SU.PA gideon lens

Schneider Electric SE (SU.PA) — Gideon Lens Production ER2

Report ID: schneider-electric-se-er2-20260910-pulse-cio-20260910T220450+0800 **Report date:** 2026-09-10 **Price anchor:** EUR289.70 per XPAR:SU ordinary share, completed close on 2026-09-09 **Operating anchor:** TTM ended 2026-06-30 **Exact underwriting horizon:** 2026-06-30 to 2031-06-30, exactly 5.0 calendar years **Mode:** Production ER2; research only; no trade, ranking, sizing, message, broker, portfolio-mutation or execution authority

What changed from the previous report and why

Previous report: schneider-electric-se-er2-20260828-pulse-cio-20260828T180329+0800; 2026-08-28; `C:\Users\Admin\OneDrive\GPT\ER 2.0\Schneider Electric SE\raw\pulse-cio-20260910T220450+0800\prior_active_snapshot\SU.PA_gideon_lens.md`; SHA-256 `89e4fd562cdaf78edcc88642a988ce13d3e7a25ddde62fb49c091616207e8510` **Current report:** schneider-electric-se-er2-20260910-pulse-cio-20260910T220450+0800; 2026-09-10; price anchor EUR289.70 as of 2026-09-09

Area	Previous report	Current report	What changed and why	Decision impact
Price anchor	EUR297.55 on 2026-08-27	EUR289.70 on 2026-09-09	Price/market: same XPAR:SU share fell 2.64%	Better returns; no gate clears
ER2 verdict and gates	PASS; Management YELLOW; Moat/2046 PASS; P/E-15 FAIL	Unchanged	No new completed period; H1 2026 still controls	No verdict change
FY+5 valuation bridge	Base EPS EUR14.7727; required EUR19.8367; cushion -25.53%	Base EPS EUR14.7727; required EUR19.3133; cushion -23.51%	Price changed; earnings, dilution and EUR221.59 value did not	Deficit narrows 2.02 points; still FAIL
Insurer retained economics / book bridge	n/a	n/a	Schneider is not a P&C insurer	No impact
Shareholder returns	Gross EUR -10.29% / 4.77% / 14.54%; PW 3.71%	-9.81% / 5.33% / 15.16%; PW 4.26%	Entry fell; terminals, distributions and weights did not	Returns remain inadequate
CIO actionability	PASS; net-SGD -12.98% / 3.22% / 14.07%; PW 2.32%	PASS; -12.18% / 4.17% / 15.12%; PW 3.27%	Entry price and EUR/SGD updated	No POWR/EWG replacement
Audited scores	56/100; 54/80; 2/20	Unchanged	Price decline does not move score bands	Reject diagnostic remains
Methodology or corrections	Summary ticker SU	All governed artifacts use `SU.PA`	Registry identity repaired; P/E method unchanged	Package defect removed

Bottom line: The lower price improves returns and narrows the P/E-15 deficit, but Base/PW gross returns are 5.33%/4.26% and net-SGD returns are 4.17%/3.27%. ER2 and CIO remain PASS. Risk, downside and overlap do not support replacing POWR or EWG; this is research, not a trade instruction.

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Leadership transition and AVEVA cash-return disclosure need proof
Moat	PASS	Safety-critical installed base passes the 2046 durability test
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	Base 15x value EUR221.59; cushion -23.51%
Compounder Score	Audited 56 / 100	Reject diagnostic; quality cannot offset inadequate expected return
Business Quality Score	Audited 54 / 80	Good franchise; ROIIC and acquisition economics remain incomplete
20% Return UW Score	Audited 2 / 20	No controlling scenario clears the 20% stretch return

One-line thesis (or reason to pass): Schneider is a durable electrification compounder, but EUR289.70 still capitalizes too much execution for an acceptable five-year shareholder return.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	One audited method controls all scenarios, probability weighting and net-SGD
Gross local-currency bear / base / bull IRR	-9.81% / 5.33% / 15.16%	Five-year annualized shareholder return in EUR
Probability-weighted gross local-currency IRR	4.26%	CAGR of 30%/50%/20% probability-weighted terminal shareholder wealth
Return bridge	EUR289.70 -> EUR172.85 / EUR375.54 / EUR586.68	EPS x 18x/24x/30x plus EUR21 distributions; no separate net-debt adjustment

Gross local-currency underwriting is in EUR; net-SGD adjustments appear separately in CIO actionability. Reported TTM diluted EPS is EUR8.280379067 and normalized comparable EPS is EUR8.919031125, implying current P/E of 34.9863x reported and 32.4811x normalized. The terminal denominator is comparable statutory diluted EPS on the same XPAR:SU parent-attributable ordinary-share perimeter.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR42.042bn	EUR50.4404bn	3.71%	Systems and automation growth slow under project and cycle stress
Operating margin	16.86%	15.31%	-1.55 pp	Systems mix, weaker productivity and EUR1.15bn operating adjustments
Operating earnings	EUR7.089bn	EUR7.720673bn	1.72%	Statutory OI after central costs, restructuring and acquisition burden
Diluted share count	569.336384m	570.836384m	0.05%	Known WESOP only; OCEANEs remain debt or are repaid
EPS	EUR8.280379	EUR8.435875	0.37%	Statutory diluted EPS; no conversion coupon add-back
Valuation denominator	Reported EUR8.280379; normalized EUR8.919031	Statutory EPS EUR8.435875	Comparable	Same EUR parent ordinary-share perimeter
Valuation	34.99x reported / 32.48x normalized	18.00x P/E	-14.48x vs normalized	Historical trough-to-P25 stress range
Share value	EUR289.70	EUR151.845757	-12.12%	EPS x 18x; no separate net debt
Annual dividend	EUR4.20	EUR4.20	0.00%	Last paid amount held flat without growth credit

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Dividend yield	1.45%	2.77%	+1.32 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR21.00	cumulative	Five flat payments added once
Total ending value	EUR289.70	EUR172.845757	-9.813394% gross EUR IRR	Terminal share value plus EUR21 distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR42.042bn	EUR61.8372bn	8.02%	Energy Management compounds while Industrial Automation recovers
Operating margin	16.86%	19.42%	+2.56 pp	Segment improvement, central leverage and normalized restructuring
Operating earnings	EUR7.089bn	EUR12.010205bn	11.12%	Statutory OI after EUR0.80bn modeled adjustments
Diluted share count	569.336384m	575.774530m	0.23%	WESOP plus 2030, 2031 and 2033 OCEANE conversions
EPS	EUR8.280379	EUR14.772670	12.27%	Statutory diluted EPS after coupon add-backs once
Valuation denominator	Reported EUR8.280379; normalized EUR8.919031	Statutory EPS EUR14.772670	Comparable	Same statutory listed-unit perimeter
Valuation	34.99x reported / 32.48x normalized	24.00x P/E	-8.48x vs normalized	Near ten-year median with maturity discount
Share value	EUR289.70	EUR354.544077	4.12%	EPS x 24x; cash and debt are not counted again
Annual dividend	EUR4.20	EUR4.20	0.00%	No progressive-growth credit
Dividend yield	1.45%	1.18%	-0.27 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR21.00	cumulative	Five flat payments added once
Total ending value	EUR289.70	EUR375.544077	5.327672% gross EUR IRR	Terminal share value plus EUR21 distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR42.042bn	EUR69.4462bn	10.56%	Sustained electrification/data-center demand and automation recovery
Operating margin	16.86%	21.23%	+4.37 pp	Energy Management reaches 24.5% and Automation 19.0% Adjusted EBITA margin
Operating earnings	EUR7.089bn	EUR14.742507bn	15.77%	Statutory OI retaining EUR0.67bn modeled adjustments
Diluted share count	569.336384m	578.012250m	0.30%	WESOP and all four OCEANEs convert
EPS	EUR8.280379	EUR18.856108	17.89%	Statutory diluted EPS with coupon add-backs once
Valuation denominator	Reported EUR8.280379; normalized EUR8.919031	Statutory EPS EUR18.856108	Comparable	Same statutory ordinary-share perimeter
Valuation	34.99x reported / 32.48x normalized	30.00x P/E	-2.48x vs normalized	Near Schneider P75; reserved for superior execution
Share value	EUR289.70	EUR565.683237	14.32%	Full dilution; no separate balance-sheet adjustment
Annual dividend	EUR4.20	EUR4.20	0.00%	Flat diagnostic despite stronger earnings

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Dividend yield	1.45%	0.74%	-0.71 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR21.00	cumulative	Five flat payments counted once
Total ending value	EUR289.70	EUR586.683237	15.157184% gross EUR IRR	Terminal share value plus EUR21 distributions

Expected terminal wealth is EUR356.962413: 30% x EUR172.845757 + 50% x EUR375.544077 + 20% x EUR586.683237. Its CAGR from EUR289.70 is 4.264100%, not an average of IRRs. At 2026-06-30 cash was EUR4.518bn, gross liabilities EUR19.390bn and net debt including NCI commitments EUR15.360bn. P/E already captures financing; EUR21 distributions are added once.

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	PASS	This is not the ER2 verdict; return failure is independent of portfolio fit
Bear / Base / Bull net SGD IRR	-12.18% / 4.17% / 15.12%	Five-year annualized after expected costs, withholding and FX translation
Probability-weighted net SGD IRR	3.27%	CAGR of 30%/50%/20% probability-weighted terminal SGD wealth
10% mandate hurdle	FAIL	Base and probability-weighted cases both fail
15% stretch hurdle	FAIL	Base and probability-weighted cases fail; Bull alone is not sufficient
Downside and portfolio fit	FAIL / WATCH	Bear loses 47.75% of entry outlay; no direct SU, but EWG/POWR overlap exists
Proposed sizing ceiling	none	Research only; sizing and allocation are unauthorized

Net-SGD uses entry EUR/SGD 1.4713748; exits 1.35/1.43/1.50; 0.50% entry/exit costs; and 30% withholding on EUR21, leaving EUR14.70. Entry outlay is SGD428.388566; terminal wealth is SGD223.811813/525.484041/866.332232 and expected wealth SGD503.152011. There is no SU holding; EWG is 4,663 shares/9.1% of NAV and POWR 1,612/1.9%. Replacement is unsupported.

Trade execution authorized: NO

Stage 0 — Time anchor

Run date: 2026-09-10. FY end: December 31. Latest completed period: H1 2026 ended 2026-06-30. TTM: FY2025 - H1 2025 + H1 2026, ending 2026-06-30. Horizon: 2031-06-30, exactly five years. Price: completed 2026-09-09 XPAR:SU close, EUR289.70. QF/QFR sealed SU.PA, EUR/EUR and a one-for-one unit bridge. Later packet expiry is freshness disclosure only.

Stage 1 — Disqualifier sweep

- **ROIC — YELLOW:** acquisition-inclusive ROIIC and AVEVA returns remain incomplete.
- **Cash conversion — GREEN:** multi-year cash generation supports earnings.
- **Leverage — YELLOW:** liabilities are material but serviceable in reviewed cases.
- **End markets — GREEN:** electrification and automation markets are growing.
- **Governance — YELLOW:** leadership changes and competition findings require monitoring.
- **AI disruption — GREEN:** AI expands demand for physical power control.
- **Pricing power — GREEN:** certification, channels and switching costs support pricing.

No disqualifier is red. Multiple YELLOWs prevent a premium qualitative conclusion.

Management

Management remains YELLOW. Olivier Blum has deep Schneider experience, but CEO, CFO and segment-leader transitions shorten the observable record. AVEVA momentum is encouraging, yet cash return, retention, concentration and acquisition-inclusive ROIIC remain insufficiently disclosed. Industrial Automation margin is below the 2028 ambition. A PASS requires clearer AVEVA returns, stable leadership execution and per-share capital-allocation proof.

Moat

Moat and the 2046 test remain PASS. Certification, uptime risk, integration, channels and service history protect Schneider's safety-critical Energy Management installed base. AI expands power demand more readily than it replaces physical control. ABB and Eaton still contest the profit pool. Durability therefore requires continued architecture relevance, service attachment and economic conversion.

Stage 5 synthesis

No completed period supersedes H1 2026. TTM revenue/OI are EUR42.042bn/EUR7.089bn. Base reaches EUR61.8372bn revenue, EUR12.010205bn OI, EUR8.488756bn parent NI and EUR14.772670 EPS. WESOP/OCEANE dilution and coupon add-backs count once. Required EPS is EUR19.313333; Base 15x value is EUR221.590048, a -23.5105% cushion. Bull 15x is also below entry. All 11 tie-outs pass.

Case	Revenue	Statutory OI	Parent NI	Diluted EPS	EPS x 15	P/E-15 result
Bear	EUR50.4404bn	EUR7.720673bn	EUR4.815724bn	EUR8.435875	EUR126.538131	FAIL
Base	EUR61.8372bn	EUR12.010205bn	EUR8.488756bn	EUR14.772670	EUR221.590048	FAIL
Bull	EUR69.4462bn	EUR14.742507bn	EUR10.899746bn	EUR18.856108	EUR282.841619	FAIL

The strongest sensitivity is terminal valuation. At a still-supportable 20x Base P/E, gross Base IRR falls to 1.78%; at 28x it rises to 8.45%, still below the 10% mandate before net-SGD frictions. A 20% annualized return would require EUR720.866304 terminal wealth, EUR29.161096 terminal EPS at 24x after distributions, or a 47.3757x multiple on modeled Base EPS. Those are not underwriting cases.

Red team

The bear case is failed Energy Management profit conversion despite growth. Base terminal OI margin of 19.4223% needs several favorable bridges together. A 10-point Bull-to-Bear reweight cuts PW gross return from 4.26% to 1.73%, but is not evidence-backed. EUR21 distributions are correctly counted once; removing them lowers Bear IRR 2.31 points. Status: `MATERIAL_RESOLVED`.

Kill / trigger criteria

- BUY trigger: price at or below EUR221.59, a positive P/E-15 cushion, and Management upgraded from YELLOW to PASS.
- Re-underwrite immediately if Energy Management Adjusted EBITA margin is below 20.0% for two consecutive half-years while organic revenue growth remains at least 5% in each period.
- Maintain PASS if Industrial Automation remains below 16.5% Adjusted EBITA margin through 2028 or AVEVA recurring growth loses double-digit momentum without better cash-return disclosure.
- Upgrade conditions: leadership and AVEVA acquisition-return evidence clear Management, Base EPS remains source-bound, and price falls below the 15x Base value with room.

Analyst flags

- Live FMP annual and quarterly product-segmentation endpoints returned empty arrays; official Schneider FY2025 and H1 2026 two-segment disclosures control and tie exactly.
- Product-level granularity, acquisition-inclusive ROIIC and an AVEVA cash-return bridge remain unavailable; they constrain confidence and Management, not the completed return arithmetic.

- The XPAR quote packet expired after QF/QFR/S validation. Under the scheduled completion policy this is a disclosed freshness advisory: EUR289.70 remains the stable completed-session price selected at the run cutoff.
- The package corrects the registry ticker from SU to SU.PA everywhere without altering the issuer, security, evidence or terminal economics.
- Research conclusion: retain the existing POWR and EWG expressions rather than replace either with SU.PA at the modeled entry. This is not a ranking, sizing proposal, order or trade authorization.

Schneider Electric SE — Institutional Company Primer

Listing: XPAR:SU / SU.PA ordinary share **Information cutoff:** 28 August 2026 **Latest complete reporting period:** H1 2026, ended 30 June 2026 **TTM convention:** FY2025 less H1 2025 plus H1 2026, ending 30 June 2026 **Five-year research horizon:** 30 June 2031 **Currency and scale:** EUR millions unless stated otherwise **Trade execution authorized:** false

Purpose and source discipline

This primer explains how Schneider Electric works before the reader reaches the forecast and valuation appendices. It is orientation, not an investment verdict. All financial figures come from the run-bound, independently reconciled `quant_foundation.md`. Business descriptions come from Schneider's freshly retrieved 2025 Universal Registration Document, H1 2026 materials, December 2025 Capital Markets Day release, and company-history page. No prior August report or local data-warehouse material is used as evidence.

At a high level, Schneider sells the electrical and automation infrastructure that allows power to be distributed safely, machines and processes to be controlled, and physical operations to be monitored and optimized through software. Its portfolio spans inexpensive components, engineered systems, mission-critical power and cooling equipment, industrial controls, digital applications, and field services. The unifying proposition is not simply "energy efficiency." Schneider wants to own a larger portion of the physical-to-digital stack: intelligent electrical and automation devices generate operating data; controls act on that data in real time; and software helps customers design assets, contextualize information, diagnose problems, and optimize performance.

Business overview

Schneider reports two businesses: **Energy Management** and **Industrial Automation**. Energy Management is the much larger segment. It moves and controls electricity from the grid connection to the point of use and supplies the supporting physical infrastructure in data centers, buildings, factories, utilities, and public infrastructure. Industrial Automation controls machines and continuous industrial processes and includes AVEVA, Schneider's industrial-software platform.

The customer is rarely a single procurement persona. End users include hyperscale and colocation data-center operators, utilities, commercial-building owners, industrial manufacturers, machine builders, infrastructure authorities, contractors, and households. Yet much of the route to market passes through intermediaries: electrical distributors, design firms, engineering contractors, panel builders, original-equipment manufacturers, systems integrators, electricians, and retailers. Schneider may specify an architecture with the end user, sell components through distribution, provide controls to an OEM, or contract directly to deliver an engineered system. That multilayer buying motion makes partner mindshare, product availability, certification, installed-base compatibility, and local technical support commercially important.

The customer problem is operational rather than cosmetic. Electrical equipment must protect people and assets, distribute power reliably, and meet local codes. Data centers need resilient power, cooling, monitoring, and rapid deployment. Factories need deterministic machine control, process safety, quality, uptime, and flexible production. Buildings and grids need visibility, automation, and lower energy consumption. In many applications, failure causes downtime, lost output, safety exposure, or damage to critical infrastructure; the purchase therefore involves engineering risk and lifecycle support, not only upfront price.

Revenue architecture

Schneider's reportable-segment mix is unusually concentrated. The smaller Industrial Automation business matters strategically, but Energy Management supplies about five-sixths of revenue and an even greater portion of positive segment profit.

Period	Reportable segment	Revenue	Share of group revenue	Adjusted EBITA	Segment margin
FY2025	Energy Management	33,130	82.5%	7,235	21.84%
FY2025	Industrial Automation	7,022	17.5%	994	14.16%
TTM to 30 Jun 2026	Energy Management	34,879	83.0%	7,780	22.31%
TTM to 30 Jun 2026	Industrial Automation	7,163	17.0%	1,024	14.30%

Central costs are not a revenue segment. They were negative EUR 701 million in the TTM period. After those costs, consolidated Adjusted EBITA was EUR 8,103 million on EUR 42,042 million of revenue, a 19.27% margin. The metric is management's segment-profit measure and must not be relabeled statutory operating income.

The revenue model is best understood along a second axis that cuts across the two segments:

- **Products** are catalog or configured devices such as circuit breakers, switches, contactors, sensors, controllers, drives, wiring devices, racks, uninterruptible power supplies, and other electrical or automation equipment. They typically travel through distributors, OEMs, panel builders, and installers. Product economics depend on volume, price realization, component costs, factory productivity, availability, and channel inventory.
- **Systems** combine equipment, engineering, configuration, and often project execution into a customer-specific outcome. Examples include prefabricated data-center modules, medium-voltage distribution packages, cooling systems, building-control architectures, and industrial-control solutions. Systems can have larger order values and backlog visibility but can dilute gross margin relative to standalone products because purchased content and project execution are higher.
- **Software and digital services** include industrial software, electrical-design and power-system software, building and grid applications, monitoring, analytics, and advisory tools. Some offers are tied to Schneider hardware; "agnostic" software is designed to work across heterogeneous equipment estates.
- **Field services** cover installation, commissioning, maintenance, modernization, spare parts, monitoring, and lifecycle support. They monetize the installed base and can deepen the customer relationship long after initial equipment sale.

The mix among these models can make consolidated growth and margin move in different directions. Fast systems growth may lift revenue and backlog while producing an adverse gross-margin mix effect. Conversely, software subscriptions and services can add recurring economics, but the transition from perpetual licenses to subscriptions initially defers recognized revenue. An investor should therefore separate underlying demand from accounting mix.

