

Schneider Electric Half Year 2024 Results

Financial Information

Strong execution drives record revenues and adjusted EBITA
FY24 Target Upgraded

Rueil-Malmaison (France), July 31, 2024

Financial Highlights

- Recognized as the world's most sustainable company, by TIME magazine
- Q2 Group revenues of €9.6bn, up +7% organic; a record for any quarter
 - Energy Management up +10% organic
 - Industrial Automation down -4% organic, due to softness in Discrete markets
 - North America and Rest of the World leading growth, up double-digit org.
 - Services up double-digit org., AVEVA ARR up +16%
- H1 Group revenues of €18.2 billion, up +6% organic
- H1 Adj. EBITA €3.4 billion, up +12% organic
 - Adj. EBITA Margin 18.6%, up +100bps organic
- Adjusted Net Income €2.2 billion, up +10%
- Operating Cash Flow €3.1 billion, up +15%
- Schneider Sustainability Impact program on-track
- 2024 Financial Target Upgraded

Key figures (€ million)	2023 H1	2024 H1	Reported Change	Organic Change
Revenues	17,633	18,173	+3.1%	+6.2%
Adjusted EBITA	3,174	3,383	+6.6%	+12.2%
% of revenues	18.0%	18.6%	+60bps	+100bps
Net Income (Group share)	2,023	1,882	-7%	
Free Cash Flow	820	889	+8%	
Adjusted Earnings Per Share ¹ (€)	3.64	4.01	+10%	

Peter Herweck, Chief Executive Officer, commented:

"I am pleased to see our strong and focused continued execution in H1 2024 resulting in record revenues and strong organic improvement in adjusted EBITA margin, accelerating in Q2. We are uniquely positioned and continue to invest into materializing on the megatrends of Digitization & AI and Energy Transition. Remaining committed to shareholder value creation, we delivered a 10% increase in adjusted Net Income and a growth in Operating Cash Flow of 15%. Alongside the strong financial results, I am particularly proud of the recognition we received in June as the world's most sustainable company."

1. See appendix Adjusted Net Income & Adjusted EPS

I. SECOND QUARTER REVENUES WERE UP +7% ORGANIC

2024 Q2 revenues were €9,567 million, up +7.1% organic and up +4.7% on a reported basis.

Products (52% of Q2 revenues) grew +1% organic in Q2. Product revenues saw good growth in Energy Management with good growth in sales of electrical distribution products across many end-markets and segments, while consumer-linked segments such as residential buildings and distributed IT remained stable. Industrial Automation product revenues contracted, impacted by continued weak Discrete automation markets notably in Western Europe. Across the Group, product volumes remained positive.

Systems (30% of Q2 revenues) grew +16% organic in Q2, with strong double-digit organic sales growth in Energy Management supported by continued strong demand, including in Data Center and Infrastructure end-markets, where the Group continues to invest in additional manufacturing capacity to support its medium-term growth ambitions. In Industrial Automation, systems sales into Process & Hybrid markets delivered solid growth, however the continued weak Discrete automation market resulted in systems sales to OEMs being down sharply year-on-year.

Software & Services (18% of Q2 revenues) grew +13% organic in Q2.

Software and Digital Services (7% of Q2 revenues) grew +10% organic in Q2.

Agnostic Software (comprising AVEVA, ETAP and RIB Software)

- AVEVA

AVEVA delivered strong growth in Annualized Recurring Revenue (ARR), up +16% as of 30 June 2024, driven by strong growth in Software as a Service (SaaS) wins. Perpetual license revenues declined, as expected, due to the ongoing subscription transition which remains on-track. ARR growth was boosted by successful upsell to the existing customer base on contract renewals while churn remained low. The ARR growth was broad-based by geography with all regions contributing well, led by the EMEA region. The CONNECT platform increasingly plays an important role in facilitation of customer upsell by enriching and expanding existing offers, contributing to strong organic growth of cloud-based SaaS in Q2.

- ETAP and RIB Software

Energy Management agnostic software offers delivered high-single digit organic growth, with strong contribution from the Group's eCAD offer (ETAP), while the Group's software offer for the construction market (RIB Software) also grew strongly, albeit against a low base of comparison. Both RIB and ETAP saw growth in recurring revenues, while overall organic revenue growth was impacted by a planned decline in perpetual licenses as both businesses transition to a subscription model. Additionally, RIB remained impacted by continued softness in the construction market in Germany.

The Group's Digital Services offering comprises its internally generated EcoStruxure solutions and advisors, and its digital offers for prosumers.

- Digital Services delivered good growth in Q2, driven by performance in Energy Management Advisors, and continued strong traction for Grid digitization and modernization offers such as ADMS.

Field Services (11% of Q2 revenues) grew +14% organic in Q2, with double-digit growth in both businesses. Energy Management services benefitted from strong trends associated with Data Centers, Infrastructure and the renovation of Non-residential buildings in mature economies. Industrial Automation delivered strong services growth across both Discrete and Process & Hybrid automation segments.

