number of shares in issue was 571,092,921).

VII. EXPECTED TRENDS IN 2023

- A continuation of strong and dynamic market demand, supported by secular trends of electrification, digitization and sustainability
- Demand in consumer-linked segments (Residential buildings, Distributed IT) to continue deceleration from highs, particularly in mature markets
- Government incentives across the world centered around energy transition, decarbonization and improved energy efficiency to further support growth
- Backlog execution to support growth
- Supply constraints expected to progressively ease; improving supply environment should support stronger underlying industrial productivity
- Some deceleration of inflationary pressure, though pockets of inflation expected to remain

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VIII. 2023 TARGET

The Group sets its 2023 financial target as follows:

2023 Adjusted EBITA growth of between +12% and +16% organic.

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

- Revenue growth of **+9% to +11% organic**
- Adjusted EBITA margin up **+50bps to +80bps organic**

This implies Adjusted EBITA margin of **around 17.4% to 17.7%** (including scope based on transactions completed to-date and FX based on current estimation).

Further notes on 2023 available in appendix

IX. 2022-2024 TARGETS AND LONG-TERM AMBITIONS AS ANNOUNCED IN 2021 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

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The financial statements of the period ending December 31, 2022 were established by the Board of Directors on February 15, 2023. 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 2022 & FY 2022 Annual Results presentation is available at www.se.com

Q1 2023 Revenues will be presented on April 27, 2023.

The Annual General Meeting will take place on May 4, 2023.

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

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 2023

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2023 revenues is estimated to be between **-€600 million to -€700 million**. The FX impact at current rates on adjusted EBITA margin for FY 2023 could be around -**40bps**
- **Scope:** around **-€750 million** on 2023 revenues and around **-30bps** on 2023 Adj. EBITA margin, based on transactions completed to-date, particularly impacted by the exit from Russia
- **Financial costs:** Net finance costs are expected to be higher by **up to €200 million** in 2023, primarily due to the additional debt related to the AVEVA transaction
- **Tax rate:** The ETR is expected to be in a **23-25%** range in 2023
- **Restructuring:** The Group expects restructuring costs to decrease towards target of around **€100 million** per year

Appendix – Revenues breakdown by business

Q4 2022 revenues by business were as follows:

	Q4 2022				
	Revenues € million	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Energy Management	7,327	+17.5%	-2.0%	+4.0%	+19.7%
Industrial Automation	1,993	+10.8%	-2.7%	+3.3%	+11.5%
Group	**9,320**	**+16.0%**	**-2.1%**	**+3.9%**	**+17.8%**

H2 2022 revenues by business were as follows:

	H2 2022				
	Revenues € million	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Energy Management	14,135	+14.8%	-0.7%	+6.2%	+20.9%
Industrial Automation	3,964	+11.4%	-1.8%	+5.3%	+15.2%
Group	**18,099**	**+14.1%**	**-1.0%**	**+6.0%**	**+19.6%**

FY 2022 revenues by business were as follows:

	FY 2022				
	Revenues € million	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Energy Management	26,442	+12.9%	-0.3%	+5.9%	+19.2%
Industrial Automation	7,734	+9.5%	0.0%	+5.1%	+15.0%
Group	**34,176**	**+12.2%**	**-0.2%**	**+5.7%**	**+18.2%**

Appendix – Scope of Consolidation

Number of months in scope	Acquisition / Disposal	2022				2023			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
OSIsoft Industrial Automation Business	Acquisition	3m							
ETAP Energy Management Business	Acquisition	3m	3m						
Qmerit Energy Management Business	Acquisition	3m	3m	3m	3m				
EnergySage Energy Management Business	Acquisition	3m	3m	3m	3m				
EV Connect Energy Management Business	Acquisition			3m	3m	3m	3m		
Autogrid Energy Management Business	Acquisition			2m	3m	3m	3m	1m	
ASCO load banks Energy Management Business	Disposal	3m	3m	3m					
Schneider Electric Russia Energy Management & Industrial Automation Businesses	Disposal	3m	3m	3m					
Eurotherm Industrial Automation Business	Disposal	3m	3m	3m	1m				
Eberle Energy Management Business	Disposal	3m	3m	3m	2m				
Transformer Plants (Poland & Turkey) Energy Management Business	Disposal	3m	3m	3m	3m				