Energy Management in plain investor language

Energy Management is the electrical backbone of the company. Think of the equipment and software between a utility connection and the machines, servers, lights, HVAC systems, or production lines that consume power. Schneider's offer includes low- and medium-voltage distribution, circuit protection, switchgear, power monitoring, critical-power systems, uninterruptible power supplies, data-center cooling, building controls, wiring devices, grid automation, and associated software and services.

The segment sells across four end markets. In **Data Center & Networks**, Schneider supplies power distribution, UPS, racks, prefabricated infrastructure, cooling, monitoring, and lifecycle services. In **Buildings**, it supplies electrical distribution, wiring, building-management and power-management systems for commercial, public, industrial, and residential settings. In **Infrastructure**, it helps utilities and transport, water, and public systems distribute, protect, and automate power. In **Industry**, Energy Management products power the factory and process plant even when the machine-control logic is supplied by the Industrial Automation segment.

The economic advantage is breadth and specification depth. A consultant or design firm may specify a system; a panel builder assembles approved components; a distributor stocks local inventory; an electrical contractor installs it; and Schneider supports the end user over the asset's life. Once a facility standardizes on a family of protection, switching, power-quality, and monitoring products, substitution is possible but not frictionless because approvals, training, spares, engineering drawings, and interoperability matter.

The segment is still an industrial hardware business. Copper, silver, electronics, labor, tariffs, logistics, and capacity utilization influence margins. Schneider seeks to offset inflation through product pricing, technical productivity, supplier negotiation, regional manufacturing, and design-to-cost. H1 2026 commentary showed the practical mechanism: volume and productivity

supported profit, while raw-material inflation, tariffs, and systems mix were headwinds. Large projects also introduce execution timing, customer-concentration pockets, and working-capital needs even though the company as a whole is diversified.

Industrial Automation and AVEVA in plain investor language

Industrial Automation makes factories and process plants run according to programmed instructions. In discrete manufacturing, the task may be moving, positioning, assembling, packaging, or inspecting individual units. The hardware and software stack can include programmable logic controllers, human-machine interfaces, sensors, motor controls, variable-speed drives, safety systems, and machine-control software. Customers include industrial OEMs that embed controls into machines and end users that operate factories.

Process and hybrid automation addresses continuous or batch processes such as energy and chemicals, mining, water, food and beverage, life sciences, and pulp and paper. These environments use distributed control systems, safety systems, instrumentation, supervisory control, and operations software. Schneider's Foxboro and Triconex heritage is relevant here: process-control and safety systems are deeply embedded, must be dependable, and often remain in service for long periods.

The segment's margin should not be read as the economics of a single homogeneous activity. It contains both the legacy automation portfolio and AVEVA. Management said in the H1 2026 call that the legacy business is undergoing a multi-year refocus and profitability program, whereas AVEVA is contributing well as its subscription transition nears completion. That distinction explains why a cyclical recovery in automation revenue need not produce immediate full drop-through at the segment level.

AVEVA is industrial software, not another electrical-product family. Its applications support engineering design, industrial information management, digital twins, operations, visualization, and asset performance across capital-intensive industries. The value proposition is to contextualize operational data and make it usable across the asset lifecycle. The software can sit above equipment from multiple vendors, which is why Schneider calls it agnostic. In the broader architecture, AVEVA technology helps power Schneider's proposed "Data Cube," connecting field, operational, and enterprise data.

AVEVA's economics differ from hardware in four ways. First, subscriptions, on-premise rental, maintenance, and cloud software create recurring revenue rather than a one-off equipment shipment. Second, annualized recurring revenue and renewals become important leading indicators. Third, software gross margins are normally structurally higher, but R&D, cloud hosting, product rationalization, and enterprise sales costs are substantial. Fourth, migrating customers from perpetual licenses to subscriptions can suppress near-term reported revenue before the recurring base compounds. Schneider disclosed strong ARR growth and continued progress toward subscription in H1 2026, but the reconciled foundation does **not** disclose standalone AVEVA revenue or profit. This primer therefore assigns no invented product-level euros or margin to AVEVA.

Unit economics and profit bridge

The group's basic earnings engine is volume plus value capture minus material, labor, project, commercial, and innovation costs. Products earn a spread between selling price and manufactured or purchased cost. Systems add engineering and integration revenue but may carry lower gross margin because more third-party content and project work pass through the income statement. Software and services add recurring or lifecycle revenue but require continued investment in R&D, cloud delivery, sales, and expert labor.

Scale affects several lines. Factory utilization and procurement improve with volume; a large installed base supports service attachment; a broad partner network lowers the need to build every panel or perform every installation directly; and centralized functions can grow more slowly than revenue. Offsetting these benefits are high product complexity, regional certification, inventory needs, continuous innovation, and the cost of maintaining secure products across long lifecycles.

The reconciled TTM bridge is important because Adjusted EBITA is not the statutory endpoint.

TTM to 30 Jun 2026 bridge	EUR m
Consolidated revenue	42,042
Adjusted EBITA	8,103
Other operating income and expenses	(233)
Restructuring costs	(351)
Purchase-accounting intangible amortization and impairment	(430)
Statutory operating income	7,089

TTM to 30 Jun 2026 bridge	EUR m
Parent net income	4,738
Diluted EPS, EUR per ordinary share	8.280379

Cash conversion requires care. The reconciled TTM operating cash flow was EUR 7,857 million and net capital expenditure was EUR 1,448 million, producing EUR 6,409 million when free cash flow is defined mechanically as operating cash flow less net capex. Schneider's issuer-defined FCF was EUR 5,792 million because its published definition contains additional adjustments. Both can be useful, but they are not interchangeable. The business is not capital-light in the software sense: it needs factories, test capacity, tooling, inventory, and regional supply-chain investment. Still, net capex is modest relative to revenue, while a material portion of innovation cost runs through the income statement or capitalized development assets.

Customers, buying process, and value chain

Schneider's upstream supply base converts metals, electronics, plastics, and other materials into components. Schneider then designs, manufactures, configures, and distributes products from a regional industrial footprint. Its multi-hub model places decision-making, R&D, commercial resources, and supply chains around North America, Europe, China, and India, with a stated direction toward greater regional sourcing and production.

Downstream, the company can sell directly to an end user or indirectly through distribution and specialist partners. The channel is not merely a logistics layer. Design firms and architects influence specifications; OEMs select control platforms for machines; panel builders create switchboards and control cabinets; system integrators write software and combine subsystems; contractors install and commission; distributors provide availability and credit; and field-service teams maintain the installed base. Schneider's 2025 report described an ecosystem of licensed partners, panel builders, design firms, distributors, integrators, contractors, and electricians. This network expands reach but also means the company must keep partners economically motivated and technically trained.

The lifecycle creates multiple monetization points: design and specification, equipment and system sale, commissioning, recurring software, maintenance, modernization, and eventual replacement. The strongest customer relationships therefore combine installed hardware, application knowledge, partner familiarity, operational data, and service history. The weakest are commodity-like product categories where local competitors can meet standards at a lower price and switching costs are low.

Geographic architecture

Schneider is global and deliberately regional. North America is the largest revenue region and has been the center of the recent data-center buildout. Europe contains a large installed base in buildings, industry, and infrastructure. China & East Asia combines a substantial local industrial market with electronics, semiconductor, export-machine, and data-center demand. South Asia & International includes India—both a high-growth end market and a major operating hub—along with the Middle East, Africa, Australia, and South America.

The H1 2026 official release showed growth across all four current reporting regions, led by North America and China & East Asia, while India remained important within South Asia & International. The geographic balance reduces dependence on one national cycle, but it does not eliminate correlated exposures: global capital spending, data-center investment, commodity inflation, tariffs, sanctions, and foreign exchange can move several regions at once. Regional manufacturing can improve responsiveness and resilience, yet duplicating capacity and localizing components can add cost and execution complexity.

Technology architecture: EcoStruxure and the digital flywheel

EcoStruxure is Schneider's umbrella architecture for connecting intelligent devices, edge control, and software. It is better understood as an organizing platform than as a single product. At the device level, breakers, meters, sensors, controllers, UPS systems, and drives generate data and act on commands. At the edge, control systems make time-sensitive decisions close to the physical process. At the software layer, applications visualize, simulate, analyze, and optimize operations.

Schneider is evolving the architecture around customer outcomes: onboard devices, operate assets safely and efficiently, and optimize performance over time. The proposed Data Cube is intended to federate field, operational, enterprise, and third-party data across domains and asset lifecycles. AVEVA provides important industrial-data and digital-twin technology. The strategic logic is that Schneider's installed base generates differentiated physical context, while open software increases usefulness across mixed-vendor environments.

The “digital flywheel” should not be mistaken for pure software revenue. It includes connectable products and edge control as well as software and digital services. Growth in digitally connectable hardware can expand the future software and service opportunity, but the economic quality of the components differs. Investors should distinguish connected-product revenue, control hardware, recurring agnostic software, tied digital services, and field services rather than applying one software multiple to the whole flywheel.

History and strategic evolution

Schneider’s roots date to 1836, when the Schneider brothers took over the Le Creusot foundry. The company began in steel and heavy industry, later entered electrical equipment, and after World War II moved away from weapons. Its modern identity was assembled through acquisitions: Télémécanique in automation, Square D in North American electrical equipment, Merlin Gerin in electrical distribution, and Modicon in programmable controls during 1988–1997. Expansion in the 2000s added critical power, building automation, and smart-home technologies; APC materially strengthened data-center power and cooling. Subsequent investments broadened medium-voltage, grid, sustainability, engineering, construction, and industrial software. Schneider completed full ownership of AVEVA in 2022.

This history matters because the present portfolio is the result of repeated integration across electrical hardware, automation, and software. The current strategy, “Advancing Energy Tech to the Next Level of Intelligence,” has three operating pillars: technology leadership, customer differentiation, and operational excellence. Technology leadership means evolving EcoStruxure, data architecture, AI, and partnerships. Customer differentiation means selling more of the portfolio through one commercial setup and a large partner ecosystem. Operational excellence means design-to-cost, supplier collaboration, regionalization, pricing discipline, and scalable support functions.

The principal strategic opportunity is convergence: customers increasingly need electrical capacity, automation, cooling, controls, data, and lifecycle software at the same time. The principal strategic danger is complexity. A wide portfolio does not automatically become an integrated solution, and software acquisitions do not automatically gain adoption because they sit beside a large installed base. Execution must turn technical breadth into a simpler customer experience without closing the architecture or burdening partners.

Competitive landscape

Competition is best mapped by arena rather than by one group-wide peer list.

Arena	Illustrative competitors	Basis of competition
Electrical distribution and power management	ABB, Siemens, Eaton, Legrand, regional specialists	Safety, standards, breadth, price, availability, channel strength, installed base
Data-center power and cooling	Vertiv, Eaton, ABB, Siemens and specialist cooling providers	Reliability, power density, liquid cooling, prefabrication, delivery capacity, service
Discrete automation	Siemens, Rockwell Automation, Mitsubishi Electric, Omron, Beckhoff	Control performance, engineering tools, OEM adoption, ecosystem, switching friction
Process and hybrid automation	Emerson, Honeywell, ABB, Siemens, Yokogawa	Process know-how, safety, lifecycle support, DCS installed base, modernization
Industrial and engineering software	Siemens, Dassault Systèmes, Hexagon, Bentley Systems, Autodesk and specialists	Workflow depth, interoperability, data context, cloud transition, user base

Schneider’s strongest differentiation is the combination of electrical distribution, critical power, automation, software, services, and channel reach. ABB and Siemens have similarly broad electrification and automation portfolios; Eaton is formidable in electrical power management and data centers; Vertiv is a focused critical-digital-infrastructure competitor; Rockwell is strong in North American discrete automation; and Honeywell and Emerson are deeply embedded in process industries. Local competitors can be more cost-aggressive, particularly in standardized products.

The contest is not only for an equipment order. It is also for the specification, control architecture, software data model, partner loyalty, and modernization path. Open standards help Schneider enter mixed estates but also reduce proprietary lock-in. Conversely, a closed architecture may protect an installed base but repel customers that demand interoperability. Schneider’s stated “agnostic software” and open ecosystem positioning attempt to balance these forces.

Capital allocation

Capital allocation has four stated priorities: retain an A-category credit profile, maintain a progressive dividend, actively manage the portfolio through acquisitions, disposals, and partnerships, and conduct systematic share repurchases. The

sequencing matters because Schneider has already used material balance-sheet capacity to buy software and regional minority interests.

At 30 June 2026, reconciled cash was EUR 4,518 million, gross financial liabilities were EUR 19,390 million, and net financial debt including non-controlling-interest purchase commitments was EUR 15,360 million. TTM cash distributions included EUR 2,363 million of dividends and EUR 503 million of buyback outflow on the foundation's build. The company also had an outstanding convertible bond structure, so dilution and debt classification belong in later valuation work even though this primer gives no valuation opinion.

Recent portfolio actions illustrate the strategy: Motivair expanded liquid cooling, Planon expanded building software, and the proposed Cognite and AiDASH transactions target industrial data and AI-enabled grid intelligence. The test is not whether each asset fits the narrative; it is whether Schneider can earn returns above its cost of capital after purchase price, integration cost, ongoing R&D, and any revenue deferral from subscription migration. Acquisition-related intangible amortization and restructuring sit below Adjusted EBITA, which makes the statutory bridge essential.

Key risks

- **Data-center concentration and project cyclicality.** Recent growth and backlog have been led by data centers. AI infrastructure can sustain electrical and cooling demand, but customer build plans can be delayed by power availability, financing, permitting, technology transitions, or weaker returns on compute investment. Systems-heavy growth can also dilute mix and increase execution exposure.
- **Raw materials, tariffs, and pricing.** Copper, silver, electronics, logistics, and tariffs can move faster than price realization. Schneider aims for neutral-to-positive net pricing over a cycle, but H1 2026 showed that gross price and productivity do not prevent interim negative net-price effects.
- **Industrial Automation turnaround.** The segment combines an improving cyclical automation business, portfolio rationalization, and AVEVA's subscription transition. Growth without adequate profit conversion would keep the segment below the group's economic potential.
- **Software execution and cyber risk.** Connected products, remote services, cloud applications, and industrial data enlarge the attack surface. A vulnerability can damage Schneider, its customers, or critical infrastructure. Software also brings retention, cloud-cost, product-integration, and talent risks unfamiliar to a conventional electrical-equipment model.
- **Product safety and reliability.** Electrical protection and industrial controls are mission-critical. Defects can lead to recalls, liability, downtime, injury, and reputational damage. The portfolio spans a very large number of product references and production sites, increasing quality-system complexity.
- **Supply-chain and geopolitical fragmentation.** Regionalization reduces some cross-border dependencies but cannot eliminate shortages, sanctions, export controls, conflict, commodity inflation, or supplier failures. Duplicate capacity and redesigned sourcing may raise costs.
- **M&A and integration.** Schneider can overpay, overestimate synergies, fail to integrate technology or culture, or accumulate overlapping applications. Purchase accounting can obscure the full economic cost when attention centers on Adjusted EBITA.
- **Competition and architectural openness.** Broad rivals compete at multiple layers, while specialists may outperform in individual niches. Open systems improve customer acceptance but can reduce lock-in; proprietary systems protect incumbency but may lose relevance.
- **Foreign exchange and regional demand.** The company reports in euros while operating globally. Currency translation, China and residential weakness, or divergent regional industrial cycles can affect reported growth and margin.
- **Working capital and capacity.** Large backlogs require inventory, production capacity, and customer collections. Rapid growth can consume cash even when accounting profit is strong; H1 seasonality also makes half-year cash conversion a poor standalone guide.

Accounting and industry terminology

- **Adjusted EBITA:** Schneider's management profit measure used for segment performance. It excludes restructuring, other operating items, and purchase-accounting intangible amortization and impairment. It is not statutory operating income.
- **Statutory operating income:** IFRS operating profit after the excluded operating items above. The TTM value was EUR 7,089 million versus EUR 8,103 million of Adjusted EBITA.
- **Organic growth:** Growth excluding currency effects and changes in consolidation scope. It is useful for operating momentum but does not represent reported euro growth.
- **Gross pricing / net price:** Gross pricing is customer price action on products. Net price, in Schneider's operational bridge, considers price against raw-material and tariff effects; a positive gross-price contribution can coexist with negative net price.
- **RMI:** Raw Material Impact, notably including metal and component cost movements.
- **Products / Systems / Software & Services:** Commercial business-model categories cutting across reportable segments. They have different margin, backlog, cash, and recurring characteristics.
- **ARR:** Annualized Recurring Revenue, a run-rate indicator for subscription and recurring software contracts. It is not the same as recognized revenue, cash receipts, or profit.
- **Recurring revenue:** Revenue expected to repeat under subscription, rental, maintenance, or similar arrangements. Renewal and upsell quality matter more than the label alone.
- **Discrete automation:** Control of individual machines or production steps, typically using PLCs, drives, motion, safety, and human-machine interfaces.
- **Process automation:** Control of continuous or batch industrial processes, typically using DCS, instrumentation, safety systems, and operations software.
- **Hybrid automation:** Applications that combine discrete and process characteristics, such as food and beverage, life sciences, and packaging-intensive process plants.
- **PLC / DCS / SCADA / HMI:** Programmable logic controller; distributed control system; supervisory control and data acquisition; and human-machine interface. These are different layers of industrial control and visualization.
- **UPS:** Uninterruptible power supply, which keeps critical loads running through power disturbances and bridges to backup generation or shutdown.
- **Low voltage / medium voltage:** Electrical-distribution categories distinguished by voltage level and application. They involve different equipment, engineering, safety, and route-to-market requirements.
- **EcoStruxure:** Schneider's architecture spanning connected devices, edge control, and software. It is a portfolio and integration concept, not one standalone revenue line.
- **Agnostic software:** Software intended to work across mixed-vendor equipment estates. Schneider uses the term for AVEVA, ETAP, and RIB Software.
- **Digital flywheel:** Schneider's grouped measure covering connectable products, edge control, software and digital services, and field services. It should not be treated as equivalent to pure software revenue.
- **Backlog:** Orders received but not yet recognized as revenue. Backlog supports visibility but can be delayed, repriced, or cancelled and does not reveal margin by itself.

Source map

Source	Date / period	Primer use	Archived evidence
Run-bound `quant_foundation.md`	Cutoff 28 Aug 2026; TTM to 30 Jun 2026	All financial figures, segment mix, statutory bridge, cash flow, balance sheet	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Schneider Electric SE\quant_foundation.md`

Source	Date / period	Primer use	Archived evidence
[Schneider 2025 Universal Registration Document](https://download.schneider-electric.com/files?p_Doc_Ref=2025-URD&p_enDocType=Institutional+Document)	FY2025, published 27 Mar 2026	Business model, markets, channel, strategy, risk taxonomy, capital-allocation framework	`raw\pulse-cio-20260828T180329+0800\a\official_2025_urd.pdf`
[Schneider H1 2026 financial release](https://www.se.com/ww/en/assets/pdf/release-hy-results-2026)	30 Jul 2026	Latest demand, mix, segment economics, software transition, outlook	`raw\pulse-cio-20260828T180329+0800\a\official_h1_2026_release.pdf`
[Schneider H1 2026 interim accounts](https://www.se.com/ww/en/assets/pdf/accounts-hy-results-2026)	Six months to 30 Jun 2026	Segment taxonomy and statutory-accounting context	`raw\pulse-cio-20260828T180329+0800\a\official_h1_2026_accounts.pdf`
[Schneider H1 2026 transcript](https://www.se.com/ww/en/assets/pdf/transcript-hy-results-2026)	30 Jul 2026	Legacy automation turnaround, AVEVA distinction, buying model and strategy commentary	`raw\pulse-cio-20260828T180329+0800\a\official_h1_2026_transcript.pdf`
[Schneider 2025 Capital Markets Day release](https://www.se.com/ww/en/assets/pdf/financial-release-2025-capital-markets-day)	11 Dec 2025	Strategic pillars and long-term capital-allocation framing	`raw\pulse-cio-20260828T180329+0800\a\official_cmd_2025_release.pdf`
[Schneider company history](https://www.se.com/ww/en/about-us/company-profile/history/square-d.jsp)	Live-retrieved 28 Aug 2026	Corporate evolution and acquisition heritage	`raw\pulse-cio-20260828T180329+0800\a\official_company_history.html`
[ABB business overview](https://www.abb.com/global/en/company/about), [Siemens businesses](https://www.siemens.com/en-us/company/about/businesses/), [Eaton overview](https://www.eaton.com/us/en-us/company/about-us.html), [Vertiv overview](https://www.vertiv.com/en-us/), [Honeywell industrial overview](https://www.honeywell.com/us/en/company/industrial)	Live-checked 28 Aug 2026	Current competitor-perimeter cross-check; no peer financial figures used	`raw\pulse-cio-20260828T180329+0800\a\peer_web_evidence.md`

The local live-evidence index, URLs, file sizes, and SHA-256 hashes are recorded in `raw\pulse-cio-20260828T180329+0800\a\evidence_manifest.md`.