Sustainability Business (split between Digital and Field Services): The Group's sustainability consulting and advisory offers delivered good growth in Q2, with strong growth for the Group's 'Resource Advisor' offer and for PPA advisory services in Europe, while consulting delivered good pull-through for other Group offers. The Group's efficiency business was down against a double-digit base of comparison, where sales growth in the U.S. remains impacted, but with good demand trends in public sector efficiency projects. There was further progress on the integration of EcoAct (Q2 performance reported as scope impact), in particular collaborating closely with the Group's sustainability consulting teams.

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

Region	Q2 2024			H1 2024		
	Revenues € million	Reported Growth	Organic Growth	Revenues € million	Reported Growth	Organic Growth
North America	3,098	+16.3%	+15.5%	5,704	+12.8%	+13.0%
Western Europe	1,738	+4.3%	+3.3%	3,413	+4.6%	+3.5%
Asia Pacific	2,078	+2.7%	+5.2%	3,838	+1.8%	+5.7%
Rest of the World	879	+6.1%	+16.2%	1,697	+7.7%	+19.6%
Total Energy Management	7,793	+8.5%	+9.8%	14,652	+7.2%	+9.4%
North America	415	-2.1%	-0.4%	798	-9.7%	-5.2%
Western Europe	472	-21.7%	-15.0%	965	-19.9%	-15.3%
Asia Pacific	581	-6.9%	-1.2%	1,159	-8.4%	-1.9%
Rest of the World	306	+0.3%	+9.7%	599	-1.9%	+9.6%
Total Industrial Automation	1,774	-9.3%	-3.5%	3,521	-11.2%	-5.1%
North America	3,513	+13.7%	+13.3%	6,502	+9.4%	+10.4%
Western Europe	2,210	-2.6%	-1.2%	4,378	-2.0%	-1.4%
Asia Pacific	2,659	+0.4%	+3.8%	4,997	-0.8%	+3.9%
Rest of the World	1,185	+4.5%	+14.4%	2,296	+5.0%	+16.8%
Total Group	9,567	+4.7%	+7.1%	18,173	+3.1%	+6.2%

Q2 2024 PERFORMANCE BY END-MARKET

Schneider Electric sells its integrated portfolio into four end-markets: Buildings, Data Center & Networks, Infrastructure and Industry, leveraging the complementary technologies of its Energy Management and Industrial Automation businesses and supported by the focus on electrification, automation and digitization to enable a sustainable future.

- **Buildings** – The Group's performance continues to be driven by a strong presence in non-residential, technical buildings and growing demand for renovation, retrofit and sustainability initiatives related to energy efficiency. As buildings become more electric, the Group's comprehensive offers across medium and low voltage technologies and Building Management Systems (BMS) position it favorably. Segments leading this include Healthcare, Hotels and Retail, all of which saw strong demand in Q2. Sales into Residential buildings were slightly positive in Q2 with growth in North America and Rest of the World, while Western Europe and Asia Pacific were around flat. Residential demand was positive in most regions however China and Germany remain impacted.
- **Data Center & Networks** – In Q2 demand and sales growth were up strong double-digit within the Data Center segment while Distributed IT sales were stable, with demand trending positive. Within Data Centers the strong growth was driven by the Internet Giants with good activity in several countries across North America, Asia Pacific and Rest of the World regions. The Group's success in the end-market is attributable to its comprehensive end-to-end portfolio, and its broad geographic footprint, with the rapid development of generative AI adding to increased demand among customers worldwide.
- **Infrastructure** – Demand for the Group's offers in the Electrical Utilities segment continued to be strong despite a strong double-digit base of comparison. This is consistent with the segment being a key growth driver as indicated at the Group's 2023 CMD. Demand in the Transportation segment was down, impacted by a high base of comparison. Demand in the Water & Wastewater (WWW) segment was stable in Q2.
- **Industry** – The Group sells its unique combination of Energy Management and Industrial Automation offers into the Industry end-market. Sales into Process & Hybrid markets showed good growth, with Services growing very strongly and Software at AVEVA also growing double-digit. Discrete markets remain impacted by weakness at OEMs and Distributors with discrete automation sales declining year-on-year, though some pockets of good growth remained, notably in India and Middle East.

Group trends by geography:

North America (37% of Q2 2024 revenues) grew +13.3% organic in Q2.

Energy Management grew +15.5% organic, against a base of comparison of +24%. The U.S. grew double-digit, led by continued strength in Systems revenues where the Data Center and Infrastructure end-markets remain particularly strong. There was good growth in product revenues supported by backlog execution with consumer-linked segments stable and good demand for power distribution products in other end-markets and segments. Field Services grew double-digit, tied to the strong project delivery of recent quarters. The Group continues to address supply chain challenges on account of unprecedented high demand. The Group has enhanced its manufacturing output and is adding further capacity to prepare for sustained high demand in coming years. Mexico was up mid-single digit with good performance across end-markets, while Canada grew low-single digit with growth in sales to the residential buildings market.