Appendix – Adjusted EBITA, Analysis of Change

€ millions	**H1 Adj. EBITA**	**H2 Adj. EBITA**	**FY Adj. EBITA**
2021 Adj. EBITA	2,362	2,625	4,987
Volume	301	460	761
Net Price	418	930	1,348
Productivity	(288)	(169)	(457)
Mix	89	(40)	49
R&D & Production Labor Inflation	(79)	(118)	(197)
SFC	(190)	(391)	(581)
FX	144	189	333
Scope & Other	25	(251)	(226)
2022 Adj. EBITA	**2,782**	**3,235**	**6,017**

Appendix - Results breakdown by division

€ million		H1 2021	H1 2022	Organic	H2 2021	H2 2022	Organic	FY 2021	FY 2022	Organic
Energy Management	Revenues	10,487	12,307		11,692	14,135		22,179	26,442	
	Adjusted EBITA	2,145	2,506		2,356	2,886		4,501	5,392	
	Adjusted EBITA margin	20.5%	20.4%	c. -10 bps	20.1%	20.4%	c. +70bps	20.3%	20.4%	c. +40bps
Industrial Automation	Revenues	3,287	3,770		3,439	3,964		6,726	7,734	
	Adjusted EBITA	599	685		643	773		1,242	1,458	
	Adjusted EBITA margin	18.2%	18.2%	c. -50 bps	18.7%	19.5%	c. +100bps	18.5%	18.9%	c. +30bps
Corporate	Central Functions & Digital Costs	(382)	(409)		(374)	(424)		(756)	(833)	
Total Group	Revenues	13,774	16,077		15,131	18,099		28,905	34,176	
	Adjusted EBITA	2,362	2,782		2,625	3,235		4,987	6,017	
	Adjusted EBITA margin	17.1%	17.3%	-10 bps	17.3%	17.9%	+80bps	17.3%	17.6%	+40bps

Appendix – Adjusted Net Income & Adjusted EPS

Key figures (€ million)	2021 FY	2022 FY	Change
Adjusted EBITA	**4,987**	**6,017**	**+21%**
Amortization of purchase accounting intangibles	(389)	(423)	
Financial Costs	(176)	(215)	
Income tax with impact from adjusted items[10]	(1,028)	(1,381)	
Equity investment & Minority Interests	15	(30)	
Adjusted Net Income (Group share)	**3,409**	**3,968**	**+16%**
Adjusted EPS (€)	**6.13**	**7.11**	**+16%**

[10] *The effective tax rate implied in the adjusted net income calculation is adversely impacted by the write-offs in relation to Russia exit*

Appendix – Free Cash Flow and Net Debt

Analysis of net debt change in € million	FY 2021	FY 2022
Net debt at opening at Dec. 31	**(3,561)**	**(7,127)**
Operating cash flow	4,469	5,393
Capital expenditure – net	(817)	(1,024)
Operating cash flow, net of capex	**3,652**	**4,369**
Change in trade working capital	(1,114)	(785)
Change in non-trade working capital	261	(254)
Free cash flow	**2,799**	**3,330**
Dividends	(1,585)	(1,775)
Acquisitions – net	(4,231)	(297)
Net capital increase	(46)	(11)
FX & other (incl. IFRS 16)	(503)	(597)
(Increase) / Decrease in net debt	**(3,566)**	**650**
Net debt at Dec. 31 excluding purchase commitments on non-controlling interests	**(7,127)**	**(6,477)**
Purchase commitments on non-controlling interests	**(176)**	**(4,748)**
Net debt at Dec. 31 including purchase commitments on non-controlling interests	**(7,303)**	**(11,225)**

Appendix – ROCE

ROCE calculation

P&L items (€ millions)		**2021 Reported**	**2022 Reported**
EBITA	(1)	4,741	5,357
Restructuring costs	(2)	-225	-227
Other operating income & expenses	(3)	-21	-433
= Adjusted EBITA	(4) = (1)-(2)-(3)	4,987	6,017
x Effective tax rate of the period	(5)	23.2%	25.7%
= After-tax Adjusted EBITA	**(A) = (4) x (1-(5))**	**3,830**	**4,471**

Balance sheet items (€ millions)	**2021 reported**	**2022 reported**		**2021 Avg of 4 quarters**	**2022 Avg of 4 quarters**
Shareholders' equity	28,109	26,094	(B)	26,498	29,458
Net financial debt	7,127	11,225	(C)	7,363	9,097
Adjustment for Associates and Financial assets (fair value)	-1,687	-1,853	(D)	-1,395	-1,876
= Capital Employed	33,549	35,466	(E) = (B)+(C)+(D)	32,466	36,679
= ROCE			**(A) / (E)**	**11.8%**	**12.2%**