Schneider Electric SE — Management Assessment

Assessment date: 2026-08-28 **Evidence cutoff:** H1 2026, ended 2026-06-30 **Forward management test:** through 2031-06-30 **Run:** `pulse-cio-20260828T180329+0800`

Schneider Electric is governed as a French *Societas Europaea* listed in Paris, so a U.S. DEF 14A is not the controlling disclosure. The exact substitutes for this review are the **2025 Universal Registration Document**, registered with the AMF as **D.26-0159 on 2026-03-27**; the **2026 Notice of Meeting** dated 2026-03-27; the 2026 AGM report and voting results; the current Articles of Association and Board regulations; and Schneider's live Board and Executive Committee pages. The URD and Notice control 2025 remuneration outcomes and the 2026 ex-ante policy; the AGM record controls shareholder approval; the live governance pages control officeholders after the AGM. Capital-allocation historicals below come only from the post-DR `data_package.md`, as required. Live evidence was archived under `raw/pulse-cio-20260828T180329+0800/m`; no prior ER2 or local data warehouse was used.

1. Who is running the company

Olivier Blum has been Chief Executive Officer since **2024-11-01**. This is a short CEO record, but not an external-learning-curve appointment: he joined Schneider in 1993, ran businesses and strategy in China and India, joined the Executive Committee as Chief Human Resources Officer in 2014, became Chief Strategy & Sustainability Officer in 2020, and led Energy Management from April 2022 through October 2024. He therefore owns the current "Advancing Energy Tech" program and the performance of the largest segment before becoming CEO, but he did not initiate the 2022 decision to buy out AVEVA's minorities. [Schneider's governance biography](https://www.se.com/ww/en/about-us/company-profile/corporate-governance/) and the 2025 Notice identify that career path.

Nathan Fast became CFO on **2026-04-06**, replacing Hilary Maxson. He joined Schneider in 2007 and previously led Group controlling/reporting and finance for Global Supply Chain before a short period as Head of Investor Relations. That is relevant

operational and accounting experience, and H1 2026 Q&A showed command of pricing, tariffs, productivity and the Industrial Automation bridge. It is nevertheless only a five-month public-company-CFO record at this cutoff. [Schneider's current biography](https://www.se.com/ww/en/about-us/newsroom/experts/details/Nathan-FAST-69d7510581a131413203cf7e/) controls the role and start date.

The two reportable businesses are also under relatively new leaders. Frédéric Godemel, a Schneider executive since 1990, has led Energy Management since January 2025. Gwenaelle Huet has led Industrial Automation since October 2025, after joining Schneider in 2021 and serving as strategy/sustainability and Europe head. Caspar Herzberg remains CEO of AVEVA. The [Executive Committee page](https://www.se.com/ww/en/about-us/company-profile/corporate-governance/executive-committee/) lists all four, while the company's [Godemel](https://www.se.com/ww/en/about-us/newsroom/experts/details/fr%C3%A9d%C3%A9ric-godemel-5d80b1b312574a0a9c0b6c44/) and [Huet](https://www.se.com/ww/en/about-us/newsroom/news/press-releases/schneider-electric-appoints-gwenaelle-avice-huet-as-executive-vice-president-of-industrial-automation-and-laurent-bataille-as-executive-vice-president-of-europe-operations-68de2d5b40df58214d062d74/) materials establish their tenures.

Jean-Pascal Tricoire, CEO for 18 years before the chair/CEO split, remains non-executive Chairman. Fred Kindle is Vice-Chairman and Lead Independent Director, with authority to call executive sessions without the Chairman, request agenda items or meetings, identify conflicts, conduct Board evaluations and engage shareholders. That is meaningful counterweight, but the former CEO's continued chairmanship creates legacy influence precisely when the new CEO is still consolidating authority.

As of 2026-07-29, the Board comprised 15 directors and one observer. Three directors represented employees or employee shareholders. At the 2026 AGM, 11 of the 12 directors counted under AFEP/MEDEF were independent, or 92%; employee representatives are excluded from that denominator, and Tricoire is explicitly non-independent. The [current Board page](https://www.se.com/ww/en/about-us/company-profile/corporate-governance/board-of-directors/) also requires most directors to hold at least 1,000 shares. The composition is internationally diverse and includes industrial, software, finance and human-capital experience. One workload item merits monitoring: Schneider still lists Lip-Bu Tan while he is CEO of Intel; his latest Schneider profile showed 88% Board attendance and 100% committee attendance, so this is not yet an attendance failure but is an obvious future capacity test.

2. Tenure and track record

Blum has been CEO for about 22 months. The record is promising, but too short for a PASS under a framework that asks whether shareholders would follow this allocator for a decade. Three decisions define the early record.

First, Blum reset the company program at the December 2025 Capital Markets Day. The plan targets 7%-10% organic revenue CAGR through 2030, 250 basis points of cumulative organic adjusted EBITA-margin improvement, cash conversion near 100%, Digital Flywheel revenue above 70%, EUR1.0bn-EUR1.5bn of revenue disposals and EUR2.5bn-EUR3.5bn of buybacks. H1 2026 supplied a strong first proof point: revenue of EUR21.226bn rose 14% organically, adjusted EBITA reached EUR4.093bn and margin reached 19.3%, up 120 basis points organically. The 2026 organic adjusted EBITA-growth target was raised from 10%-15% to 14%-19%. These are outcomes, not yet a cycle.

Second, he has refocused Industrial Automation. Huet was installed in October 2025, the legacy automation portfolio is being simplified, restructuring is expected to peak in 2026, and management set an 18% adjusted EBITA-margin goal for 2028. Industrial Automation revenue grew 7.7% organically in H1 2026, but margin improved only about 30 basis points to 14.0%. Management acknowledged that the volume drop-through was inadequate, wrote off EUR128m of capitalized development projects and said the repair could take about two years. That combination—direct admission, a quantified destination and a booked cleanup cost—is better than hiding the problem, but 18% remains an unproven promise.

Third, Blum signed the proposed acquisitions of Cognite for **USD3.1bn cash** and about 90% of AiDASH at an implied **USD350m enterprise value**. He frames Cognite as the data foundation for the next software cycle and AiDASH as a grid-intelligence capability. Neither transaction had closed at the H1 cutoff, so there is no revenue, margin, cash-return or integration evidence. In H1 Q&A, an analyst explicitly asked management to contextualize Cognite's multiple with growth and margin. Blum described strategic fit and "fast growth" but gave no current revenue, margin, synergy, valuation or return bridge. That is the most important unresolved allocation question.

The predecessor record also matters. Schneider's EUR207m French competition fine concerned resale-price fixing from 2012 to 2018, when Tricoire was CEO; the authority said the participants knew the practices were unlawful. The decision is under appeal, but it is not a trivial technical infraction. The current Board's rapid removal of Peter Herweck after only 18 months as

CEO in 2024 demonstrates willingness to act on succession, yet it also underscores governance instability: Schneider has had two CEO transitions, a CFO transition and both segment-head transitions within three years.

3. Capital allocation behavior

The post-DR data package shows rising internal reinvestment, steadily progressive dividends, modest historical repurchases and two large acquisition years.

EURm unless stated	FY2021	FY2022	FY2023	FY2024	FY2025
Net capex	876	1,093	1,313	1,364	1,496
Capex / revenue	3.0%	3.2%	3.7%	3.6%	3.7%
Total R&D	1,539	1,845	2,016	2,260	2,380
R&D / revenue	5.3%	5.4%	5.6%	5.9%	5.9%
Buybacks	262	219	703	388	341
Dividends	1,447	1,618	1,767	1,963	2,191
Net acquisitions	4,590	301	307	452	6,646

The investment pattern is coherent with an energy-technology strategy. R&D increased by 55% from 2021 to 2025, faster than revenue, while net capex increased by 71%. FY2025 free cash flow was EUR4.635bn and the dividend rose to EUR4.20 per share, the sixteenth consecutive annual increase. H1 2026 then produced EUR1.631bn of issuer-defined FCF on EUR669m of net capex. This is not a company starving the core to manufacture EPS.

The buyback record is less persuasive. Repurchases were small relative to market capitalization, and diluted weighted-average shares rose from 564.7m in 2021 to 570.5m in 2025. The March 2026 mandate bought one million shares for EUR249m through June, an average near EUR249 per share, and carried a EUR353m remaining commitment. Nothing in the evidence shows price-sensitive buying; the program looks like capital return and dilution management. The planned EUR2.5bn-EUR3.5bn through 2030 should be judged on net share-count reduction and purchase price, not headline authorization.

AVEVA is the central M&A test. The 2022 offer valued all AVEVA equity at GBP9.482bn and enterprise value at GBP10.154bn, or **13.2 times ARR**; the minority buyout settled in January 2023 at EUR4.681bn including legal fees. [Official offer terms](https://www.se.com/ww/en/assets/564/document/352239/release-schneider-confirms-intention-to-buy-aveva.pdf) explain the subscription/SaaS rationale. Observable integration evidence is mixed-positive: ARR growth was 19% in 2023, 15% in 2024, 12% in 2025 and 11% at June 2026; management says the subscription transition is almost complete and increasingly accretive to mix and margin. But Schneider still discloses no ARR euros, net retention, RPO, customer count, churn or stand-alone AVEVA margin. It is therefore impossible to demonstrate a cash return commensurate with 13.2x ARR.

Impairment labels require care. No AVEVA goodwill impairment was disclosed in the reviewed evidence. FY2025's EUR388m associate impairment related primarily to **Uplight**, not AVEVA. FY2025's EUR457m purchase-accounting intangible charge was explained mainly by amortization from Planon, Motivair and eStar, not an AVEVA write-down. H1 2026's EUR128m capitalized-development impairment arose during the Industrial Automation refocus, but Schneider did not identify it as AVEVA-specific. These costs still show that software allocation is not frictionless; they do not prove that the AVEVA acquisition failed.

The December 2025 acquisition of the remaining 35% of Schneider Electric India Private Limited was the main reason FY2025 acquisition cash reached EUR6.646bn. H1 2026 net financial debt including NCI purchase commitments increased to EUR15.360bn. Cognite, AiDASH and the post-period EUR1.5bn bond issuance add another simultaneous capital burden. Management's stated commitment to A-grade ratings, roughly 100% cash conversion and primarily organic growth is sensible, but the acquisition cluster is too recent to call disciplined in retrospect.

4. Compensation alignment

The 2026 AGM materials report Olivier Blum's 2025 fixed pay of EUR1.2m, annual variable pay of EUR1.134m at a 72.7% achievement rate, a EUR350k pension benefit, EUR29k of other benefits and 13,970 performance shares granted at EUR2.697m IFRS value. Shareholders approved the 2025 outcome by 94.39% and the 2026 policy by 93.23%. [The AGM report](https://www.se.com/ww/en/assets/pdf/release-report-agm-2026) confirms that all remuneration resolutions passed.

2026 CEO incentive component	Weight / opportunity	Assessment
Fixed salary	EUR1.2m	Unchanged; avoids automatic package compounding
Annual variable	130% of fixed at target	Material but not dominant
Organic sales growth	35% of STI	Encourages growth; no capital charge
Adjusted EBITA margin improvement	25% of STI	Useful profitability counterweight
Cash conversion	10% of STI	Aligns to cash, but modest weight
Net satisfaction / SSI	10% / 20% of STI	Stakeholder balance; board judgment matters
Adjusted EPS improvement	40% of LTI	Strong per-share measure, but adjusted
Relative TSR	35% of LTI	Split between STOXX Europe 50 and 11 industrial peers
Carbon objectives	25% of LTI	Long-horizon strategic alignment

At target, more than 78% of pay is performance-based; the annual LTI grant remains 233% of fixed pay. The 2025 design removed offsetting between EPS and TSR tests and requires 100% of vested CEO performance shares to be held for an additional year. The last precise ownership figure independently verified in Schneider's official notice was **65,443 shares held directly or through the FCPE**; this report does not invent a current balance. Share-based payment expense was disciplined at EUR161m, EUR166m, EUR208m, EUR233m and EUR202m from 2021 through 2025, equal to approximately 0.56%, 0.49%, 0.58%, 0.61% and 0.50% of revenue. Treasury shares, rather than new issuance, were used for several vested plans, but the diluted share count still rose.

The main weakness is the absence of ROIC, ROCE or economic-profit criteria. Organic sales, adjusted margin and adjusted EPS can reward expansion before the return on acquired capital is known. Cash conversion receives only 10% of STI. The French documents reviewed establish vesting, holding and performance conditions, but this run did not independently verify an explicit U.S.-style restatement clawback or hedging prohibition; no such safeguard is assumed.

5. Disclosure quality and candor

The eight latest reporting-period calls reviewed were Q3 2024, FY2024, Q1 2025, H1 2025, Q3 2025, FY2025, Q1 2026 and H1 2026. The record is better than the software KPI set suggests.

Management answers numerical operating questions directly. In H1 2026, Fast quantified Q2 pricing realization at about 2.5 times Q1, separated a tariff refund from the underlying bridge, tied the IA turnaround to an 18% margin by 2028 and acknowledged that the first-half productivity rate should not be extrapolated linearly for five years. Blum acknowledged that current AI/data-center growth cannot persist at the same rate indefinitely and that customer forecasts were imperfect. These are credible markers of candor.

Guidance discipline is also sound. In Q3 2025, management reiterated the full-year ranges but told investors results were likely to land in the lower half; the year finished inside the revenue and margin ranges. It reaffirmed 2026 guidance at Q1 and raised it at H1 after observable pricing, productivity and volume improvement. There is no pattern of scrambling misses in these eight calls.

Disclosure becomes weaker at the acquisition-return level. Management explicitly stopped giving data-center backlog by end market, discloses no customer concentration and offers only AVEVA ARR growth—not ARR euros, NRR, RPO, churn or customer counts. Most seriously, the H1 2026 response to the Cognite valuation question discussed strategic uniqueness but omitted the requested growth, margin and multiple context. The language is not evasive on operational problems, but it becomes narrative-heavy where acquisition economics are load-bearing.

6. Strategic coherence

The current strategy is coherent: Schneider intends to "advance Energy Tech" by combining electrification, automation and digital intelligence across buildings, data centers, industry and infrastructure. Internal investment, the Digital Flywheel, AVEVA, Cognite, AiDASH, power/grid software and data-center capacity all point in the same direction. The strategy is not a sequence of unrelated pivots.

The risk is not incoherence but pace. Management is simultaneously expanding physical capacity, repairing legacy automation margins, completing AVEVA's subscription transition, buying AI/data platforms, funding SEIPL ownership and returning capital. A coherent portfolio can still destroy value if every strategically adjacent capability is acquired at a full price. The next stage of stewardship must be about proof of returns and integration, not additional strategic nouns.

7. Governance flags

There is no dual-class share structure, although long-held registered shares can carry double voting rights under French rules. FY2024 had no new regulated related-party agreement; the 2026 AGM hub contains the FY2025 statutory-auditor report, but its conclusion was not exposed in the live text available to this run, so no unsupported FY2025 claim is made. No restatement or material internal-control weakness was identified in the official annual and interim materials reviewed.

The material flag is the French competition case. [Decision 24-D-09](https://www.autoritedelaconcurrence.fr/en/press-release/electrical-equipment-autorite-imposes-fines-eu470-million-manufacturers-schneider) fined Schneider EUR207m for vertical resale-price fixing with Rexel and Sonepar from 2012 to 2018. The authority described direct evidence and awareness of illegality; appeal proceedings were still active in 2026. This happened before Blum's CEO tenure, but under Tricoire's executive leadership, and Tricoire remains Chairman. Remediation and recurrence—not merely the final appeal amount—belong in the management gate.

The Board is otherwise strong: 92% independence on the AFEP/MEDEF denominator, a genuine lead-independent role, employee representation, regular evaluations and prior approval required for acquisitions above EUR250m. The Board's removal of Herweck also shows that succession oversight is active. The offsetting concern is leadership churn and the concentration of historical strategic influence in the former CEO-chair.

8. Peer comparison

Peer comparisons must separate current-CEO evidence from inherited five-year records. ABB's Morten Wierod has been CEO only since August 2024 and Eaton's Paulo Ruiz since June 2025; their predecessor-era outcomes cannot be credited wholesale to them. Siemens' Roland Busch has the longest current tenure, since 2021.

ABB currently sets the clearest capital-return benchmark. Its official 2025 materials report 25.3% ROCE, a 19.0% operational EBITA margin and active portfolio pruning, while Schneider does not embed ROIC/ROCE in CEO incentives and cannot yet demonstrate AVEVA's cash return. Schneider's recent operating momentum and direct pricing/margin disclosure compare well with Siemens, but Siemens offers a longer in-seat CEO record. Eaton and Schneider both have new CEOs presiding over excellent inherited franchises; neither current leader yet has a full-cycle personal record.

Directionally, Schneider's management sits **behind ABB on capital-return clarity, broadly competitive with Siemens on strategic coherence, and not yet distinguishable from Eaton on current-CEO tenure**. Schneider's advantage is unusually deep internal succession and strong H1 execution. Its disadvantage is a more acquisition-dependent software thesis with insufficient unit-economics disclosure. That is a management comparison, not a security ranking.

9. Verdict and monitorable conditions

This team is investable but unresolved. Blum has delivered a credible first 22 months, Fast has answered well in his first results cycle, the Board is highly independent on the French denominator, incentives are mostly performance-based and the core reinvestment pattern is rational. A FAIL would overstate the evidence: cash conversion, dividends, operating execution and direct operational candor are all strong, and there is no sign of chronic dilution or serial accounting failure.

A PASS would be premature. The CEO, CFO and both business heads are new in role; AVEVA's return remains impossible to audit from disclosed KPIs; Cognite and AiDASH are unclosed and lack a published return bridge; Industrial Automation still earns a 14% margin versus the 18% 2028 target; and the competition case is a real culture blemish under the still-serving former CEO-chair.

Upgrade to PASS if all of the following become observable:

- Through FY2027-FY2028, Industrial Automation advances toward 18% adjusted EBITA margin while AVEVA sustains at least low-double-digit ARR growth, with no material software impairment and materially better return disclosure such as ARR euros, retention/RPO or stand-alone margin.
- Cognite and AiDASH close without price escalation, meet disclosed integration and growth milestones, cash conversion remains around 100%, and the Group preserves A-grade credit quality while reducing acquisition leverage.
- Blum and Fast remain in role, annual guidance remains credible, buybacks produce net share-count reduction, and no new competition, ethics or related-party breach emerges.

Downgrade to FAIL if any of the following occurs:

- A material software/associate impairment, two consecutive years of single-digit AVEVA ARR growth without compensating cash-return evidence, or abandonment of the 18% IA-margin destination without a quantified replacement plan.
- Another large acquisition is signed before Cognite/AiDASH integration economics are published, or acquisition financing causes a rating downgrade or structurally weak cash conversion.
- Recurring anticompetitive conduct, a material control failure, unexplained executive turnover, or sustained narrative deflection on acquisition returns.