Industrial Automation was down -0.4% organic. The U.S. was flat with sales into Process & Hybrid automation markets exhibiting strong growth, in particular for Field Services, while AVEVA also delivered strong organic growth. This was offset by weakness in Discrete automation sales, which were down high-single digit as the normalization of elevated stock levels at customers continues to progress. Canada was down, impacted by similar trends in Discrete automation, while Mexico was up high-single digit supported by performance at AVEVA.

Western Europe (23% of Q2 2024 revenues) was down -1.2% organic in Q2.

Energy Management was up +3.3% organic, with strong growth in Italy, up high-single digit, France, up mid-single digit, and UK up low single-digit all with strong Systems revenues (Data Center or Infrastructure). Spain was around flat while Germany declined low-single digit, remaining impacted by a weak residential buildings market in contrast to the rest of the region where residential growth was more stable. Field Services was up double-digit benefitting from strong trends in modernization and renovation. The rest of the region delivered solid sales growth in aggregate including strong performance in the Nordics, while Belgium was down against a high base of comparison.

Industrial Automation was down -15.0% organic, against a +16% base of comparison. Performance in the region was contrasted between strong growth in sales into Process Automation markets and for industrial software at AVEVA, both of which grew double-digit, while sales into Discrete automation markets were down, year-over-year. By country, the U.K. delivered good growth where strength in Process & Hybrid markets and software more than compensated for weakness in Discrete automation. Germany, Italy, France and Spain all declined double-digit in the quarter, as a consequence of the continued weakness in Discrete automation markets. Field Services grew double-digit in the quarter primarily associated with projects delivered in process automation markets.

Asia Pacific (28% of Q2 2024 revenues) grew +3.8% organic, with India up strong double-digit and China down low-single digit.

In Energy Management, which grew +5.2% organic, growth in India was very strong, up in excess of +20% despite some minor disruption due to national elections in the quarter, with broad-based growth across end-markets and sales models, including strong residential growth. Q2 also marked the successful launch of the Lauritz Knudsen brand in India, under which the former L&T Electrical & Automation business is now known. China was down low-single digit against a double-digit base of comparison and was impacted by continued weakness in construction markets, alongside delayed investment decisions at customers due to prevailing economic conditions, partly compensated by good execution on Data Center and renewable power projects. Australia grew high-single digit with strong project execution in the Data Center end-market, with the Residential

buildings market remaining stable. Performance across the rest of the region was down slightly in aggregate, primarily due to soft construction markets in some parts of Southeast Asia, while seeing good demand for Data Center projects.

In Industrial Automation, which contracted -1.2% organic, China was down mid-single digit, due to performance in Discrete automation markets, which declined year-over-year due to a significantly higher base of comparison in Q2 compared to Q1. India delivered double-digit growth against a strong double-digit base of comparison, with strong performance in both Discrete automation and in Software at AVEVA. Japan was down with weakness in Discrete automation linked to OEM demand, including for customers exporting to China. Korea grew mid-single digit, boosted by growth at AVEVA, and seeing growth in certain discrete automation segments, while machinery OEMs remained weak. Australia was up strong double-digit as a result of strong performance at AVEVA and good project execution in Process & Hybrid markets.

Rest of the World (12% of Q2 2024 revenues) grew +14.4% organic. There was double-digit growth in the Middle East, Africa and South America. Countries making a significant contribution to growth included Saudi Arabia (KSA), Brazil and United Arab Emirates (UAE), among several others. Argentina, Turkey and Egypt saw strong growth in both businesses, in part due to pricing in response to previous currency devaluations. Excluding these three countries Rest of the World grew high-single digit organic in Q2.

Energy Management grew +16.2% organic. The Middle East was up double-digit and continued to benefit from investments, driving growth across all four of the Group's end-markets. The strongest contributor to growth was KSA led by broad-based growth across Buildings, Data Centers and Infrastructure end-markets, followed by Qatar and Kuwait. Double-digit growth in Africa was led by good execution on Infrastructure projects across the region. In South America, double-digit growth was broad-based across end-markets and was led by Brazil with notable strength in Data Center and Infrastructure, followed by Chile. Central & Eastern Europe grew slightly.

Industrial Automation grew +9.7% organic. There was double-digit growth in Africa, led by strong project execution in Process & Hybrid automation markets and strong growth in Software. The Middle East grew mid-single digit with strong growth in Discrete Automation and Process & Hybrid automation also growing, while Software was down. In South America, which grew mid-single digit excluding Argentina, sales grew strongly in Software and Process & Hybrid automation. Central & Eastern Europe declined attributable to Discrete markets experiencing similar trends to Western Europe.

SCOPE² AND FOREIGN EXCHANGE IMPACTS³ IN Q2

In Q2, net acquisitions/disposals had an impact of **-€110 million** or **-1.2%** of Group revenues, including the divestments of the Group's industrial sensors business, Gutor and VinZero, the acquisition of EcoAct, along with the net impact of some smaller acquisitions and disposals.