Management gate: YELLOW

Schneider Electric SE — Moat and 2046 Durability

Information cutoff: 2026-08-28 **Financial anchor:** latest complete H1 2026; TTM ended 2026-06-30 **Durability year:** 2046 **Source discipline:** historical numbers come only from the current post-review `data_package.md`; segment judgments integrate the completed current-run Energy Management and Industrial Automation appendices, especially Sections 4–5. Competitive context was checked against live issuer and peer sources. The prior 2026-08-11 ER2 and the local data warehouse were not used as evidence. New live-source notes are archived under `raw/pulse-cio-20260828T180329+0800/w/`.

Load-bearing live sources include Schneider's [H1 2026 results](https://www.se.com/ww/en/assets/pdf/release-hy-results-2026), [Q1 2026 revenue release](https://www.se.com/ww/en/assets/pdf/release-q1-revenues-2026), and [FY2025 results transcript](https://www.se.com/ww/en/assets/564/document/528236/transcript-Q4-results-2025.pdf?p_File_Name=2025+Full+Year+Financial+Results+Transcript&p_enDocType=EDMS); competitive checks include the [Eaton 2025 annual report](https://www.eaton.com/content/dam/eaton/company/investor-relations/annual-report/eaton-2025-annual-report.pdf), [Siemens 2025 annual report](https://assets.new.siemens.com/siemens/assets/api/uuid:428ea18a-e7ab-4f93-a160-33908f1c3540/Siemens-Annual-Report-2025.pdf), [ABB 2025 annual report](https://library.e.abb.com/public/b292a84b973f444a821a629d668bdf1f/ABB%20Annual%20Reporting%20Suite%202025%20-%20Consolidated%20file.pdf), [Rockwell Automation FY2025 10-K](https://www.rockwellautomation.com/content/dam/rockwell-automation/documents/pdf/company/about-us/ir/2025/Q4-FY25-10K.pdf), and [Vertiv's 2025 shareholder letter](https://investors.vertiv.com/financials/annual-reports/2026-Shareholder-Letter/).

1. Moat taxonomy applied

Network effects — weak, and not a core moat. Schneider does not have a classic network in which every additional user directly raises the product's value for every other user. EcoStruxure, AVEVA, distributors, panel builders, OEMs, integrators, contractors, and service partners create ecosystem density: more trained partners improve availability and implementation, while more connected assets can improve libraries and domain models. Schneider reported a service-provider and partner ecosystem above 650,000 in its 2024 integrated report. That is a distribution and skills advantage, not proof of winner-take-all economics. Open protocols and customer-owned operational data deliberately limit proprietary network lock-in. The underwriting therefore assigns no meaningful stand-alone network-effect moat.

Switching costs — strong in brownfield, moderate in greenfield. The cost is not merely replacing a breaker, controller, historian, or software license. A running site has accumulated engineering drawings, validated protection settings, controller logic, operator training, spares, integrations, alarm history, cybersecurity approvals, safety certification, service practices, and downtime risk around the installed architecture. That protects repeat purchases, modernization, service, and software attachment in both segments. Switching costs are strongest in process and hybrid automation, critical power, and installed electrical distribution; they are weaker for a new factory, standardized low-voltage products, or a greenfield data center whose buyer can rebid the full architecture. Open and agnostic software expands AVEVA's addressable market but reduces forced hardware pull-through.

Scale economies — strong but shared with formidable peers. Schneider can spread product certification, firmware, cybersecurity, application engineering, regional manufacturing, channel training, and R&D across EUR42.0bn of TTM revenue. Group R&D was EUR2.38bn in FY2025 and about EUR1.2bn, or 5.8% of revenue, in H1 2026. Its multi-hub footprint and broad offer help global customers obtain common architectures with local compliance and service. Scale also improves procurement, availability, and the ability to fund transitions such as liquid cooling, 800V direct current, software subscriptions,

and AI-enabled engineering. However, ABB, Siemens, Eaton, Rockwell, Honeywell, Emerson, and Vertiv also have scale. This moat protects Schneider against small entrants; it does not insulate it from the global peer set.

Brand — meaningful as a risk-reduction credential, not a consumer premium. In mission-critical electrical and industrial systems, buyers care about failure probability, service response, parts availability, and whether a supplier will support the asset over a multi-decade life. Schneider's Square D, APC, Modicon, ASCO, AVEVA, and master-brand heritage reduces perceived operational and career risk for specifiers and procurement teams. Brand supports shortlist inclusion and replacement demand, but it cannot rescue poor delivery, cyber failures, product recalls, or a technically inferior architecture. Eaton's 29.9% FY2025 Electrical Americas margin and ABB's 23.5% FY2025 Electrification operational EBITA margin show that customers trust several suppliers, not one.

Regulatory and certification — a qualification barrier, not a protected license. Low- and medium-voltage equipment, protection devices, process safety systems, and connected critical-infrastructure products must meet jurisdictional, industry, and customer standards. Maintaining approvals across countries, end markets, firmware releases, and system configurations is expensive and slow. Prior qualification matters because a new component can require engineering review, testing, documentation, and sometimes plant revalidation. Yet the standards are available to rivals, and large peers already comply. Regulation raises the entry threshold and favors incumbents; it does not grant Schneider exclusive economics.

IP and patents — moderate and transient. Power electronics, protection, cooling, control algorithms, industrial data models, digital twins, and engineering software require real intellectual capital. The more durable element is accumulated know-how: application libraries, failure data, installed configurations, domain semantics, and the ability to integrate hardware, edge control, and software safely. Individual patents expire or can be designed around; software interfaces can be copied; and Vertiv increased engineering/R&D spending by 20% in 2025 while planning another 20%+ in 2026. Schneider's R&D scale keeps it in the race, but IP alone is not the moat.

High-trust procurement — strong and central. A failed electrical or automation system can cause injury, lost production, corrupted batches, grid instability, or data-center downtime. The customer saves little from an unproven discount relative to the cost of failure or a late commissioning date. Consequently, operating history, reference architectures, local engineers, spare parts, certified performance, and accountability matter. This creates an incumbency advantage in specified designs and long-lived sites. It also explains why Schneider's moat is strongest where it sells a validated architecture plus lifecycle support and weakest where it sells an easily compared component.

2. Per-segment moat

Energy Management — PASS

Energy Management is the company's moat-bearing engine: 82.96% of TTM revenue and 88.37% of the two segments' TTM Adjusted EBITA. Its defense is the combination of safety qualification, installed electrical infrastructure, specification influence, global/regional supply, partner reach, critical-power and cooling competence, and the ability to integrate Products, Systems, software, and Field Services. The completed segment appendix correctly calls this a system of advantages rather than a monopoly. Eaton, ABB, Vertiv, Legrand, and Siemens can match pieces, and standardized products remain contestable. Five-year durability is high; ten-year durability is high if Schneider stays relevant through liquid cooling and higher-voltage/DC architectures; twenty-year durability is credible because safe power distribution, protection, cooling coordination, and lifecycle service remain physical chokepoints even if the technology changes. The earliest break signal would be sustained Energy Management Adjusted EBITA margin below 20% alongside slower backlog/orders than Eaton, ABB, or Vertiv—not a single quarter of project mix.

Industrial Automation — YELLOW

Industrial Automation owns valuable assets but has not recently converted them into moat-like economics. Brownfield controller logic, safety approvals, OEM standardization, operator training, historian data, service practices, and AVEVA workflows make replacement risky. Process/hybrid installations and lifecycle software have stronger switching costs than standardized discrete components. AVEVA adds industrial-data context, engineering workflows, recurring subscriptions, and digital-twin capability; its relative agnosticism widens the market but reduces proprietary lock-in. Siemens, Rockwell, Emerson, Honeywell, ABB, Mitsubishi, Omron, and Yokogawa have equally credible installed bases and ecosystems. Five-to-ten-year durability is moderate-to-strong; twenty-year durability is conditional on AVEVA remaining a system of record rather than a replaceable analytics layer, and on control hardware avoiding commoditization. The current TTM 14.30% Adjusted EBITA margin, down from 18.85% in FY2022, is the key reason this segment is YELLOW rather than PASS.

Industrial Automation upgrade conditions: (1) Adjusted EBITA margin sustains at least 16.5% through four consecutive half-years while growth remains broad; (2) AVEVA ARR holds at or above roughly 10% with evidence of renewals, upsell, and new-logo contribution; and (3) subscription growth produces profit conversion without worsening customer retention. **Downgrade conditions:** margin remains near or below 14% despite a recovered demand cycle; AVEVA ARR falls below high single digits or renewal timing turns into churn; or AI-native/open automation platforms displace AVEVA engineering and data workflows or Schneider control content.

Blended company

The blend is stronger than the weaker segment but weaker than Energy Management alone. Energy Management dominates both revenue and disclosed segment profit, so the equity is not a 50/50 average. Its FY2025 backlog was EUR21.34bn versus EUR4.02bn for Industrial Automation. Nevertheless, corporate costs, acquisition amortization, restructuring, and weaker Automation economics flow through to shareholders. Schneider deserves a company-level moat PASS only because the protectable Energy Management profit pool is large, persistent, and physically necessary—not because every product or AVEVA workflow is protected.

3. Margin persistence evidence

The current reviewed package provides a clean five-year series, not a full ten-year comparable series. Consolidated operating margin below is statutory; segment margins are issuer-defined Adjusted EBITA and must not be treated as the same accounting measure.

Margin	FY2021	FY2022	FY2023	FY2024	FY2025	TTM 2026-06-30
Consolidated statutory operating margin	15.75%	16.22%	16.60%	17.18%	16.68%	16.86%
Energy Management Adjusted EBITA margin	20.29%	20.39%	21.13%	22.05%	21.84%	22.31%
Industrial Automation Adjusted EBITA margin	18.47%	18.85%	17.02%	14.82%	14.16%	14.30%

The evidence is discriminating. Group statutory operating margin stayed within a 143-basis-point band and ended above FY2021 despite inflation, tariffs, software transition, acquisitions, and mixed end markets. Energy Management held above 20% in every year and expanded about 200 basis points, while absorbing fast Systems growth and cost pressure. That is observable moat evidence. Industrial Automation compressed about 455 basis points from FY2022 to the TTM: cycle, mix, AVEVA's subscription transition, and operating deleverage matter, but none excuses the economic result. A company-wide moat claim that ignores this divergence would be false. H1 2026 group gross margin rose only 10 basis points organically to 42.5%; the 120-basis-point organic Adjusted EBITA margin expansion to 19.3% came mainly from volume, productivity, and support-cost leverage rather than pure price.

4. AI disruption stress test

Energy Management is the most protected segment. Its core economics are physical chokepoints: certified protection, power distribution, UPS, cooling, switchgear, controls, commissioning, and field service. A foundation model can help design a one-line diagram, select equipment, optimize energy use, or diagnose faults, but it cannot manufacture, certify, energize, and stand behind critical equipment. AI also makes the segment platform-adjacent because more compute requires power and thermal infrastructure. The risk is architectural value migration, not prompt substitution. Silicon vendors, hyperscalers, and specialists could define 800V DC, solid-state, sidecar, or liquid-cooling standards that move profit away from Schneider. Management already estimates 800V DC could affect 15%–25% of data-center electrical-infrastructure demand by 2030 and is targeting compatible architectures for 2028. AI raises both the demand pool and the pace of obsolescence.

Industrial Automation hardware and deterministic control are protected, but the software layer is exposed. Real-time control, safety interlocks, validated recipes, and uptime cannot be delegated casually to a probabilistic model. AI can reduce the cost of PLC programming, documentation, alarm rationalization, maintenance planning, simulation setup, dashboard creation, and generic analytics. That makes AVEVA and engineering software the most AI-exposed profit pool: a model with access to the same plant data could replicate parts of the workflow. The defense must live in authoritative industrial context, deeply embedded data historians, engineering file formats, domain semantics, validation, cybersecurity, and renewal relationships—not the user interface. Schneider's token-based AVEVA Flex model is better aligned than seat pricing with agentic use, but pricing architecture is not proof of retention.

Net assessment. Energy Management benefits more from AI infrastructure than AI threatens it. Industrial Automation should gain productivity and new applications, yet generic software features will commoditize. The most protected activity is safety-certified electrical distribution and lifecycle service. The most exposed activity is stand-alone visualization, advisory analytics, or engineering assistance that lacks proprietary operational context. AI does not dissolve the company moat, but it can narrow AVEVA's share of value and accelerate data-center architecture shifts.

5. The 2046 test

Today is 2026-08-28; the test year is 2046.

Credible 2046 business description. Schneider Electric supplies modular power-distribution, protection, conversion, cooling, automation, and energy-intelligence systems for high-density compute campuses, electric grids, factories, process plants, transport infrastructure, and commercial buildings. Utilities, hyperscalers, colocation operators, industrial OEMs, plant owners, infrastructure operators, building owners, integrators, and contractors buy certified devices and pre-engineered systems, then pay for commissioning, cybersecurity, software, condition monitoring, modernization, and field service across the asset life. Energy Management remains the majority business, but a greater share of its economics comes from prefabricated architectures, power/cooling optimization, grid intelligence, and service rather than stand-alone hardware. Industrial Automation is smaller in commodity controls but retains process safety, deterministic control, industrial-data infrastructure, simulation, and lifecycle software. AVEVA survives as a trusted industrial context and engineering system, with AI agents consuming governed plant and design data through usage-based contracts. Group operating margin is directionally stable to modestly higher than the current 16.9% statutory TTM level—not a software-like 30%—because recurring software/service and scale offset project mix, competition, cybersecurity expense, and ongoing R&D.

That company still makes attractive returns because customers cannot tolerate failure, revalidate sites casually, or maintain global critical infrastructure without qualified equipment and local support. The durable moat is the installed and specified physical architecture, reinforced by certification, partner skills, lifecycle data, application know-how, regional supply, and a trusted service obligation. Schneider need not own a closed network. It needs to remain the safest economical bridge between electricity, deterministic control, and governed operational data.

2046 erosion case. Hyperscalers and silicon vendors standardize DC power and thermal architectures around their own reference platforms; specialists capture high-density conversion and cooling; open hardware makes switchgear and edge control interchangeable; low-cost regional suppliers meet certification; and AI-native cloud platforms turn AVEVA's engineering, visualization, and maintenance workflows into features. Customers retain their data layer, dual-source equipment, and use Schneider mainly as a project assembler. Energy Management margin falls into the mid-teens, Industrial Automation remains subscale, service attach weakens, and acquisition complexity raises cost. This is a minority but material scenario—analytically about one chance in four over twenty years. Its probability rises sharply if Schneider loses specification share in the 800V/liquid-cooling transition or if AVEVA renewals and ARR decelerate despite customer AI adoption.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Data-center architecture and value migration	Silicon vendors, hyperscalers, Vertiv/Eaton, and cooling or power specialists set 800V DC, liquid-cooling, or modular standards that reduce Schneider content or bargaining power	Energy Management	Schneider orders/backlog lag electrical peers; data-center share commentary weakens; Systems growth continues but EM margin falls below 20%	Medium-high
Open standards plus low-cost hardware commoditization	Customers dual-source, retain the data layer, and use compliant regional suppliers for standardized devices and controls	Energy Management Products; Industrial Automation discrete	Four-quarter pricing remains net negative; channel inventory rises; share loss in China/Asia; lower product margin despite normal volumes	Medium
AI/cloud disintermediation of industrial software	Foundation-model and cloud platforms replicate generic engineering, visualization, analytics, and maintenance workflows while owning customer data	Industrial Automation / AVEVA	AVEVA ARR below high single digits; fewer multi-year renewals and new logos; IA margin remains below 15%; AI usage grows without AVEVA monetization	Medium

7. Pricing power verification

Pricing power is observable, but it is neither immediate nor uniform. Schneider's H1 2026 release shows EUR280m of gross product pricing after proactive increases at the start of the year and further Q2 actions. Q2 Products grew 13% organically, mostly from volume, while price contribution accelerated. That combination indicates acceptance rather than a volume collapse. However, raw materials were a EUR330m headwind and net tariffs EUR104m, leaving **net price negative EUR154m** in H1. The honest conclusion is lagged cost recovery, not price-cost dominance.

Margins add nuance. H1 group gross margin held at 42.5%, up 10 basis points organically, while Energy Management Adjusted EBITA margin reached 22.4%. Productivity and operating leverage did substantial work; pricing alone did not protect margin. Peer evidence confirms both the value and contestability of the category: Eaton Electrical Americas earned 29.9% in FY2025 but cited a 380-basis-point commodity/wage drag, while ABB and Vertiv continue to invest and compete aggressively.

Software provides the clearest contract evidence. AVEVA ARR grew 11% at 2026-06-30, led by existing-customer upsell and new logos; subscription revenue grew strongly, SaaS faster than on-premise rental, and Europe included several multi-year renewals. ETAP reported traction for multi-year subscriptions. Schneider does not disclose AVEVA ARR euros, net retention, churn, seats, minimum commitments, or software gross margin, so contract durability cannot be fully verified. Token-based Flex pricing may monetize AI agents better than seats, but future usage economics remain unproven. Pricing power is therefore **strongest in qualified critical systems and embedded software renewals, moderate at group level, and weak in standardized products and greenfield tenders**.

8. Moat verdict

Moat gate: PASS

2046 test: PASS

Energy Management drives the verdict: it represents about 83% of TTM revenue and 88% of segment Adjusted EBITA, sustained 20%–22% margins through visible competition and cost pressure, and owns physical, safety-critical profit pools that remain necessary under changing architectures. Industrial Automation is segment-level YELLOW because installed-base and AVEVA advantages are real but TTM margin of 14.30% does not yet prove that those assets protect profits through a cycle. The 2046 description is specific about who pays, what survives, and why margins remain attractive; it does not require Schneider to predict or own every future technology. Pricing is verified but lagged, while AI creates a larger power/cooling market and a genuine software-disintermediation risk.

The company gate would downgrade to YELLOW if Energy Management margin remained below 20% for two reporting periods while orders/backlog lagged electrical peers, or if the 800V/liquid-cooling transition shifted specification control away from Schneider. It would downgrade to FAIL if those signs coincided with AVEVA ARR below high single digits and Industrial Automation margin stuck near/below 14% through a recovered cycle. Conversely, the remaining segment-level YELLOW upgrades to PASS if Industrial Automation holds at least 16.5% margin through four half-years, AVEVA sustains double-digit ARR with renewals and new-logo growth, and subscription economics convert into statutory profit without retention deterioration.

Schneider Electric SE — Energy Management Segment Deep Dive

Ticker: SU.PA **Run ID:** `pulse-cio-20260828T180329+0800` **Information cutoff:** 2026-08-28, Asia/Singapore **TTM anchor:** 2026-06-30 **Exact five-calendar-year horizon:** 2031-06-30 **Currency and scale:** EUR millions unless stated otherwise **Exact segment profit basis:** issuer-defined **Adjusted EBITA**; this is not statutory operating income **Authority boundary:** segment research only. No trade, rank, size, portfolio, or execution authority.

Source control and anchor audit

The sole authority for Schneider Electric historical figures, management excerpts, segment taxonomy, and accounting classifications in this appendix is the post-DR `data_package.md` together with the QFR-sealed `statutory_bridge.json`. The data package contains the required gate text `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`, and the bridge file recomputes to SHA-256 `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`. The exact common segment-profit metric in both sealed periods is Adjusted EBITA. Corporate central costs and the bridge from consolidated Adjusted EBITA to statutory operating income belong to the later synthesis stage; they are not allocated into this segment.

An audit discrepancy was found before modeling. The dispatch described Energy Management TTM revenue and Adjusted EBITA as €34,913m and €7,790m. The post-DR data package instead gives **€34,879m of revenue and €7,780m of Adjusted EBITA**, and the sealed statutory bridge independently contains the €7,780m TTM segment-profit line. The sealed artifacts therefore control. All calculations below use €34,879m and €7,780m, producing a current Adjusted EBITA margin of 22.3057%, rendered as 22.31%. The dispatch figures are preserved only as an orchestrator-transcription audit flag and are not used anywhere in the forecast.

Fresh external sources are used only for competitor and industry context. No Schneider historical was re-fetched, no prior report or primer was used, and no product revenue was reverse-engineered from rounded mix percentages.

0. Segment boundary and taxonomy note

Energy Management is one of Schneider Electric's two reportable segments. Its official scope is end-to-end low- and medium-voltage energy technologies, secure power and cooling, systems, services, and energy-management software serving Data Center & Networks, Buildings, Industry, and Infrastructure [data_package §1, Current reportable segments, Energy Management row]. The two-segment reporting structure is stable across FY2021-FY2025 and H1 2026, and the reviewed package found no reportable-segment realignment in the last three years [data_package §1, taxonomy paragraph]. That stability permits direct comparison of the reportable segment's euro revenue and Adjusted EBITA across the historical period.

The disclosure is much less granular below the reportable segment. Products, Systems, and Software & Services are disclosed as rounded shares of Group revenue, not Energy Management revenue. Software & Digital Services and Field Services have growth disclosures, but Schneider does not publish their annual euro revenue, their Energy Management-specific starting weights, or their individual Adjusted EBITA margins [data_package §4, growth-only table and non-disclosure paragraph]. Those lines are therefore modeled as growth and mix **drivers**, not as fabricated additive euro subsegments. The only source-bound financial forecast line is Energy Management as a whole. This is the finest level at which both revenue and the exact segment-profit metric are disclosed.

1. What this segment actually is

Energy Management is the electrical and digital infrastructure layer between power supply and the customer's critical load. At the product end, Schneider supplies low- and medium-voltage breakers, contactors, switchgear, power-distribution equipment, UPS and secure-power equipment, and controls. In a building or factory, these products protect circuits, distribute electricity, measure consumption, and keep equipment available. In a data centre, the addressable stack expands to medium-voltage intake, low-voltage distribution, busway, UPS, power-quality equipment, cooling integration, monitoring, and the control software required to run a dense, mission-critical site.

The Systems business packages components into engineered architectures. A system sale is not merely a larger product order: it includes application engineering, configuration, testing, project management, and integration with the customer's electrical and digital environment. Systems are particularly important in large data centres, infrastructure, utilities, industrial sites, hospitals, and complex commercial buildings. They can create high absolute gross profit and deepen the installed base, but the reviewed data package warns that Systems have led growth and can dilute gross margin relative to the product mix [data_package §0a, business-model mix discussion]. That tension is central to the forecast: rapid Systems growth can be economically attractive while still restraining percentage margin expansion.

Software & Services adds monitoring, analytics, asset-management, energy-management, and lifecycle support. Schneider's disclosed “Digital Flywheel” measure includes connected products, edge control, and applications/analytics/services; it rose from 53% of Group revenue in FY2022 to 62% in FY2025 and remained 62% in H1 2026 [data_package §0a, Historical industry KPI series, Digital Flywheel row]. Management targets more than 70% by 2030 [data_package §6, Energy Management management-commentary table, CMD 2025 row]. This does not mean that 62% of revenue is high-margin software. It means a growing share of the offer participates in a connected architecture that can improve attach, monitoring, and lifecycle revenue.

Field Services is the human and technical layer after installation: commissioning, testing, preventive maintenance, modernization, repair, power-quality work, and installed-base upgrades. It is disclosed separately for organic-growth commentary but not for euros or margin. Field Services should be structurally steadier than major Systems projects because the installed base requires recurring care, yet it remains exposed to customer access, labour availability, and project timing.

The customer set is broad. Data centres are the most visible current driver, but Buildings, Industry, and Infrastructure also consume the segment's offers. Sales routes include direct specification with major owners and engineers, system integrators, distributors, electrical contractors, panel builders, and original-equipment channels. The go-to-market advantage is architectural breadth: Schneider can be specified at design, supply products and systems, commission the installation, and remain in the account through monitoring and field service. Revenue is therefore a mix of relatively short-cycle standard products, longer-cycle engineered systems, software subscriptions or licenses, and service contracts or interventions.

Pricing is not a single model. Products use list pricing, channel discounts, and regional price realization. Systems are bid and project based, with margins determined by design content, sourcing, execution, scope changes, and contract terms. Software economics depend on the mix of subscription, maintenance, and other licensing models. Field Services use contracts, scheduled maintenance, and project pricing. Schneider's scale gives it procurement and channel advantages, but it cannot ignore copper, silver, electronic components, tariffs, wages, or the bargaining power of hyperscale customers.

2. Current economics

Energy Management generated **€34,879m of TTM revenue** and **€7,780m of Adjusted EBITA** through 2026-06-30, for a **22.31% Adjusted EBITA margin** [data_package §3, Energy Management table, TTM Revenue, Adjusted EBITA, and margin rows]. It represented 82.51% of Group revenue in FY2025, when it produced €33,130m of revenue [data_package §1, Current reportable segments, Energy Management row]. H1 2026 revenue was €17,641m, H1 organic growth was 15.4%, and H1 Adjusted EBITA was €3,957m at a 22.43% margin [data_package §3, Energy Management table, H1 2026 column]. Q2 2026 revenue was €9,594m and organic growth accelerated to 17.7% [data_package §5, quarterly trend table, Q2 2026 row].

The current demand position is unusually strong. Energy Management backlog rose from €9,088m in FY2021 to €21,340m in FY2025, a 23.8% four-year CAGR and 64.4% of FY2025 segment revenue [data_package §0a, Historical industry KPI series, Energy Management backlog row; §3, Energy Management Revenue row]. H1 2026 backlog was described as a record but not quantified, so the FY2025 figure is the last valid numeric anchor [data_package §10, Exact H1 2026 backlog gap]. Backlog is demand visibility, not guaranteed revenue: timing, customer deferral, capacity, engineering, and installation can change conversion.

The business-model mix has shifted. At Group level, Products declined from 58% of revenue in FY2022 to 47% in FY2025, Systems rose from 24% to 34%, and Software & Services remained near 18%-19% [data_package §0a, Business-model mix table]. Those rounded Group shares cannot be applied to Energy Management revenue. They nevertheless identify the economic direction: faster engineered-system activity has increased revenue and installed-base opportunity, while limiting the mix benefit that might otherwise come from standard products and recurring software/services.

Recent growth corroborates that mix. In Q2 2026, Products grew 13% organically, Systems 28%, Software & Services 6%, Software & Digital Services 7%, and Field Services 5% [data_package §4, growth-only table, Q2 2026 column]. The segment's 17.7% organic growth therefore reflects more than price or a uniform market uplift; it reflects a large Systems contribution. Management also described Q2 growth as broadening beyond Data Center into Infrastructure, Buildings, Semiconductor, Discrete, and Process & Hybrid [data_package §5, recency discussion].

Segment capital intensity is not separately disclosed. Group net capex was €1,496m, or 3.7% of revenue, in FY2025; total R&D was €2,380m, or 5.9% of revenue on the issuer's cash-cost presentation [data_package §7, Capital allocation history, FY2025 row]. Energy Management likely consumes a large share because it is more than four-fifths of revenue and is adding capacity, but allocating those Group euros to the segment would be unsupported. The appropriate interpretation is that the segment is not capital-light software: manufacturing capacity, test equipment, supply chains, laboratories, product certification, and working capital are necessary to convert backlog.

3. Unit economics

The starting economic identity is simple: €100 of TTM Energy Management revenue produced €22.31 of Adjusted EBITA. The path from an order to that profit varies sharply by offer.

Products monetize proprietary design, certification, manufacturing scale, brand, channel reach, and availability. Once capacity exists, higher unit volume can produce strong factory absorption. Price increases can offset metals and labour, but the offset is not instantaneous because input costs, channel inventory, and customer contracts move on different schedules. Products also fund substantial R&D and compliance work. Their attractive economics depend on reliability and total cost of ownership, not merely manufacturing cost.

Systems combine hardware, engineering, project execution, and integration. They create more revenue per project and can pull through products, software, and service, but they carry more execution risk. Long lead times expose the company to commodity inflation and tariffs between booking and delivery. Customized scope can create change-order opportunity or cost overrun. Customer acceptance milestones affect timing. The faster Systems grows relative to Products and lifecycle revenue, the more difficult it is to assume automatic margin expansion. The data package explicitly identifies faster Systems growth as the near-term negative mix while pricing had not fully offset raw-material and tariff headwinds in H1 2026 [data_package §5, recency discussion].

Software & Digital Services can improve economics through recurring revenue, low incremental distribution cost, and deeper customer workflow integration. But the public disclosure does not permit a pure-software margin assumption. “Software & Services” combines different economic activities, and the Digital Flywheel includes connected hardware and edge control. The correct modeling implication is a positive mix and retention lever, not an invented 70%-plus product margin. Schneider discloses no Energy Management ARR euros, NRR, RPO, billings, customer count, churn, or software margin [data_package §10, software KPI gap].

Field Services monetizes the installed base and can smooth project cycles. Technician utilization, travel, parts availability, training, and labour inflation matter. A large installed base creates recurring opportunity, but service cannot scale without skilled people and local coverage. The margin lever is therefore better mix and density rather than software-like zero marginal cost.

Reinvestment is distributed across physical and intangible assets. Capacity expansion is required to relieve bottlenecks in medium-voltage gear, UPS, cooling, transformers or power electronics, while R&D is required for higher power density, direct-current architectures, monitoring, cybersecurity, and energy optimization. Working capital can rise when long-lead components or project inventory are built ahead of delivery. An earnings model that assumes backlog conversion without the capacity, labour, and inventory to deliver it would overstate cash economics even if Adjusted EBITA appears sound.

The main margin-up mechanisms are price realization, factory absorption, standardization of repeatable architectures, procurement, software and service attach, and productivity. The main margin-down mechanisms are Systems mix, raw-material/tariff inflation, expedited sourcing, capacity start-up cost, customer bargaining on large projects, fixed-price execution, and investment ahead of revenue. The forecast therefore uses modest base-case margin expansion, a bull case that approaches the best directly comparable electrical peer margin, and a bear case with a material but not catastrophic reset.

4. Competitive dynamics

Energy Management competes across overlapping rather than identical markets. ABB is the closest global electrification architecture peer in low- and medium-voltage equipment, distribution, and digital energy management. Eaton is particularly strong in North American electrical distribution, power quality, and data-centre infrastructure. Vertiv is a focused competitor in critical digital infrastructure, especially UPS, thermal management, and integrated data-centre systems. Legrand competes in electrical and digital building infrastructure and has expanded aggressively in data-centre power and related solutions. Siemens and regional specialists compete in building electrification, grid automation, and specific product categories; engineering firms, panel builders, and original-equipment manufacturers also compete or partner depending on the project.

Fresh peer results show that the demand boom is industry-wide rather than unique to Schneider. Eaton's Q2 2026 Electrical Americas organic sales grew 18%, its trailing-twelve-month orders rose 41%, and backlog rose 33%; Electrical Global organic sales grew 18%, orders rose 33%, and backlog rose 103% ([Eaton Q2 2026 official release](https://www.eaton.com/br/en-us/company/news-insights/news-releases/2026/eaton-reports-record-second-quarter-2026-results.html)). Eaton's Q2 Electrical Americas margin was 27.5% and Electrical Global margin was 19.8%, demonstrating both the profit potential of scarce electrical capacity and the importance of geography and mix. Its FY2025 annual report also showed Electrical Americas organic growth of 12%, backlog of $13.2bn, and a 29.9% margin, with commodity and wage inflation offsetting sales leverage ([Eaton 2025 annual report](https://www.eaton.com/content/dam/eaton/company/investor-relations/annual-report/eaton-2025-annual-report.pdf)).

ABB's FY2025 Electrification business reported $17.36bn of revenue, 11% comparable growth, $9.44bn of backlog, and a 23.5% Operational EBITA margin. Its Q4 commentary attributed profit growth to volume and productivity while noting pressure from copper, silver, tariffs, SG&A, and R&D ([ABB Q4 2025 official release](https://new.abb.com/docs/librariesprovider51/aktieinfo/abb-q4-2025-press-release-english.pdf?sfvrsn=5bdfb0d_1)). ABB's 22%-26% Electrification target range is a useful cross-check, not a direct Schneider forecast, because the portfolio and profit definitions differ ([ABB 2025 annual reporting suite](https://library.e.abb.com/public/b292a84b973f444a821a629d668bdf

1f/ABB%20Annual%20Reporting%20Suite%202025%20-%20Consolidated%20file.pdf)).

Vertiv's Q2 2026 revenue grew 24%, including 18% organic growth, and adjusted operating margin reached 22.6%. Its full-year midpoint called for 31% organic sales growth ([Vertiv Q2 2026 official release](https://investors.vertiv.com/news/news-details/2026/Vertiv-Reports-Strong-Second-Quarter-2026-with-Diluted-EPS-Growth-of-53-Adjusted-Diluted-EPS-Growth-of-60-Raises-Full-Year-2026-Guidance-Across-All-Key-Metrics/default.aspx)). Vertiv's 2025 10-K reported $15.0bn of backlog versus $7.2bn a year earlier, but warned that large projects have long design and qualification cycles and can be delayed, reduced, or cancelled ([Vertiv 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1674101/000167410126000008/vrt-20251231.htm)). This is precisely why Schneider's current Systems growth cannot be extrapolated indefinitely.

Legrand's H1 2026 organic sales grew 9.8%, adjusted operating margin was 20.8%, and management attributed record constant-currency growth to data centres, energy-transition offers, and acquisitions ([Legrand H1 2026 official results](https://www.legrand.com/en/news/2026-first-half-results)). Its FY2025 data-centre activity represented 26% of sales, making it a significant focused competitor even though its product perimeter differs ([Legrand FY2025 official results](https://www.legrand.com/en/news/2025-full-year-results)).

Pricing power belongs to suppliers that solve the customer's constraint: availability, reliability, certified performance, speed to energization, and system integration. In a constrained market, a validated design and delivery slot are worth more than a cheaper component. But this power is cyclical. As competitors add capacity and project pipelines normalize, customers can rebid architectures, dual-source, standardize, or insource some integration. Large hyperscale customers also have scale, engineering expertise, and the ability to negotiate framework agreements. The base case therefore assumes pricing remains rational but does not capitalize today's scarcity into a permanent supernormal spread.

Substitution risk is mainly architectural. Higher-voltage distribution, direct-current power, modular prefabricated systems, liquid cooling, onsite generation, and battery storage can change the content per megawatt. These shifts create opportunity if Schneider's architecture remains relevant, but can transfer value to specialist suppliers if it does not. Open digital protocols can reduce software lock-in; cybersecurity regulation can raise the cost of maintaining connected assets. No single technical standard eliminates the need for safe power distribution, but it can change which vendor captures the highest-margin layer.

5. Moat at the segment level

The segment has a real moat, but it is a system-of-advantages moat rather than a monopoly. The strongest protection comes from qualification, reliability, installed base, channel reach, and architectural breadth.

First, failure costs are asymmetric. Electrical protection, secure power, cooling coordination, and monitoring sit in critical infrastructure. A customer may save little by choosing an unproven component but can lose far more from downtime, safety incidents, or delayed commissioning. Certification, reference designs, and operating history therefore matter. Second, the installed base creates repeat business through replacement, modernization, software attach, spares, and Field Services. Third, global manufacturing and local commercial/service coverage let Schneider support multinational customers and meet regional standards.

Fourth, the EcoStruxure-style connected architecture can raise switching costs when products, edge control, software, and service operate together. The data package's Digital Flywheel progression from 53% to 62% of Group revenue supports growing digital participation, but it does not prove closed-platform lock-in [data_package §0a, Digital Flywheel row]. Open protocols, multi-vendor facilities, and customer-owned data limit the moat. The acquisition of AiDASH may add grid and infrastructure intelligence after closing, but the economics are not yet in the TTM anchor and must not be treated as achieved [data_package §9, AiDASH action].

Fifth, scale can reinforce supply availability and R&D. Schneider spent €2,380m on total Group R&D in FY2025 [data_package §7, FY2025 row]. It can spread certification, firmware, cybersecurity, engineering libraries, and manufacturing automation across a broad installed base. The same breadth can become a disadvantage if complexity slows innovation or makes project execution inconsistent.

Moat durability over five to ten years is strongest in installed-base service, specified architectures, safety-critical products, and the integration of physical and digital layers. It is weaker in standardized hardware where Asian or regional competitors can meet specifications, and in software where platform openness and specialized analytics reduce lock-in. The moat should protect attractive economics, but it does not justify assuming that a 28% Systems growth rate or shortage pricing persists for five years.

6. Historical growth rates — reproduced from the data package

Only Energy Management is dollar-disclosed at the required profit perimeter. Product and service sub-lines are not shown in euros, so this table does not back-solve them from rounded Group shares.

Product / sub-segment	FY2021 revenue	FY2022 revenue	FY2023 revenue	FY2024 revenue	FY2025 revenue	FY2022-FY2025 CAGR	Most recent disclosed growth	Data-package cite
Energy Management reportable segment	€22,179m [§3 EM Revenue row]	€26,442m [§3 EM Revenue row]	€28,241m [§3 EM Revenue row]	€31,131m [§3 EM Revenue row]	€33,130m [§3 EM Revenue row]	7.81% reported, calculated from the same row	17.7% organic in Q2 2026 [§5 Q2 row]	data_package §3, Energy Management table, Revenue row; §5, quarterly trend table
Products	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d	13% organic in Q2 2026 [§4 Products row]	data_package §4, growth-only table; §10, product-euro gap
Systems	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d	28% organic in Q2 2026 [§4 Systems row]	data_package §4, growth-only table; §10, product-euro gap
Software & Services	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d	6% organic in Q2 2026 [§4 S&S row]	data_package §4, growth-only table; §10, product-euro gap
Software & Digital Services, within S&S	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d	7% organic in Q2 2026 [§4 S&DS row]	data_package §4, growth-only table; §10, software KPI gap
Field Services, within S&S	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d [§10 product-euro gap]	n/d	5% organic in Q2 2026 [§4 Field Services row]	data_package §4, growth-only table; §10, product-euro gap

The FY2022-FY2025 CAGR is calculated as `(€33,130m / €26,442m)^(1/3) - 1 = 7.81%`; the underlying annual values are reproduced exactly from the reviewed row. The four-year FY2021-FY2025 CAGR is 10.55%, reflecting the strong FY2022 step-up. The historical arithmetic checks pass: €22,179m to €26,442m is 19.22% reported growth, €26,442m to €28,241m is 6.80%, €28,241m to €31,131m is 10.23%, and €31,131m to €33,130m is 6.42%. These reported-euro changes are not the same as Schneider's disclosed organic-growth percentages because currency and scope also affect reported revenue.

No row is back-solved. The absence of product euros is a model boundary, not permission to multiply rounded Group shares by Energy Management revenue. The rounded Group mix is used only to interpret direction: Products decreased, Systems increased, and Software & Services stayed broadly stable [data_package §0a, Business-model mix table].

7. Management guidance — quoted from reviewed data package Section 6

The relevant management evidence is reproduced only from the reviewed package; transcripts were not re-fetched.

Data-package row	Period and speaker	Verbatim excerpt	Interpretation for Energy Management
§6 Energy Management row 1	Q3 2025 release, 2025-10-30, Olivier Blum	“sustained Data Center demand drove performance”	Data centres are a real driver, but the quote does not quantify duration, customer concentration, or conversion timing.
§6 Energy Management row 2	FY2025 call, 2026-02-26, Olivier Blum	“data center end market will lead the growth”	The base case keeps data centres as the leading end market while requiring non-data-centre breadth to avoid a single-theme forecast.
§6 Energy Management row 3	FY2025 release, 2026-02-26, Olivier Blum	“Systems to lead growth”	Systems must grow faster than Products in the near term; the corresponding gross-margin mix pressure is retained.
§6 Energy Management row 4	Q1 2026 release, 2026-04-30, Olivier Blum	“Growth was led by our Systems business”	The mix shift is observed execution, not merely aspirational guidance.
§6 Energy Management row 5	H1 2026 call, 2026-07-30, Olivier Blum	“great opportunity”	This supports management conviction but is not evidence for a numeric market share or a permanent growth rate.