Based on transactions completed to-date, the Scope impact on FY 2024 revenues is estimated to be **around -€300 million**. The Scope impact on adjusted EBITA margin for FY 2024 is estimated to be **around flat**.

In Q2, the impact of foreign exchange fluctuations was negative at **-€93 million** or **-1.0%** of Group revenues, mostly driven by the weakening of the Chinese Yuan and the currencies of several high inflation economies against the Euro, partly offset by the strengthening of the U.S. Dollar against the Euro.

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

3. For those currencies meeting the criteria to be considered hyperinflationary under IAS 29, such as Argentina and Turkey, an IFRS technical adjustment for hyperinflation impact is reflected as FX and therefore excluded from the organic growth calculation. The effect of operational actions taken in these countries such as increased pricing to mitigate the inflationary impact is reflected as part of the organic growth.

Based on current rates⁴, the FX impact on FY 2024 revenues is estimated to be **between -€550 million to -€650 million**. The FX impact at current rates on adjusted EBITA margin for FY 2024 could be **around -40bps**.

II. HALF YEAR 2024 KEY RESULTS

€ million	2023 H1	2024 H1	Reported change	Organic change
Revenues	17,633	18,173	+3.1%	+6.2%
Gross Profit	7,482	7,889	+5.4%	+8.8%
<i>Gross profit margin</i>	42.4%	43.4%	+100bps	+100bps
Support Function Costs	(4,308)	(4,506)	+4.6%	+6.3%
<i>SFC ratio (% of revenues)</i>	24.4%	24.8%	-40bps	-flat
Adjusted EBITA	3,174	3,383	+6.6%	+12.2%
<i>Adjusted EBITA margin</i>	18.0%	18.6%	+60bps	+100bps
Restructuring costs	(41)	(59)		
Other operating income & expenses	15	(125)		
EBITA	3,148	3,199	+2%	
Amortization & impairment of purchase accounting intangibles	(196)	(194)		
Net Income (Group share)	2,023	1,882	-7%	
Adjusted Net Income (Group share)⁵	2,042	2,243	+10%	+14.9%
Adjusted EPS⁵ (€)	3.64	4.01	+10%	+15.1%
Free Cash Flow	820	889	+8%	

ADJUSTED EBITA MARGIN AT 18.6%, UP +100BPS ORGANIC DUE TO STRONG GROSS MARGIN PERFORMANCE

Gross profit was up **+8.8%** organic with Gross margin up **+100bps** organic, reaching **43.4%** in H1. The margin expansion was mainly driven by strong industrial productivity as the supply chain environment continues to normalize, and a strong improvement of Gross Margin in the Systems business, mainly driven by pricing.

H1 Adjusted EBITA reached **€3,383 million**, increasing organically by **+12.2%** and the Adjusted EBITA margin expanded by **+100bps** organic to **18.6%** as a consequence of the strong Gross Margin improvement. SFC costs increased as a percentage of revenues by 40bps to 24.8%, mostly due to FX impacts, with the organic evolution being around flat, despite continued investment in innovation and in supply chain to support future growth.

⁴ Forward exchange rates are volatile and difficult to predict. Consequently, the impact of such movement and possible impacts from hyperinflation technical accounting (IAS29) are not factored at this stage.

⁵ See appendix Adjusted Net Income & Adjusted EPS.

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

€ million	Adj. EBITA	YoY change	Comments
Adj. EBITA H1 2023	3,174		
Volume impact		+427	Positive impact from higher sales volumes.
Industrial productivity		+210	The Group's industrial productivity level was +€210m further accelerating on the improvement seen in H2'23, as the supply chain environment returns to a more normalized state.
Net price⁶		+69	The net price impact was positive at +€69m in H1.
<i>Gross pricing on products</i>		+58	Gross pricing on products was positive at +€58m. Gross pricing on Systems was strong and the related margin impact is captured within the Mix category of this bridge.
<i>Raw Material Impact</i>		+11	In total, RMI was a tailwind at +€11m.
Cost of Goods Sold inflation		-78	Cost of Goods Sold inflation was -€78m in H1, of which the production labor cost and other cost inflation was -€70m, and an increase in R&D in Cost of Goods Sold was -€8m. The overall investment in R&D, including in support function costs continued to increase as expected and represented 5.6% of H1 revenue.
<i>Production labor cost and other cost inflation</i>		-70	
<i>R&D in Cost of Goods Sold</i>		-8	
Support function costs		-268	Support Function Costs increased organically by -€268m, or +6.3% org. in H1. The Group was impacted by inflation for -€144m and continued to focus on its strategic priorities with investments of -€206m mainly linked to R&D, commercial footprint and digital, including AI. The Group delivered +€127m of cost savings, mainly relating to headcount. Other cost increases of -€45m consisted of miscellaneous small items.
Mix		+85	H1 performance resulted in a positive mix effect of +€85m where strong improvement of Gross Margin in the Systems business mainly derived from pricing was partly offset by the dilutive impact from the relatively faster growth of Systems revenues compared to Products.
Foreign currency impact⁷		-104	The impact of foreign currency decreased the adjusted EBITA by -€104m, or around -30bps of adj. EBITA margin in H1.
Scope and Others		-132	The impact from scope & others was -€132m in H1, with net Scope impacts representing a -10bps adj. EBITA margin headwind. Others consists of miscellaneous small items.
Adj. EBITA H1 2024	3,383		