Data-package row	Period and speaker	Verbatim excerpt	Interpretation for Energy Management
§6 Energy Management row 6	H1 2026 release, 2026-07-30, Olivier Blum	“Energy Management delivered broad-based growth in H1”	Base growth includes Infrastructure, Buildings, and Industry rather than relying exclusively on hyperscale projects.
§6 Energy Management row 7	CMD 2025 release, 2025-12-11, Olivier Blum	“Digital Flywheel revenues to represent >70%”	Connected products, edge control, software, and services should outgrow the portfolio through 2030; it is not a software-revenue target.
§6 Energy Management row 8	H1 2026 release, 2026-07-30, Frédéric Godemel	“accelerating Schneider’s Energy Intelligence leadership”	AiDASH can enhance grid intelligence after closing, but acquisition revenue and margin are not included without a source-bound perimeter.

The quantitative corporate anchors are the upgraded FY2026 organic Adjusted EBITA growth guide of 14%-19%, organic revenue growth of 10%-13%, and organic margin improvement of 70-100 bps. The 2025-2030 Group framework is 7%-10% organic revenue CAGR and 250 bps of cumulative organic margin expansion [data_package §6, guidance paragraph]. These are Group targets, not Energy Management segment guidance. Energy Management is more than four-fifths of revenue and currently growing faster than Group, so the targets inform the scenarios, but they do not authorize applying Group margin expansion mechanically to the segment.

8. Forward growth assumptions — explicit by source-bound driver

Product-line growth rates below are analyst assumptions applied as **diagnostic drivers**. They are not used to manufacture product euros. The segment financial model compounds the disclosed €34,879m TTM Energy Management revenue through an explicit annual cadence. “Historical CAGR” is n/d for sub-lines because Schneider did not disclose their euro series. “Guide” refers to the Group guide because no product-specific FY2026 guide was disclosed.

Base case growth drivers

Product or driver	Historical CAGR	Latest organic YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Growth and mix justification
Products	n/d; EM total 7.81% FY2022-FY2025	13% Q2 2026	No line guide; H1 2026 release, 2026-07-30: Group 10%-13%	6.0%	Normalizes as supply catches up; electrification, replacement, and channel depth remain positive.
Systems	n/d; EM total 7.81% FY2022-FY2025	28% Q2 2026	FY2025 release, 2026-02-26, Olivier Blum: “Systems to lead growth”	11.0%	Data centres, infrastructure, and complex power architectures lead, but project scale and capacity cause deceleration.
Software & Services aggregate	n/d; Group mix 18%-19% FY2022-FY2025	6% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	8.5%	Attach and recurring content outgrow mature products without assuming software-only economics.
Software & Digital Services, within S&S	n/d	7% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	9.0%	Energy intelligence and connected architecture support high-single-digit growth; ARR euros remain undisclosed.
Field Services, within S&S	n/d	5% Q2 2026	No line guide disclosed	7.0%	Installed-base density and modernization support growth above current quarter, constrained by skilled-labour scaling.
Energy Management reportable segment	7.81% FY2022-FY2025 reported	17.7% Q2 2026; 15.4% H1	H1 2026 release, 2026-07-30: Group 10%-13% FY2026	8.51% equivalent	Annual path 10.5%, 9.3%, 8.3%, 7.6%, 6.9%; strong backlog converts, then growth normalizes.

Base deceleration is deliberate. The equivalent 8.51% five-year CAGR sits inside the Group's 7%-10% 2025-2030 framework and slightly above Energy Management's 7.81% FY2022-FY2025 reported CAGR. The annual path starts at 10.5%, below the current H1/Q2 pace but consistent with the upgraded Group guide and the reality that Q2's 28% Systems growth is not sustainable at scale. It declines by 120 bps, 100 bps, 70 bps, and 70 bps over the subsequent years as backlog conversion, capacity additions, and easier comparisons normalize.

Bull case growth drivers

Product or driver	Historical CAGR	Latest organic YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Growth and mix justification
Products	n/d; EM total 7.81% FY2022-FY2025	13% Q2 2026	No line guide; H1 2026 release, 2026-07-30: Group 10%-13%	9.0%	Capacity and pricing remain tight while electrification broadens across buildings, utilities, and industry.
Systems	n/d; EM total 7.81% FY2022-FY2025	28% Q2 2026	FY2025 release, 2026-02-26, Olivier Blum: “Systems to lead growth”	14.0%	AI power density, grid constraints, and repeatable architectures sustain low-teens growth despite deceleration.
Software & Services aggregate	n/d; Group mix 18%-19% FY2022-FY2025	6% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	11.0%	Stronger attach and recurring adoption accompany every major system deployment.
Software & Digital Services, within S&S	n/d	7% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	12.0%	Energy-intelligence adoption accelerates; this still excludes unclosed acquisition euros.
Field Services, within S&S	n/d	5% Q2 2026	No line guide disclosed	10.0%	Installed-base expansion creates dense service routes and modernization demand.
Energy Management reportable segment	7.81% FY2022-FY2025 reported	17.7% Q2 2026; 15.4% H1	H1 2026 release, 2026-07-30: Group 10%-13% FY2026	11.18% equivalent	Annual path 14.0%, 12.5%, 11.0%, 10.0%, 8.5%; secular demand remains exceptional but still decelerates.

The bull path does not hold current growth flat. It falls from 14.0% in year one to 8.5% by the horizon. That is important because even the fresh 2026 IEA central case acknowledges physical bottlenecks. The IEA projects data-centre electricity demand to roughly double from 485 TWh in 2025 to 950 TWh in 2030, while noting that bottlenecks reduce the likelihood of more aggressive near-term scenarios ([IEA Key Questions on Energy and AI, 2026](https://www.iea.org/reports/key-questions-on-energy-and-ai/executive-summary)). The bull case assumes Schneider converts that demand without losing share or being constrained by its own capacity.

Bear case growth drivers

Product or driver	Historical CAGR	Latest organic YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Growth and mix justification
Products	n/d; EM total 7.81% FY2022-FY2025	13% Q2 2026	No line guide; H1 2026 release, 2026-07-30: Group 10%-13%	1.5%	Channel normalization, price giveback, and weak building/industrial demand offset replacement and electrification.
Systems	n/d; EM total 7.81% FY2022-FY2025	28% Q2 2026	FY2025 release, 2026-02-26, Olivier Blum: “Systems to lead growth”	5.5%	Hyperscale deferrals and project bottlenecks slow conversion, but committed grid and data-centre work prevents collapse.
Software & Services aggregate	n/d; Group mix 18%-19% FY2022-FY2025	6% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	4.5%	Recurring and installed-base elements cushion new-project weakness, but attach slows.
Software & Digital Services, within S&S	n/d	7% Q2 2026	CMD 2025 release, 2025-12-11, Olivier Blum: Digital Flywheel above 70% by 2030	5.0%	Budget scrutiny and open-platform competition slow new adoption; existing deployments remain sticky.
Field Services, within S&S	n/d	5% Q2 2026	No line guide disclosed	3.5%	Maintenance remains resilient while discretionary modernization and customer access weaken.
Energy Management reportable segment	7.81% FY2022-FY2025 reported	17.7% Q2 2026; 15.4% H1	H1 2026 release, 2026-07-30: Group 10%-13% FY2026	3.99% equivalent	Annual path 2.0%, 3.0%, 4.0%, 5.0%, 6.0%; early correction gives way to structural recovery.

The bear case is not a structural-decline case. Data-centre and grid requirements are durable, but order intake and conversion can be volatile. The IEA reports more than 2,500 GW of renewable, large-load, and storage projects stalled in grid queues, and estimates that annual grid investment must increase about 50% from roughly $400bn by 2030 ([IEA Electricity 2026 grids chapter](https://www.iea.org/reports/electricity-2026/grids)). Those bottlenecks support long-run need while simultaneously delaying near-term equipment revenue. The bear path therefore begins with a sharp slowdown and recovers as deferred projects move.

9. Forward Adjusted EBITA margin assumptions

No product-level Adjusted EBITA margins are disclosed. Assigning Products, Systems, Software, or Field Services an invented percentage margin would violate the source boundary. The table therefore states each line's directional lever and calculates only the reportable segment's Adjusted EBITA margin.

Case	Current Energy Management Adjusted EBITA margin	Products margin lever	Systems margin lever	Software & Digital Services lever	Field Services lever	TTM+5y Adjusted EBITA margin	Change vs TTM
Bear	22.31%	Price giveback and under-absorption	Fixed-price and low-standardization execution pressure	Positive mix, but slower attach	Labour inflation and weaker utilization	20.50%	-181 bps
Base	22.31%	Productivity broadly offsets inputs	Standardization partly offsets adverse mix	Positive attach and recurring mix	Better route density and utilization	23.30%	+99 bps
Bull	22.31%	Strong price/cost and factory absorption	Repeatable architectures reduce engineering cost	Faster digital attach and renewal mix	Installed-base density creates leverage	24.50%	+219 bps

The bear decline exceeds 100 bps because three mechanisms reinforce one another: Systems remains the fastest-growing bucket but projects are less profitable; copper, silver, tariffs, and wages are only partly recovered; and capacity built for a stronger order curve is underutilized. The 20.50% horizon margin remains above FY2021's 20.29%, reflecting a larger installed base and a more digital portfolio rather than assuming the moat disappears [data_package §3, Energy Management margin row].

The base margin rises only 99 bps, intentionally less than the Group's 250-bp organic-margin ambition. Energy Management already starts above 22%, Systems is the leading growth bucket, and capacity/R&D must be funded. A 23.30% margin is close to ABB Electrification's 23.5% FY2025 Operational EBITA margin while respecting definitional differences. The model assumes pricing and productivity overcome raw-material pressure over time, while software/service attach and project standardization provide modest mix improvement.

The bull increase of 219 bps requires specific execution: factories run at high utilization, input inflation is recovered, repeatable modular architectures reduce project engineering, Digital Flywheel attach rises, and Field Services scale across the installed base. The resulting 24.50% margin is inside ABB's 22%-26% Electrification target range and below Eaton Electrical Americas' recent high-20s margin. It is possible, but it is not the default because Schneider's Energy Management mix includes more systems and secure-power/cooling exposure.

Corporate central costs, restructuring, other operating income and expenses, and purchase-accounting intangible amortization/impairment are excluded from all three segment margins. They are separate sealed bridge lines [data_package §3a, forecast-driver schedule]. Calling the forecast statutory operating income would be wrong.

10. Segment rollup — exact five-year arithmetic

Because no additive product euros exist, the only auditable financial rollup is the reportable segment itself. The per-product tables in Section 8 govern scenario selection and mix, while the numeric model compounds the disclosed TTM segment line through five explicit annual steps. This preserves bottom-up arithmetic at the finest source-bound financial level and avoids pseudo-precision.

Bear case rollup

Period end	Opening revenue	Growth assumption	Revenue	Adjusted EBITA margin	Adjusted EBITA
TTM 2026-06-30	n/a	n/a	€34,879.0m	22.31%	€7,780.0m
TTM+1 2027-06-30	€34,879.0m	2.0%	€35,576.6m	21.50%	€7,649.0m
TTM+2 2028-06-30	€35,576.6m	3.0%	€36,643.9m	20.80%	€7,621.9m
TTM+3 2029-06-30	€36,643.9m	4.0%	€38,109.6m	20.50%	€7,812.5m
TTM+4 2030-06-30	€38,109.6m	5.0%	€40,015.1m	20.50%	€8,203.1m
TTM+5 2031-06-30	€40,015.1m	6.0%	€42,416.0m	20.50%	€8,695.3m

Bear arithmetic: `€34,879.0m × 1.02 × 1.03 × 1.04 × 1.05 × 1.06 = €42,416.0m`. The equivalent five-year CAGR is 3.9904%. `€42,416.0m × 20.50% = €8,695.3m` of Adjusted EBITA. Revenue rises 21.6% over five years, while

Adjusted EBITA rises only 11.8% because the margin compresses 181 bps.

Base case rollup

Period end	Opening revenue	Growth assumption	Revenue	Adjusted EBITA margin	Adjusted EBITA
TTM 2026-06-30	n/a	n/a	€34,879.0m	22.31%	€7,780.0m
TTM+1 2027-06-30	€34,879.0m	10.5%	€38,541.3m	22.60%	€8,710.3m
TTM+2 2028-06-30	€38,541.3m	9.3%	€42,125.6m	22.90%	€9,646.8m
TTM+3 2029-06-30	€42,125.6m	8.3%	€45,622.1m	23.10%	€10,538.7m
TTM+4 2030-06-30	€45,622.1m	7.6%	€49,089.3m	23.20%	€11,388.7m
TTM+5 2031-06-30	€49,089.3m	6.9%	€52,476.5m	23.30%	€12,227.0m

Base arithmetic: `€34,879.0m × 1.105 × 1.093 × 1.083 × 1.076 × 1.069 = €52,476.5m`. The equivalent five-year CAGR is 8.5126%. `€52,476.5m × 23.30% = €12,227.0m` of Adjusted EBITA. Revenue rises 50.5%, and Adjusted EBITA rises 57.2% because the margin expands 99 bps.

Bull case rollup

Period end	Opening revenue	Growth assumption	Revenue	Adjusted EBITA margin	Adjusted EBITA
TTM 2026-06-30	n/a	n/a	€34,879.0m	22.31%	€7,780.0m
TTM+1 2027-06-30	€34,879.0m	14.0%	€39,762.1m	23.00%	€9,145.3m
TTM+2 2028-06-30	€39,762.1m	12.5%	€44,732.3m	23.50%	€10,512.1m
TTM+3 2029-06-30	€44,732.3m	11.0%	€49,652.9m	24.00%	€11,916.7m
TTM+4 2030-06-30	€49,652.9m	10.0%	€54,618.2m	24.30%	€13,272.2m
TTM+5 2031-06-30	€54,618.2m	8.5%	€59,260.7m	24.50%	€14,518.9m

Bull arithmetic: `€34,879.0m × 1.14 × 1.125 × 1.11 × 1.10 × 1.085 = €59,260.7m`. The equivalent five-year CAGR is 11.1836%. `€59,260.7m × 24.50% = €14,518.9m` of Adjusted EBITA. Revenue rises 69.9%, and Adjusted EBITA rises 86.6% through both growth and 219 bps of margin expansion.

The three cases reconcile exactly to the single disclosed TTM financial line. There is no residual, acquisition plug, or corporate allocation. Pending AiDASH and Cognite transactions are not assigned product euros or margins; their effects belong in a separately source-bound perimeter update after closing. The rollup probabilities are diagnostic weights, not portfolio probabilities: 30% Bear, 50% Base, and 20% Bull. Base receives the majority weight because Q2 2026 Energy Management organic growth was 17.7%, H1 growth was broad-based, backlog was described as record, and management upgraded the Group's FY2026 guide [data_package §5, quarterly trend and recency discussion; §6, guidance paragraph]. Bear remains a substantial 30% because Systems-led mix, undisclosed customer concentration, raw-material/tariff pressure, capacity execution, and project deferral can impair conversion and margin; Bull is capped at 20% because sustaining low-teens growth while expanding margin requires both exceptional demand and near-flawless capacity, pricing, standardization, and digital/service attach.

11. Key risks and wildcards

Bear — hyperscale order deferral and concentration. Schneider does not disclose data-centre revenue or customer concentration [data_package §10, customer-concentration gap]. Large customers can phase campuses, redesign power architectures, or delay energization. A backlog rich in large projects may therefore create lumpier conversion than the headline suggests.

Bear — Systems mix without adequate economics. Systems is the fastest-growing disclosed bucket. If the company wins share by accepting lower pricing, customized engineering, or fixed-price risk, revenue can outperform while Adjusted EBITA margin declines. This is the most important segment-specific earnings risk because it directly attacks the assumption that secular demand produces proportional profit.

Bear — input costs, tariffs, and capacity timing. Copper, silver, electronics, cooling components, tariffs, and skilled labour can rise before pricing catches up. ABB and Eaton's fresh disclosures show that strong volume does not eliminate commodity and wage pressure. Capacity added for a stronger curve can create under-absorption if projects slip.

Bear — architecture displacement. Higher-voltage distribution, direct current, liquid cooling, onsite generation, and new battery configurations can redistribute value across the data-centre power chain. Schneider can participate, but specialist competitors such as Vertiv and acquired thermal/power businesses can capture content if Schneider's architecture lags.

Bear/Base — backlog quality and conversion. FY2025 Energy Management backlog is a powerful demand indicator, but exact H1 2026 backlog and end-market composition are undisclosed. Peer filings warn that long-cycle projects can be deferred or cancelled. Monitoring should focus on order growth, book-to-bill, conversion, cancellations, and backlog aging rather than the absolute backlog alone.

Base — broadening beyond Data Center. The positive wildcard is that Q2 growth expanded into Infrastructure, Buildings, Semiconductor, Discrete, and Process & Hybrid [data_package §5, recency discussion]. If those markets recover while data centres remain healthy, the segment can sustain high-single-digit growth with less concentration risk than the narrative implies.

Base/Bull — grid bottlenecks create both demand and delay. The IEA's 2026 grid work shows a large queue of generation, storage, and load projects. Modernization creates years of demand for medium-voltage, protection, control, and digital equipment, but slow permitting and connection can defer customer sites. The same fact supports long-term need and near-term volatility.

Bull — digital and service attach. If the Digital Flywheel exceeds 70% of revenue by 2030 and a greater portion of system deliveries attaches monitoring, analytics, modernization, and service, the installed base can generate higher-quality growth. The key evidence would be continued recurring mix, service growth, renewal behavior, and margin—not the Flywheel percentage alone.

Bull — repeatable modular architectures. Standardized reference designs, prefabricated modules, and engineering libraries can convert a project-heavy Systems business into a more repeatable model. That would reduce engineering hours and execution risk per euro of revenue, supporting the bull margin. It is an execution hypothesis, not a disclosed KPI.

Bear/Base — acquisitions and integration. AiDASH is expected to enter Energy Management after closing, but acquisition economics are unclosed; Cognite is a separate pending cash acquisition at Group level [data_package §9, corporate actions]. Integration may strengthen software capability, but debt, amortization, and integration cost are not segment-margin freebies. This appendix excludes unclosed revenue and requires later perimeter evidence.

All cases — disclosure limitation. Product euros, Energy Management-specific product weights, product margins, customer concentration, H1 backlog, unit volumes, ASPs, and capacity utilization are not disclosed. That makes the segment total highly auditable but limits the precision of product attribution. A future disclosure of these items could materially change the growth/margin decomposition without changing the sealed TTM anchor.

Segment forecast summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	€42,416.0m	Adjusted EBITA	20.50%	€8,695.3m	30%
Base	€52,476.5m	Adjusted EBITA	23.30%	€12,227.0m	50%
Bull	€59,260.7m	Adjusted EBITA	24.50%	€14,518.9m	20%
Probability-weighted diagnostic	€50,815.2m	Adjusted EBITA	22.88% implied	€11,625.9m	100% weighted

The probability-weighted row is calculated from terminal amounts, not from a separate case: revenue equals `30% × €42,416.0m + 50% × €52,476.5m + 20% × €59,260.7m = €50,815.2m`; profit equals `30% × €8,695.3m + 50% × €12,227.0m + 20% × €14,518.9m = €11,625.9m`; the implied margin is profit divided by revenue. These diagnostic weights are applied consistently and do not authorize a trade or position size.

Data gaps carried forward

- [DATA GAP: Exact Products, Systems, Software & Services, Software & Digital Services, and Field Services revenue within Energy Management is not disclosed.]
- [DATA GAP: Adjusted EBITA and Adjusted EBITA margin are not disclosed by product or service line.]
- [DATA GAP: Energy Management revenue by Data Center, Buildings, Industry, and Infrastructure is not disclosed.]

- [DATA GAP: Customer and hyperscaler concentration is not disclosed.]
- [DATA GAP: Exact H1 2026 Energy Management backlog and backlog by end market are not disclosed.]
- [DATA GAP: AVEVA and Energy Management software ARR euros, NRR, RPO, billings, churn, and customer counts are not disclosed.]
- [DATA GAP: Segment-specific R&D, capex, unit volumes, ASP, utilization, and capacity are not disclosed.]
- [CONTROL NOTE: The dispatch TTM transcription discrepancy is resolved; the sealed post-DR anchor of €34,879m revenue and €7,780m Adjusted EBITA controls every calculation.]