6. Price on products and total raw material impact

7. For those currencies meeting the criteria to be considered hyperinflationary under IAS 29, such as Argentina and Turkey, an IFRS technical adjustment for hyperinflation impact is reflected as FX and therefore excluded from the organic growth calculation. The effect of operational actions taken in these countries such as increased pricing to mitigate the inflationary impact is reflected as part of the organic growth

By business, the H1 2024 adjusted EBITA for:

- **Energy Management** generated an adjusted EBITA of **€3,250 million**, or **22.2%** of revenues, up c.+170bps organic (up +150bps reported), mainly due to the impact of strong volumes, strong industrial productivity and improved mix as a consequence of pricing in Systems, partly offset by investment in SFCs.
- **Industrial Automation** generated an adjusted EBITA of **€542 million**, or **15.4%** of revenues, down c.-300bps organic (down -370bps reported), mainly due to lower volumes and associated deleverage, though partly offset by positive net price and industrial productivity.
- **Central Functions & Digital Costs** in H1 2024 amounted to **€409 million** (€408 million in H1 2023), representing 2.3% of Group revenues.

▪ **ADJUSTED NET INCOME UP +10%**

€ million	2023 H1	2024 H1	Comments
Adj. EBITA	3,174	3,383	
Other operating income and expenses	15	(125)	Other operating income and expenses were -€125m in H1, consisting mainly of M&A and integration costs and some legal provisions. H1 2023 included a disposal gain partly offset by M&A and integration costs.
Restructuring costs	(41)	(59)	Restructuring costs were -€59m in H1, €18m higher than H1'23. Restructuring costs are expected to move towards an annual target of around €100m, as previously announced.
Amortization and impairment of purchase accounting intangibles	(196)	(194)	Amortization and impairment of intangibles linked to acquisitions was -€194m in H1, broadly in line with last year.
Net financial income/(loss)	(207)	(167)	Net financial expenses were -€167m in H1, €40m less than last year. The decrease primarily relates to higher interest income on cash deposits and positive FX differences.
Income tax expense	(687)	(667)	Income tax amounted to -€667m, lower than last year by €20m. The Effective Tax Rate was 23.5%, in line with the expected range of 22-24% for FY2024, and 1.5pts lower than the H1 2023 ETR of 25.0%.
Profit/(loss) of associates and non-controlling interests	(35)	(69)	Share of profit on associates decreased to +€14m, down €25m compared to H1 last year, mainly due to performance at Uplight. Amounts attributable to non-controlling interests increased to -€83m compared to -€74m in H1 last year, including strong performance in the Lauritz Knudsen (formerly L&T E&A) business in India.
Impairment of investments in associates	-	(220)	The Group recorded a non-cash impairment charge of -€220 million against the carrying value of its investment in Uplight, with slower adoption at customers than was envisaged in the business plan impacting near-term growth, in part due to regulatory challenges.
Net Income (Group share)	2,023	1,882	Net Income (Group share) was €1,882m in H1, down -7% vs. last year due to the impairment of Uplight.
Adjusted Net Income (Group share)⁸	2,042	2,243	Adjusted Net Income was €2,243m in H1, up +10% vs. last year.

8. See appendix Adjusted Net Income & Adjusted EPS.

▪ **FREE CASH FLOW OF €889 MILLION**

The Group delivered Free Cash Flow of **€889 million** in H1, primarily due to the P&L performance driving record operating cash flow of €3,095 million. This included R&D cash costs of €1,069 million, which increased to 5.9% of H1 2024 revenue.

Net capital expenditure of -€636 million remained stable at around 3.5% of revenue, with an expectation that the Group's previously announced plans to make capacity investment to fuel future growth would result in higher capex in coming quarters.

Trade working capital buildup impacted the free cash flow in H1 2024 by -€1,016 million, primarily in relation to the normal seasonality around inventory build with DIN up by 15 days compared to December 2023, while DSO on receivables and DPO on payables were around flat compared to December. The inventory build reflected the strong demand for Systems offers in North America.

The cash conversion ratio (Free Cash Flow as a percentage of Net Income Group Share) was 47% in H1 2024, in part due to the non-cash impairment of investment in Uplight (42% cash conversion adjusted for this item), up from 41% in the first half of last year. As was the case in recent years, the Group expects a higher cash conversion ratio in H2.

▪ **BALANCE SHEET REMAINS STRONG**

Schneider Electric's net debt at June 30, 2024 amounted to **€10,458 million** compared to €9,367 million at December 31, 2023. The main movements in H1 related to payment of -€2.0 billion to fulfill the 2023 dividend, offset by the Free Cash Flow performance of +€0.9 billion.

III. SCHNEIDER SUSTAINABILITY IMPACT

Schneider Electric today announced its sustainability performance scores for the second quarter of 2024, alongside its half-year financial results. Tracking and disclosing the quarterly progress of [Schneider's Sustainability Impact \(SSI\)](#) program is central to achieving its 2021–2025 global and local ambitions, contributing to its six long-term sustainability commitments.

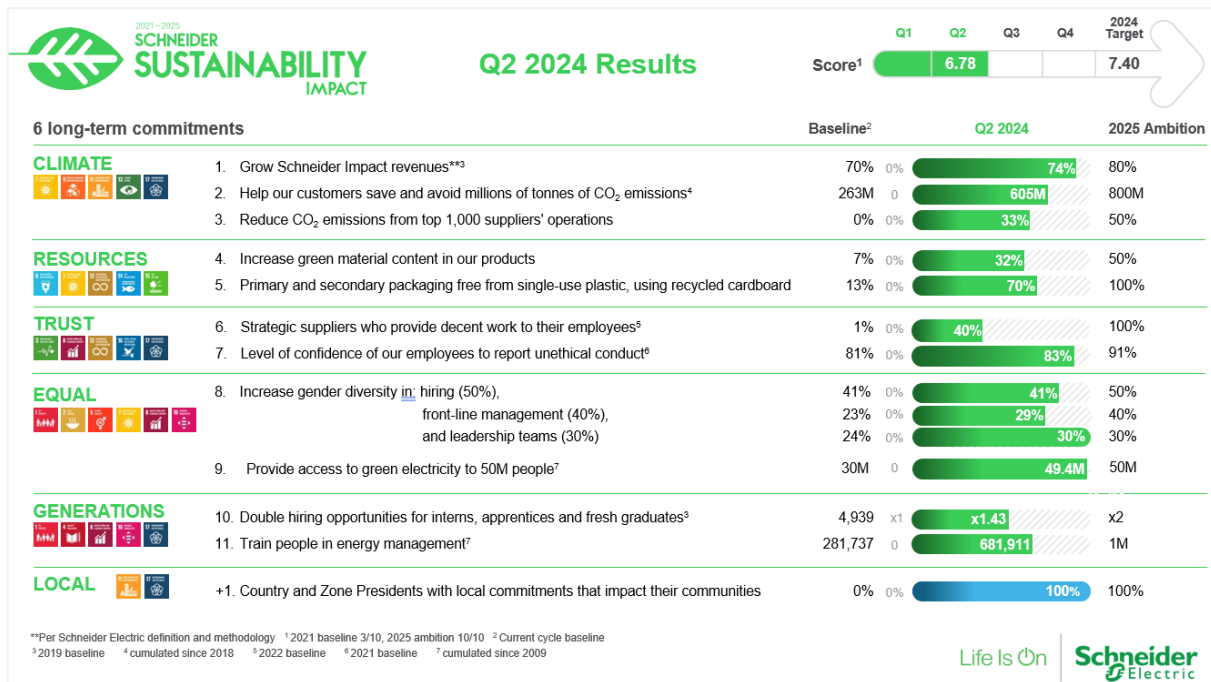
Just last month, Schneider Electric topped the list of "World's Most Sustainable Companies for 2024" compiled by [TIME Magazine and Statista](#), further emphasizing the strategic importance it places on sustainability impact. This recognition underlines Schneider Electric's climate leadership in setting ambitious targets and its expertise in helping customers become more energy efficient and reduce their emissions.

"Coming top in TIME's list of most sustainable companies confirms just how much ambition and dedication are needed to decarbonize value chains and evolve business models," said Xavier Denoly, Senior Vice President of Sustainable Development at Schneider Electric. "With one and half years to meet our 2025 sustainability ambitions, each of Schneider's transformative global and local initiatives helps us to steadily and deliberately build on our achievements and strive for long-lasting impact."

This quarter, Schneider Electric kept up the pace on:

- Climate action: breaking the 600 million tonne barrier on reporting saved and avoided carbon emissions for customers, thanks to energy-saving products, software, and services. With its ambitious carbon reduction target of 800 million tonnes by 2025, Schneider Electric continues to make steady progress every quarter and is well on the way to meeting this target. Efforts to accelerate supplier decarbonization and tackle scope 3 emissions were also rewarded with an impressive progression from 19% this time last year to 33% this quarter. Schneider Electric's [Zero Carbon Project](#) encourages strategic suppliers to switch to cleaner energy, matching them with solution providers, as well as offering on-site support, renewable energy market analysis, and specialist training.
- Empowering all generations and providing learning and development opportunities to meet Schneider's ambition of training 1 million people with energy management skills by the end of 2025. By working extensively with NGOs and encouraging employees to volunteer as trainers, 682,000 people worldwide have benefitted from these education and entrepreneurship opportunities. Recently, the Schneider Electric Foundation partnered with INCO in Senegal on a "Get into Energy Transition" digital learning program.