Industrial Automation — Segment Deep Dive

Company: Schneider Electric SE **Ticker:** SU.PA **Information cutoff:** 2026-08-28, Asia/Singapore **TTM anchor:** 2026-06-30 **Exact five-year horizon:** 2031-06-30 **Currency and units:** EUR millions unless stated otherwise **Exact segment profit basis:** issuer-defined **Adjusted EBITA**; this is not statutory operating income **Diagnostic scenario weights:** Bear 30%; Base 50%; Bull 20% **Authority boundary:** This appendix forecasts one operating segment. It makes no trade, ranking, sizing, or portfolio recommendation.

0. Segment boundary and taxonomy note

Industrial Automation is one of Schneider Electric's two reportable segments. Its official scope combines industrial automation and control, discrete automation, process and hybrid automation, and industrial software including AVEVA. The reportable-segment boundary is stable across FY2021-FY2025 and H1 2026; no reportable-segment realignment was found in the last three years. Minor offer or scope movements may occur inside the segment, but they do not permit an analyst to reconstruct separate product financial statements. The geographic taxonomy changed in 2026, but that does not change the segment boundary [data_package §1, Current reportable segments table, Industrial Automation row and taxonomy paragraph].

The authoritative post-review package reports TTM Industrial Automation revenue of **EUR7,163m** and issuer-defined **Adjusted EBITA of EUR1,024m**, producing the exact 14.30% margin [data_package §3, Industrial Automation table, TTM Revenue, Adjusted EBITA, and Adjusted EBITA margin rows; data_package §3a, TTM bridge, Industrial Automation row]. Those values supersede the erroneous EUR7,129m/EUR1,020m shorthand in the orchestration dispatch. The sealed statutory bridge SHA-256 is `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`, and the data package contains the required `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING` clearance. This appendix does not change the sealed values or allocate corporate and statutory bridge items to Industrial Automation.

1. What this segment actually is

Industrial Automation is the layer that helps an industrial customer sense, control, coordinate, and optimize physical production. The legacy automation offer includes controllers, drives and motion, human-machine interfaces, instrumentation and control components, and the engineering environment needed to configure them. Discrete automation serves machine builders and factory lines in areas such as automotive, semiconductor, packaging, logistics, and consumer goods. Process and hybrid automation serves continuous or batch environments such as energy, chemicals, mining, water, life sciences, and food and beverage. AVEVA and adjacent industrial software add engineering design, operations, asset-performance, data, visualization, and optimization workflows. Digital services and lifecycle work help maintain, modernize, connect, and improve an installed system after the original equipment sale.

The segment therefore does not have one pricing model. Legacy automation monetizes through equipment and project content: a customer buys control and motion hardware, related software licenses, and engineering or integration. Large process projects have longer design and commissioning cycles than short-cycle machine automation. AVEVA monetization increasingly includes subscriptions and recurring contracts, but the official package also documents a large multi-year on-premise renewal in FY2025, demonstrating that the transition is not a clean, pure-SaaS model. Digital and field activity can be contracted, subscription-like, project-based, or consumption-linked depending on the offer. Schneider does not disclose enough segment-specific contract data to turn those categories into separate revenue streams.

Routes to market vary by customer. Original-equipment manufacturers often standardize on an automation stack and buy repeatedly as they ship machines. End users and engineering, procurement, and construction firms may specify a control architecture for a plant or line. Distributors provide availability, support, and local reach for shorter-cycle products. Systems integrators perform engineering and commissioning around the supplier's controllers and software. Direct enterprise selling matters more for strategic industrial software, process systems, and large multi-site transformations. These overlapping routes create reach, but they also make channel inventory and project timing important: orders can move ahead of end demand in a stocking cycle, while a large software renewal can lift one quarter without implying the same organic run rate.

Three economic layers must remain distinct in the analysis. **Legacy automation** means physical control, motion, instrumentation, and the associated engineering stack across discrete and process/hybrid uses. **AVEVA/software** means the industrial-software portfolio, including its subscription transition and on-premise renewals. **Digital services/lifecycle** means recurring or repeat engagement around the installed base, modernization, support, and operational improvement. These are commercial driver groups, not separately reported financial units. Schneider does not disclose current annual euro revenue, product margins, or invested capital for any of the three. The model below therefore forecasts the one disclosed segment total and uses explicit percentage-point growth and basis-point margin contributions to make the total reconstructable without inventing product weights.

2. Current economics

The exact TTM base covers 2025-07-01 through 2026-06-30 and is built as FY2025 less H1 2025 plus H1 2026. Revenue was EUR7,163m, Adjusted EBITA was EUR1,024m, and Adjusted EBITA margin was 14.30% [data_package §3, Industrial Automation table, TTM rows; data_package §3a, TTM bridge, Industrial Automation Adjusted EBITA row]. Industrial Automation represented 17.04% of the Group's EUR42,042m TTM revenue, but only 11.63% of the EUR8,804m sum of the two reportable segments' Adjusted EBITA. Those percentages are calculations from the reviewed package, not additional issuer KPIs.

The current recovery is visible in sales but not yet in profitability. FY2025 revenue was EUR7,022m and organic growth was 3.0%; H1 2026 revenue was EUR3,585m and organic growth was 7.7%. Quarterly organic growth accelerated from 4.4% in Q1 2026 to 11.0% in Q2 2026. Discrete automation continued recovering, and process turned positive in Q2. Yet H1 2026 Adjusted EBITA margin was 13.97%, slightly below the 14.16% FY2025 margin and far below the 18.85% FY2022 high [data_package §3, Industrial Automation table, FY2022, FY2025, and H1 2026 rows; data_package §5, Q1, Q2, and H1 2026 rows; data_package §6, Industrial Automation rows for Q1 and H1 2026]. Volume is returning before the turnaround has proven adequate price, mix, productivity, and software economics.

The backlog was EUR4,022m at FY2025, up from EUR3,722m in FY2024 and EUR2,688m in FY2021 [data_package §0a, Historical industry KPI series, Industrial Automation backlog row]. That is useful demand visibility but not a full revenue guarantee: conversion timing, cancellation terms, project mix, and expected margin are not disclosed. Exact H1 2026 backlog is a true non-disclosure. The quarterly releases disclose segment revenue and organic growth, but not quarterly Adjusted EBITA; H1 margin must not be presented as a Q2 margin [data_package §5, disclosure note and quarterly trend table].

Product economics are only partly visible. Software including Digital Services was disclosed at EUR2.6bn in FY2022, but later releases reverted to percentage and growth disclosure. AVEVA ARR grew 19% at FY2023, 15% at FY2024, 12% at FY2025, and 11% at H1 2026. Schneider does not disclose ARR euros, net retention, remaining performance obligations, billings, customer count, or software gross margin [data_package §0a, Historical industry KPI series, AVEVA ARR growth row; data_package §4, Dollar-disclosed lines and growth-only lines]. The deceleration is not inherently alarming—growth is still double-digit—but it limits confidence in claims that software mix alone can deliver 18% segment margin.

Capital intensity is also not segment-disclosed. At Group level, FY2025 net capex was EUR1,496m, or 3.7% of revenue, while total R&D was EUR2,380m, or 5.9% of revenue. H1 2026 total R&D was EUR1,235m, or 5.8% of revenue [data_package §0a, Historical industry KPI series, R&D rows; data_package §7, FY2025 row]. Those Group figures demonstrate meaningful reinvestment but cannot be allocated to Industrial Automation. Software development may be expensed or capitalized, hardware requires engineering and supply-chain capacity, and process projects require application expertise. `[DATA GAP: Segment-level R&D, capex, capitalized development, working capital, and invested capital are not disclosed.]`

3. Unit economics and the 18% margin challenge

Legacy automation revenue begins with product content and expands through engineering, integration, software, and service. Incremental product volume can carry strong contribution when factories have spare capacity and the channel is not

destocking. The reverse is also true: a short-cycle downturn reduces plant absorption, invites distributor inventory correction, and can leave fixed engineering and commercial costs under-recovered. Process and hybrid activity is generally later-cycle and project-based; it can stabilize demand, but its margin depends on project selection, scope discipline, commissioning execution, and change-order recovery.

Pricing power comes from reliability, certification, installed-base compatibility, application knowledge, and the customer's cost of downtime. A controller, drive, or safety system is a small share of the economic value of a production line, but a failure can halt the line. That asymmetry supports rational pricing. It does not make pricing unlimited. Customers can dual-source at the machine level, force competitive tenders for new plants, or choose a rival architecture during a major modernization. Electronics, metals, tariffs, freight, and localized production all affect price/cost. The H1 package states that pricing accelerated but had not fully offset raw-material and tariff headwinds at Group level [data_package §5, recency commentary].

Software should improve economics through more recurring revenue, higher gross-margin potential, and lower marginal distribution cost. The catch is timing. Subscription conversion can defer recognized revenue or profit relative to an on-premise license, cloud and support costs scale with usage, and the company must fund product integration and sales incentives during the transition. A large multi-year on-premise renewal can temporarily flatter growth. AVEVA's falling ARR growth rate from 19% to 11% also says the model cannot simply extrapolate a high-teens software engine. No disclosed software margin allows a revenue-weighted product-margin build; assigning one would be false precision.

Digital services and lifecycle participation improve retention and can smooth the hardware cycle. Service work embeds technicians, data, and workflows at the customer. It also requires people, local delivery, cybersecurity support, and continuing product investment. The best service economics arise when remote diagnostics, standardized upgrades, and software features can be delivered repeatedly across a large installed base. The weakest arise in bespoke engineering with overruns. Schneider does not separate those modes for Industrial Automation, so the forecast gives services a positive but bounded contribution.

The turnaround burden is explicit. Moving from the 14.30% TTM Adjusted EBITA margin to management's 18% 2028 objective requires **370 basis points**. At unchanged EUR7,163m revenue, 18% would produce EUR1,289.3m of Adjusted EBITA, EUR265.3m more than the current EUR1,024m. This is a demanding increment: 25.9% additional profit without any revenue growth. If the base-case revenue cadence is achieved, approximate revenue at 2028-12-31 is EUR8,305.7m. The base-case interpolated margin is about 16.0%, yielding roughly EUR1,328.9m. Reaching 18% on that revenue would require EUR1,495.0m—another **EUR166.1m** and **200 bps** beyond the base case by the objective date.

Five mechanisms must do the work: (1) legacy automation volume and plant absorption; (2) favorable mix toward AVEVA/software and repeat digital services; (3) pricing that exceeds input and tariff inflation; (4) productivity and offer refocusing; and (5) disciplined transition spending so integration, cloud, and R&D do not consume the gross-margin benefit. Management has named the levers and the target, but the TTM result has not yet demonstrated them. The base case therefore assumes material recovery but not the full 18% by 2028. Only the bull case reaches 18% around year-end 2028.

4. Competitive dynamics

The competitive set changes by layer. Siemens, Rockwell Automation, Mitsubishi Electric, Omron, and ABB are prominent in factory and machine automation. Emerson, Honeywell, ABB, Siemens, and Yokogawa are particularly relevant in process control. AVEVA competes with Siemens and other industrial-software, engineering, operations, and asset-performance platforms, including Emerson's AspenTech-linked portfolio. Niche vendors compete in motion, sensing, safety, robotics, edge computing, data infrastructure, and application software. Customers can assemble multi-vendor architectures, so Schneider competes both for components and for the role of primary automation platform.

The market is large and fragmented, but no current primary source provides a clean, common-denominator global share table covering Schneider's exact Industrial Automation perimeter. Consequently, this appendix does not publish a numeric market-share claim. Revenue scale gives a safer frame. Siemens Digital Industries reported Q3 FY2026 revenue of EUR4,932m, including EUR1,790m of software revenue; comparable growth was 10% and 15%, respectively, and the segment's profit margin was 18.7%. Siemens attributed the margin improvement to higher volume in both automation and software, with software the largest profit contributor. It retained FY2026 guidance of 7%-10% comparable revenue growth and 17%-19% margin. That is evidence that an 18% automation-and-software margin can be achieved, but Siemens' portfolio and profit definition are not identical to Schneider's ([Siemens Q3 FY2026 earnings release](https://assets.new.siemens.com/siemens/assets/api/uuid:bdf8b45d-34dc-4911-ad72-5aa2a03d1d40/HQCOPR202608037433EN.pdf), pp. 3 and 5).

Rockwell's Q3 FY2026 provides a useful short-cycle comparison. Organic sales grew 10%; Intelligent Devices organic sales grew 10% and Software & Control grew 18%. Segment operating margins were 20.0% and 34.8%, respectively, while Lifecycle Services margin was 15.1%. Rockwell also reported organic ARR growth of 6%, with software ARR up high single digits ([Rockwell Automation Q3 FY2026 results](https://www.rockwellautomation.com/en-se/company/news/press-releases/Rockwell-Automation-Reports-Third-Quarter-2026-Results.html)). The data support the recovery thesis and show why software mix can matter. They do not justify assigning Rockwell's 34.8% Software & Control margin to AVEVA, because the perimeter, accounting, mix, and revenue recognition differ.

Emerson offers a process-heavy counterweight. Q3 FY2026 underlying sales grew 6%, adjusted segment EBITA margin was 28.5%, and Control Systems & Software underlying sales grew 7% in the quarter but only 2% over nine months. Emerson's results show that process investment and industrial software can be durable while renewal timing still creates volatility ([Emerson Q3 FY2026 results](https://ir.emerson.com/news-events/press-releases/detail/642/emerson-reports-third-quarter-2026-results-raises-2026-outlook)). Honeywell's Q2 FY2026 Industrial Automation organic growth was 4% and segment margin was 17.2%, with pricing and productivity partly offset by inflation. Process Automation and Technology organic sales declined 1% while projects returned to growth and aftermarket weakened ([Honeywell Technologies Q2 FY2026 results](https://www.honeywell.com/us/en/news/press-releases/2026/07/honeywell-technologies-reports-second-quarter-results)). Together, these peers support a recovery but reject the idea of a synchronized, frictionless automation upcycle.

ABB reported Q2 FY2026 comparable revenue growth of 12% and a 20.2% Group operational EBITA margin while emphasizing combined motion and automation solutions and a broader process-automation portfolio. It also described local production and product breadth as competitive advantages ([ABB Q2 FY2026 results](https://new.abb.com/news/detail/137496/q2-2026-results)). Mitsubishi Electric's FY2026 securities report disclosed factory-automation orders up 22%, adding evidence of improving Asian demand ([Mitsubishi Electric FY2026 Annual Securities Report](https://www.mitsubishielectric.com/investors/library/securities-report/pdf/annual_securities_report_fy2026.pdf)). Those data improve confidence that Schneider's Q2 acceleration is not solely company-specific, but they also imply vigorous competition for the same recovery.

Pricing power is strongest where the vendor owns a validated installed architecture, safety certification, application libraries, and scarce domain expertise. It is weaker in standardized components, greenfield tenders, and price-sensitive OEM channels. Siemens and Rockwell have deep control ecosystems; Emerson, Honeywell, ABB, and Yokogawa have long process installed bases; Mitsubishi and Omron are formidable in Asian machine automation. Schneider's advantage is breadth across energy management, automation, and software, but customers may resist a single-vendor stack. Open standards and interoperable software expand Schneider's addressable market while reducing hard lock-in. The competitive question is therefore whether Schneider can win on lifecycle value rather than dependence.

5. Segment-level moat

The strongest moat is the installed base. A production site accumulates controller logic, safety approvals, operator training, spare parts, integration code, historian data, and maintenance practices around an architecture. Replacing a functioning stack risks downtime and revalidation. This supports repeat purchases, service, upgrades, and software attachment. OEM standardization can compound the effect: once a machine builder designs around a supplier's controls, every shipped machine can pull through additional content.

The second protection is domain and reliability credibility. Industrial customers buy deterministic control, uptime, cybersecurity, and safety—not just software features. Years of application libraries, certifications, and engineering knowledge are difficult for a new entrant to reproduce. A pure software challenger may build a better interface but still need trusted connectivity to physical assets. Conversely, a hardware incumbent without competitive data and software capabilities risks becoming a commodity component supplier. Schneider's combined automation and AVEVA stack gives it a credible bridge between the two.

The third protection is distribution and integration reach. Local product availability, trained integrators, distributors, and service personnel matter when a line is down. Scale supports R&D across hardware, firmware, engineering tools, cybersecurity, and industrial software. It also permits a broad offer across discrete and process/hybrid needs. The economic benefit is lower customer friction and a larger share of lifecycle spend, not an assurance of monopoly pricing.

The moat has meaningful limits. Installed-base switching costs are strongest in brownfield extensions and weakest in a new plant. Large customers can mandate interoperability, retain their own data layer, and dual-source components. AVEVA is intended to be relatively agnostic, which broadens the opportunity but reduces the ability to force proprietary hardware

pull-through. Siemens, Rockwell, Emerson, Honeywell, ABB, Mitsubishi, Omron, and Yokogawa each have their own installed bases and partner ecosystems. Open control, software-defined automation, edge computing, and AI could shift value from proprietary hardware toward applications and data.

The five-to-ten-year durability verdict is **moderate-to-strong, but execution-dependent**. Hardware and control switching costs should remain, because physical risk and qualification matter. The software moat will depend on product integration, customer outcomes, data access, renewal quality, and the ability to innovate without alienating users through forced migration. The current 14.30% margin signals that moat assets have not translated into peak economics. A moat that cannot protect profit through a cycle is narrower than the installed-base narrative suggests. Base-case underwriting therefore assumes margin recovery to 16.8%, not automatic restoration above the FY2022 high.

6. Historical growth rates reproduced from the data package

The one fully dollar-disclosed financial line is the reportable segment. Software including Digital Services has one disclosed euro anchor—EUR2.6bn in FY2022—and no comparable later euro series. AVEVA has ARR growth rates but no ARR euros. No absolute-dollar back-solving is used, because rounded Group-wide business-model shares would create pseudo-precision and cannot be assigned to Industrial Automation [data_package §4, Dollar-disclosed lines table and no-back-solving note].

Product / sub-segment	FY2021 rev	FY2022 rev	FY2023 rev	FY2024 rev	FY2025 rev	FY2022-FY2025 CAGR	Most recent YoY / growth	Data package cite
Industrial Automation reportable segment	6,726 [§3 IA Revenue row, FY2021]	7,734 [§3 IA Revenue row, FY2022]	7,661 [§3 IA Revenue row, FY2023]	7,022 [§3 IA Revenue row, FY2024]	7,022 [§3 IA Revenue row, FY2025]	-3.16% calculated from cited endpoints	7.7% organic in H1 2026 [§3 IA organic growth row, H1 2026]	data_package §3, Industrial Automation table, Revenue and organic-growth rows
Software including Digital Services	Not separately disclosed [§4 row 225]	2,600 [§4 row 225]	Not separately disclosed [§4 row 225]	Not separately disclosed [§4 row 225]	Not separately disclosed [§4 row 225]	Not calculable	Software & Digital Services organic growth 7% in Q2 2026 [§4 row 240]	data_package §4, Dollar-disclosed row 225 and growth-only row 240
AVEVA ARR	ARR euros not disclosed [§10 gap row 347]	ARR euros not disclosed [§10 gap row 347]	ARR euros not disclosed [§10 gap row 347]	ARR euros not disclosed [§10 gap row 347]	ARR euros not disclosed [§10 gap row 347]	Not calculable without ARR euros	11% growth at 2026-06-30 [§0a row 51]	data_package §0a, AVEVA ARR growth row; §10, ARR data-gap row

The segment's reported-euro arithmetic checks are: EUR6,726m × 1.1499 = EUR7,734m; EUR7,734m × 0.9906 = EUR7,661m; EUR7,661m × 0.9166 = EUR7,022m; and EUR7,022m × 1.0000 = EUR7,022m. Each residual is below 0.1%. The official organic growth rates—9.5%, 6.7%, -3.7%, and 3.0% for FY2022-FY2025—do not mechanically tie reported euros because organic growth excludes currency and scope. That is a basis distinction, not a data-package error. The FY2022-FY2025 reported-euro CAGR is -3.16%; the longer FY2021-FY2025 CAGR is 1.09%. H1 2026's 7.7% organic growth is the most recent half-year rate and is not a TTM reported-euro growth calculation.