At the end of the quarter, Schneider's Sustainability Impact score came in at 6.78, on track to reach the 2024 end-year objective of 7.40 out of 10. Find more details in the [Q2 2024 report](#) of Schneider's Sustainability Impact program, including the progress dashboard:



Other key second-quarter sustainability highlights:

- Awarded the prize for Best Universal Registration Document at the Transparency Awards 2024
- Awarded Living Wage certification for the second year by the Fair Wage Network for ensuring that all employees are valued and compensated fairly
- Ranked #1 on Gartner's Supply Chain Top 25 after nine consecutive years on the list
- The Schneider Home solution was recognized as the 2024 Sustainable Product of the Year
- Launch of Villaya Flex rural electrification and clean power system for off-grid communities

IV. PORTFOLIO UPDATE

Since reporting on Q1 2024, Schneider Electric engaged in the following transaction:

Acquisition

- **Planon**

On December 17, 2020, Schneider Electric made a strategic minority investment in Planon Beheer B.V. ("Planon"), a leading software provider in smart sustainable building management, taking a 25% ownership stake. <https://www.se.com/ww/en/assets/564/document/174050/release-em-software.pdf>

With revenues of €161 million in 2023, Planon has achieved a revenue CAGR of +22% in the past four years, since 2019, having achieved a double-digit revenue CAGR in the preceding five years up to 2019. Since making the initial strategic minority investment in 2020, Planon offers have in several instances proven to be highly complementary alongside Schneider's Energy Management offers for smart buildings.

On July 30, 2024, Schneider Electric signed an agreement to increase its ownership of Planon to a controlling stake of 80%. The proposed transaction would further strengthen Schneider's agnostic software strategy, with Planon's established and strong footprint in the global buildings market, cloud-based Integrated Workplace Management System offer and subscription-based software business model well positioned to capitalize on the fast-growing smart building software market.

The current transaction values Planon at a mid-single digit revenue multiple, as was the case with the multiple for the initial transaction in 2020. The transaction remains subject to customary regulatory requirements and completion is expected in the coming months. On completion, Planon would be consolidated within the Energy Management business (currently accounted for under the equity method).

V. FINANCING UPDATE

Credit ratings:

During Q2, the Group received upgrades from two credit rating agencies. S&P Global Ratings upgraded Schneider Electric to A/A-1 with a Stable outlook. Moody's maintained a rating of A3, while upgrading the outlook to Positive. The Group remains committed to retaining its strong investment grade credit rating.

Bonds:

Schneider Electric continues to take steps to increase its debt maturity profile and strengthen its liquidity position. During Q2, Schneider engaged in the following operations:

- On June 25, 2024 the Group announced the success of its offering of bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due 2031 for a nominal amount of €750 million.
- On June 25, 2024 the Group also announced the concurrent repurchase of approximately 97% of its outstanding OCEANEs due 2026.

VI. DIVIDEND

The dividend payment of €3.50 per share for Fiscal Year 2023 was paid on May 30, 2024.

The dividend payment for Fiscal Year 2024 will be on May 15, 2025.

VII. EXPECTED TRENDS IN COMING MONTHS

- Strong and dynamic market demand to continue on the back of structural megatrends
- Strong demand for System offers notably driven by trends in Data Centers, Grid Infrastructure investment, and increased investments across Process industries served by both businesses
- Continued focus on subscription transition in Software and growth in Services
- A gradual demand recovery for Product offers (consumer-linked segments and Discrete automation)
- All four regions to contribute to growth, led by U.S., India and the Middle East
- Execute capacity investments to support unprecedented high demand, especially in North America

VIII. 2024 TARGET UPGRADED

The Group upgrades its 2024 financial target as follows:

2024 Adjusted EBITA growth of between +9% and +13% organic (previously between +8% and +12% organic).

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

- Revenue growth of **+6% to +8% organic** (unchanged)
- Adjusted EBITA margin up **+60bps to +80bps organic** (previously +40bps to +60bps organic)

This implies Adjusted EBITA margin of **around 18.1% to 18.3%** (including scope based on transactions completed to-date and FX based on current estimation).

Further notes on 2024 available in appendix

The financial statements of the period ending June 30, 2024 were established by the Board of Directors on July 30, 2024 and reviewed by the Group auditors on that date.

The Q2 2024 & H1 2024 Results presentation is available at www.se.com

Q3 2024 Revenues will be presented on October 30, 2024.

The Group will host an Investor Event on December 3, 2024 in Hyderabad, India.

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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 create Impact** by empowering all to **make the most of our energy and resources**, bridging progress and sustainability for all. At Schneider, we call this **Life Is On**.

Our mission is to be the trusted partner in **Sustainability and Efficiency**.

We are a **global industrial technology leader** bringing world-leading expertise in electrification, automation and digitization to smart **industries**, resilient **infrastructure**, future-proof **data centers**, intelligent **buildings**, and intuitive **homes**. Anchored by our deep domain expertise, we provide integrated end-to-end lifecycle AI enabled Industrial IoT solutions with connected products, automation, software and services, delivering digital twins to enable profitable growth **for our customers**.

We are a **people company** with an ecosystem of 150,000 colleagues and more than a million partners operating in over 100 countries to ensure proximity to our customers and stakeholders. We embrace **diversity and inclusion** in everything we do, guided by our meaningful purpose of a **sustainable future for all**.

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Appendix – Further notes on 2024

- **Foreign Exchange impact:** Based on current rates⁹, the FX impact on FY 2024 revenues is estimated to be **between -€550 million to -€650 million**. The FX impact at current rates on adjusted EBITA margin for FY 2024 could be **around -40bps**
- **Scope impact:** around **-€300 million** on 2024 revenues and **around flat** on 2024 adjusted EBITA margin, based on transactions completed to-date
- **Tax rate:** The ETR is expected to be in a **22-24%** range in 2024
- **Restructuring:** The Group expects restructuring costs to decrease towards target of around **€100 million** per year

Appendix – Revenues breakdown by business

Q2 2024 revenues by business were as follows:

	Q2 2024				
	Revenues € million	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	7,793	+9.8%	-0.4%	-0.8%	+8.5%
Industrial Automation	1,774	-3.5%	-4.2%	-1.7%	-9.3%
Group	9,567	+7.1%	-1.2%	-1.0%	+4.7%

H1 2024 revenues by business were as follows:

	H1 2024				
	Revenues € million	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	14,652	+9.4%	-0.3%	-1.6%	+7.2%
Industrial Automation	3,521	-5.1%	-4.0%	-2.4%	-11.2%
Group	18,173	+6.2%	-1.2%	-1.8%	+3.1%

Throughout this document growth percentage calculations are compared to the same period of the prior year, unless stated otherwise.

9. Forward exchange rates are volatile and difficult to predict. Consequently, the impact of such movement and possible impacts from hyperinflation technical accounting (IAS29) are not factored at this stage.

Appendix – Scope of Consolidation

Number of months in scope	Acquisition / Disposal	2023				2024			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Autogrid Energy Management Business	Acquisition	3m	3m	1m					
EcoAct Energy Management Business	Acquisition					3m	3m	3m	3m
VinZero Energy Management Business	Disposal	3m	2m						
Gutor Energy Management Business	Disposal	3m	3m	1m					
Industrial Sensors Business Industrial Automation Business	Disposal	3m	3m	3m	1m				
Autogrid Energy Management Business	Disposal			2m	3m	1m			

Appendix – Gross Margin, Analysis of Change

	H1
	Gross Margin
H1 2023 Gross Margin	42.4%
Volume	0.0pts
Net Price ¹⁰	+0.2pts
Productivity	+1.1pts
Mix	+0.5pts
R&D & Production Labor Inflation	-0.4pts
FX	0.0pts
Scope & Other	-0.4pts
H1 2024 Gross Margin	43.4%

10. Price on products and total raw material impact

Appendix - Results breakdown by division

€ million		H1 2023	H1 2024	Organic
Energy Management	Revenues	13,669	14,652	
	Adjusted EBITA	2,824	3,250	
	Adjusted EBITA margin	20.7%	22.2%	c. +170 bps
Industrial Automation	Revenues	3,964	3,521	
	Adjusted EBITA	758	542	
	Adjusted EBITA margin	19.1%	15.4%	c. -300 bps
Corporate	Central Functions & Digital Costs	(408)	(409)	
Total Group	Revenues	17,633	18,173	
	Adjusted EBITA	3,174	3,383	
	Adjusted EBITA margin	18.0%	18.6%	+100 bps

Appendix – Adjusted Net Income & Adjusted EPS

Key figures (€ million)	H1 2023	H1 2024	Reported Change	Organic Change
Adjusted EBITA	3,174	3,383	+7%	+12.2%
Amortization of purchase accounting intangibles	(196)	(194)		
Financial Costs	(207)	(167)		
Income tax with impact from adjusted items	(694)	(710)		
Equity investment & Minority Interests	(35)	(69)		
Adjusted Net Income (Group share)	2,042	2,243	+10%	+14.9%
Adjusted EPS (€)	3.64	4.01	+10%	+15.1%

Appendix – Free Cash Flow and Net Debt

Analysis of net debt change in € million	H1 2023	H1 2024
Net debt at opening at Dec. 31	(11,225)	(9,367)
Operating cash flow	2,681	3,095
Capital expenditure – net	(630)	(636)
Operating cash flow, net of capex	2,051	2,459
Change in trade working capital	(892)	(1,016)
Change in non-trade working capital	(339)	(554)
Free cash flow	820	889
Dividends	(1,806)	(1,978)
Acquisitions – net	90	5
Net capital increase / (decrease)	(41)	231
FX & other (incl. IFRS 16)	(825)	(238)
(Increase) / Decrease in net debt	(1,762)	(1,091)
Net debt at June 30	(12,987)	(10,458)