Margin history is essential context. Adjusted EBITA margins were 18.47%, 18.85%, 17.02%, 14.82%, and 14.16% in FY2021-FY2025, before 13.97% in H1 2026 and 14.30% on the TTM basis [data_package §3, Industrial Automation table, Adjusted EBITA margin row]. The segment has already demonstrated an approximately 19% margin, but the subsequent 488bp decline from FY2022 to H1 2026 shows that peak economics were not cycle-proof.

7. Management guidance from the reviewed data package

Every short quotation below is reproduced from the reviewed package. No transcript was re-fetched for Schneider historicals or management language.

- **Q3 2025 release, Olivier Blum, CEO — "Industrial Automation return to growth."** [data_package §6, Industrial Automation table, row 286] The inflection matters because it ended the contraction narrative, but one quarter does not establish normalized margins or a full-cycle growth rate.

- **FY2025 call, Olivier Blum, CEO — "We did it."** [data_package §6, Industrial Automation table, row 287] Management referred to returning to positive FY growth. The achievement supports credibility on the sales inflection, not on the more difficult 2028 profitability objective.

- **FY2025 call, Hilary Maxson, CFO — "all the levers are there for '26 and beyond."** [data_package §6, Industrial Automation table, row 288] The relevant levers are discrete recovery, AVEVA transition, productivity, cost actions, and

process/hybrid normalization. The model separates those mechanisms rather than treating the statement as a margin forecast.

- **Q1 2026 release, Olivier Blum, CEO — "recovery in Discrete automation continued."** [data_package §6, Industrial Automation table, row 289] This supports positive near-term legacy-automation growth. It also identifies the recovery as short-cycle and therefore vulnerable to channel inventory and macro reversals.

- **H1 2026 call, Nathan Fast, CFO — "process turned positive in Q2."** [data_package §6, Industrial Automation table, row 290] Process and hybrid demand is later-cycle, so positive Q2 growth broadens the recovery. The base case assumes continued contribution but not continuous double-digit project growth.

- **H1 2026 call, Olivier Blum, CEO — "returning back to profitability."** [data_package §6, Industrial Automation table, row 291] The wording confirms that margin restoration is a program, not automatic volume leverage. H1 margin of 13.97% shows the program was incomplete.

- **H1 2026 call, Nathan Fast, CFO — "reach 18% by 2028."** [data_package §6, Industrial Automation table, row 292] This is the decisive margin objective. It requires 370bp from the TTM anchor and roughly 148bp per year on a straight-line basis from mid-2026 to year-end 2028. The base case does not assume it is achieved merely because management stated it.

- **H1 2026 call, Nathan Fast, CFO — "refocusing the Industrial Automation business."** [data_package §6, Industrial Automation table, row 293] Offer rationalization can raise mix and lower complexity, but it may require restructuring, impairments, and lost low-quality revenue. The model gives refocusing a positive medium-term productivity contribution while retaining transition friction.

Group guidance provides a ceiling, not segment guidance. H1 2026 upgraded FY2026 Group organic revenue growth to 10%-13% and organic Adjusted EBITA margin improvement to 70-100bp. The 2025-2030 Group framework is 7%-10% organic revenue CAGR and 250bp cumulative organic Adjusted EBITA margin expansion [data_package §6, paragraph after Industrial Automation table]. Energy Management is currently the larger growth engine, so Industrial Automation's base case remains below the Group's medium-term revenue range.

8. Forward growth assumptions — explicit line diagnostics and year-by-year bridge

The model compounds exactly five years from EUR7,163m at 2026-06-30 to 2031-06-30. Because Schneider does not disclose current euro revenue by legacy automation, AVEVA/software, or digital services, their line CAGRs are **diagnostic assumptions**, not a weighted revenue sum. The auditable segment forecast is built with percentage-point contributions to total annual growth. Each contribution row sums to the exact annual segment growth rate; no hidden product share is required.

Base case growth assumptions

Product / driver	Historical evidence	Latest YoY	Management anchor	Base CAGR / contribution assumption	Justification
Legacy automation	Standalone euros and CAGR not disclosed; total segment FY2022-FY2025 reported CAGR -3.16%	IA 7.7% H1; 11.0% Q2 organic	Discrete recovery continued; process positive in Q2	4.5% diagnostic line CAGR	Recovery normalizes after channel restocking; peer growth is strong but not assumed permanent
AVEVA / industrial software	ARR growth slowed from 19% FY2023 to 11% H1 2026; no ARR euros	AVEVA ARR 11%	Transition and profitability levers are present	7.5% diagnostic line CAGR	Below current ARR growth to allow maturation, on-premise renewal timing, and subscription transition
Digital services / lifecycle	Exact euros and standalone growth not disclosed	Software & Digital Services 7% Q2; broader S&S 6% Q2	Refocusing and lifecycle participation	6.0% diagnostic line CAGR	Installed-base monetization outgrows mature hardware but remains people- and execution-intensive
Industrial Automation total	FY2022-FY2025 reported CAGR -3.16%; FY2021-FY2025 1.09%	7.7% H1; 11.0% Q2 organic	Recovery plus 18% margin goal	5.50% effective five-year CAGR	Year-one recovery fades toward 4.5% as comparison bases normalize

Bear case growth assumptions

Product / driver	Historical evidence	Latest YoY	Management anchor	Bear CAGR / contribution assumption	Justification
Legacy automation	FY2024 revenue contraction and weak FY2022-FY2025 segment CAGR	IA 7.7% H1	Recovery language, not a guarantee	1.0% diagnostic line CAGR	Renewed destocking, weak OEM capex, China/local competition, and project deferrals offset replacement demand
AVEVA / industrial software	ARR growth decelerated to 11%	AVEVA ARR 11%	Turnaround includes AVEVA	4.0% diagnostic line CAGR	Renewal timing, customer migration friction, and stronger industrial-software rivals cap growth
Digital services / lifecycle	No exact euros	Portfolio growth 7% Q2	Refocusing	3.0% diagnostic line CAGR	Services remain resilient but customer budget pressure delays discretionary modernization
Industrial Automation total	Trough years show sharp margin and revenue pressure	7.7% H1	18% target challenged	2.30% effective five-year CAGR	Growth drops to 1% initially and recovers only gradually

Bull case growth assumptions

Product / driver	Historical evidence	Latest YoY	Management anchor	Bull CAGR / contribution assumption	Justification
Legacy automation	Segment has returned to growth; backlog EUR4,022m at FY2025	IA 11.0% Q2 organic	Discrete recovery; process positive	7.0% diagnostic line CAGR	Broad factory, semiconductor, infrastructure, and process investment sustains above-cycle demand
AVEVA / industrial software	ARR still grew 11% at H1 2026	AVEVA ARR 11%	Software and margin levers	11.0% diagnostic line CAGR	Stable double-digit ARR, better cross-sell, and successful subscription transition sustain scale growth
Digital services / lifecycle	Digital portfolio evidence remains growth-positive	Portfolio 7% Q2	Refocusing and lifecycle	8.0% diagnostic line CAGR	Remote operations, modernization, and data-led services deepen installed-base monetization
Industrial Automation total	Q2 acceleration and peer recovery	11.0% Q2 organic	18% by 2028	7.29% effective five-year CAGR	Strong start moderates from 9% to 6%, avoiding a perpetual double-digit extrapolation

Fresh peer evidence calibrates the paths. Siemens Digital Industries delivered 10% comparable growth and 15% software growth in Q3 FY2026; Rockwell's Intelligent Devices and Software & Control grew 10% and 18% organically; Honeywell Industrial Automation grew 4% organically; Emerson's Control Systems & Software grew 7% in Q3 but 2% over nine months. The range validates both a strong near-term recovery and a slower normalized outcome. It does not support a single industry growth rate.

Base case contribution bridge — percentage points of segment growth

Growth contribution	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Legacy automation recovery / end demand	3.5%	3.0%	2.6%	2.2%	1.9%
AVEVA / industrial software	1.5%	1.6%	1.6%	1.6%	1.5%
Digital services / lifecycle	0.7%	0.7%	0.7%	0.7%	0.7%
Price and portfolio mix	0.8%	0.7%	0.6%	0.5%	0.4%
Total segment growth	**6.5%**	**6.0%**	**5.5%**	**5.0%**	**4.5%**

Bear case contribution bridge — percentage points of segment growth

Growth contribution	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Legacy automation cycle / end demand	-0.5%	0.2%	0.8%	1.0%	1.0%
AVEVA / industrial software	0.7%	0.8%	0.9%	1.0%	1.0%
Digital services / lifecycle	0.4%	0.4%	0.4%	0.4%	0.4%
Price and portfolio mix	0.4%	0.6%	0.4%	0.6%	0.6%

Growth contribution	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Total segment growth	**1.0%**	**2.0%**	**2.5%**	**3.0%**	**3.0%**

Bull case contribution bridge — percentage points of segment growth

Growth contribution	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Legacy automation recovery / end demand	5.5%	4.5%	3.8%	3.4%	3.0%
AVEVA / industrial software	2.0%	2.0%	1.8%	1.7%	1.7%
Digital services / lifecycle	0.8%	0.8%	0.8%	0.8%	0.8%
Price and portfolio mix	0.7%	0.7%	0.6%	0.6%	0.5%
Total segment growth	**9.0%**	**8.0%**	**7.0%**	**6.5%**	**6.0%**

The year-by-year shape is deliberate. Base decelerates from the current 11% Q2 rate because Q2 is a quarterly organic comparison, while the model compounds reported euros over five years. Bear assumes a new short-cycle setback before replacement and service demand stabilize the line. Bull begins below the latest quarter and below Rockwell's strongest product growth, then fades to 6%; it requires sustained share, backlog conversion, software cross-sell, and process normalization.

9. Forward Adjusted EBITA margin assumptions

The metric in this section is issuer-defined **Adjusted EBITA**. It is not statutory operating income. No central cost, restructuring, other operating item, purchase-accounting amortization, financial cost, tax, associate result, or NCI is allocated into the segment forecast; those lines belong to the separate statutory synthesis bridge [data_package §3a, forecast-driver schedule].

Case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	Change vs TTM
Bear Adjusted EBITA margin	14.30%	13.90%	13.60%	13.40%	13.40%	13.50%	-80 bps
Base Adjusted EBITA margin	14.30%	15.10%	15.80%	16.20%	16.50%	16.80%	+250 bps
Bull Adjusted EBITA margin	14.30%	16.00%	17.40%	18.60%	18.80%	19.00%	+470 bps

The base case earns 250bp over five years but misses the 18% 2028 objective. The path reaches 15.8% at mid-2028 and roughly 16.0% at year-end 2028, leaving a 200bp gap. It assumes volume recovery, offer refocusing, productivity, and higher software/service mix, partly offset by continuing R&D, cloud, transition, and price/cost friction. Endpoint margin of 16.8% remains below FY2023's 17.02% and well below FY2022's 18.85%, reflecting a conservative view that the business may improve without fully restoring peak mix.

The bull case is the only case that reaches about 18% by year-end 2028: 17.4% at mid-2028 and 18.6% at mid-2029 imply approximately 18.0% at the objective date. It then reaches 19.0% at the horizon, only 15bp above the FY2022 high. This is not an unconstrained software margin. It requires simultaneous volume absorption, successful AVEVA transition, recurring mix, pricing, and productivity, with no major project or integration failure.

The bear case falls initially as price/cost, weak volume, channel adjustment, and transition spending outweigh modest software and service resilience. It bottoms at 13.4% and recovers only to 13.5%, still 80bp below TTM. This is not a collapse case: installed-base demand and cost action keep Adjusted EBITA positive. It is a failed-turnaround case in which recovery revenue does not convert to quality profit.

Endpoint margin lever bridge

Margin lever vs 14.30% TTM	Bear bps	Base bps	Bull bps	Mechanism
Legacy automation volume, utilization, and mix	-50	+70	+120	Plant absorption and mix improve with volume; reverse under renewed destocking
AVEVA / software mix and subscription economics	+40	+70	+110	Recurring mix and scale help; transition and renewal timing limit the benefit

Margin lever vs 14.30% TTM	Bear bps	Base bps	Bull bps	Mechanism
Digital services / lifecycle mix	+20	+30	+40	Installed-base monetization adds resilience but remains delivery-intensive
Productivity and offer refocusing	+30	+100	+160	Complexity reduction, footprint, sourcing, and commercial discipline
Price, input cost, tariffs, and project execution	-70	-10	+40	Bear loses price/cost; bull combines pricing with strong project selection
Reinvestment and transition friction	-50	-10	0	R&D, cloud, integration, and restructuring offset gross gains
Net endpoint change	**-80**	**+250**	**+470**	Arithmetic sum of explicit levers

Product-level margins are not shown because Schneider does not disclose them. A revenue-weighted product margin would require both product revenues and product margins, neither of which exists in the reviewed package. The basis-point bridge is the finest auditable alternative: it tells the reader exactly what must change without manufacturing an AVEVA margin or a legacy-automation weight.

10. Segment rollup — bottom-up arithmetic

Revenue is rolled forward from the exact TTM anchor using the annual segment growth rates that equal the sum of the contribution lines in Section 8. Adjusted EBITA equals each year's segment revenue multiplied by the Section 9 margin. The five multipliers cover exactly five calendar years; no FY2025-to-FY2031 six-year stretch is embedded.

Case	TTM revenue	2027 revenue	2028 revenue	2029 revenue	2030 revenue	2031 revenue	Five-year effective CAGR
Bear	7,163.0	7,234.6	7,379.3	7,563.8	7,790.7	8,024.4	2.30%
Base	7,163.0	7,628.6	8,086.3	8,531.1	8,957.6	9,360.7	5.50%
Bull	7,163.0	7,807.7	8,432.3	9,022.5	9,609.0	10,185.5	7.29%

Case	Five annual growth multipliers	TTM+5y revenue	Exact profit metric	TTM+5y margin	TTM+5y profit	Reconciliation residual
Bear	1.010 × 1.020 × 1.025 × 1.030 × 1.030	8,024.4	Adjusted EBITA	13.50%	1,083.3	0.00%
Base	1.065 × 1.060 × 1.055 × 1.050 × 1.045	9,360.7	Adjusted EBITA	16.80%	1,572.6	0.00%
Bull	1.090 × 1.080 × 1.070 × 1.065 × 1.060	10,185.5	Adjusted EBITA	19.00%	1,935.3	0.00%

The explicit checks are: Bear revenue equals EUR7,163.0m × 1.120263 = EUR8,024.4m, and profit equals EUR8,024.4m × 13.50% = EUR1,083.3m. Base revenue equals EUR7,163.0m × 1.306813 = EUR9,360.7m, and profit equals EUR9,360.7m × 16.80% = EUR1,572.6m. Bull revenue equals EUR7,163.0m × 1.421967 = EUR10,185.5m, and profit equals EUR10,185.5m × 19.00% = EUR1,935.3m. Rounding residuals are below EUR0.1m.

The 30%/50%/20% diagnostic weighting produces probability-weighted terminal revenue of EUR9,124.8m and probability-weighted terminal Adjusted EBITA of EUR1,498.3m. The ratio of those weighted outcomes is 16.42%; it is not a separate scenario margin and should not replace the three cases. The asymmetric weights recognize that recovery evidence is real while the 18% execution burden remains high.

The revenue model is bottom-up at the finest source-bound level. Each scenario's four contribution rows sum to the annual growth rate, the five annual rates compound the disclosed segment revenue, and the margin lever rows sum to the terminal margin movement. What it does not do is more important: it does not assign euros to legacy automation, AVEVA, or services; it does not infer ARR euros; and it does not allocate corporate or statutory adjustments into segment profit.

11. Key risks and wildcards

[Bear] A second short-cycle inventory correction. Q2 2026 growth may reflect channel refill and easy comparisons after a downturn. If OEM orders weaken or distributors rebuild too far, legacy automation can return to contraction quickly. The leading evidence would be order growth falling below sales, renewed distributor inventory commentary, and discrete demand weakening before process backlog converts.

[Bear] The 18% program fails on conversion rather than growth. The segment can grow while mix, inflation, tariffs, cloud costs, restructuring, and low-quality projects prevent margin expansion. The clearest warning is organic growth above mid-single digits with H1/FY Adjusted EBITA margin remaining below 15.5% through 2027. That would directly challenge the base lever bridge.

[Bear] AVEVA transition and renewal timing. ARR growth has already slowed to 11%, and a large on-premise renewal helped FY2025. A weaker renewal cohort, difficult subscription migration, or poor integration could reduce both revenue visibility and margin. Because ARR euros, NRR, and RPO are undisclosed, investors may see the deterioration late.

[Bear] Competitor ecosystems and local Chinese vendors. Siemens and Rockwell show strong current automation growth, while Mitsubishi's factory-automation orders improved sharply. Those firms can capture the same cycle. Local competitors may price aggressively and respond faster to China-specific standards or OEM needs. Schneider's broad portfolio does not ensure share gain.

[Bear] Open architecture commoditizes hardware. Interoperability, edge computing, software-defined control, and AI can move value away from proprietary controllers. Open systems expand Schneider's software opportunity but may weaken hardware lock-in. The risk is greatest if AVEVA remains insufficiently differentiated while control hardware becomes more substitutable.

[Base] Process and hybrid conversion is delayed. Process turned positive in Q2, but large projects can slip. The base case assumes a gradual contribution, not an immediate boom. A delay would reduce absorption and keep the mix dependent on discrete recovery.

[Base/Bull] Refocusing improves quality but reduces reported revenue. Disposing or exiting lower-quality offers can raise margin while lowering the revenue path. The scenario bridge treats productivity as a margin lever and does not assume portfolio exits are free. Future scope changes must be separated from organic performance.

[Bull] Industrial AI and digital-twin adoption accelerates. If AVEVA can attach software and data services across Schneider's automation and energy installed base, recurring growth could remain near double digits and improve mix. The evidence needed is sustained ARR growth, better recurring mix, disclosed cross-sell wins, and segment margin progression—not marketing activity alone.

[Bull] Broad-based capex cycle. Semiconductor, life sciences, data centers, logistics, factory reshoring, utilities, and process electrification can support both discrete and process demand. Current Siemens, Rockwell, Emerson, ABB, Honeywell, and Mitsubishi results show multiple pockets of strength. A synchronized cycle would strengthen volume leverage and pricing.

[All cases] Cybersecurity and reliability. A material vulnerability in controllers, engineering software, or connected services could impose remediation cost and damage trust. Conversely, strong security and lifecycle support reinforce switching costs. The model assumes normal remediation expense, not a major incident.

[All cases] Disclosure limits. The absence of product euros, software margin, ARR euros, NRR, RPO, and segment capex makes the margin bridge less observable than the revenue total. Monitoring must therefore focus on disclosed segment revenue, Adjusted EBITA margin, backlog, AVEVA ARR growth, and management's 2028 checkpoint. `[DATA GAP: Current euro revenue and profit by legacy automation, AVEVA/software, and digital services are not separately disclosed.]` `[DATA GAP: AVEVA ARR euros, NRR, RPO, billings, customer count, churn, and software gross margin are not disclosed.]`

Segment summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR8,024.4m	Adjusted EBITA	13.50%	EUR1,083.3m	30%
Base	EUR9,360.7m	Adjusted EBITA	16.80%	EUR1,572.6m	50%
Bull	EUR10,185.5m	Adjusted EBITA	19.00%	EUR1,935.3m	20%

The central judgment is that Industrial Automation has a credible cyclical recovery and a defensible installed-base moat, but the margin evidence is still weak. Revenue acceleration, peer recovery, backlog, and double-digit AVEVA ARR growth support positive five-year growth. Against that, the 14.30% TTM Adjusted EBITA margin sits 370bp below the 2028 objective and almost 460bp below FY2022. The base case grants substantial operating repair to 16.8% while withholding the full target.

The bull case requires the target to be reached on time; the bear case shows that positive revenue alone does not guarantee profit quality.

Schneider Electric SE — Synthesis (Combined Earnings Model)

Run ID: `pulse-cio-20260910T220450+0800` **Company / listing:** Schneider Electric SE / XPAR:SU ordinary share
Model boundary: mechanical post-DR consolidation of the reviewed segment forecasts through the sealed statutory bridge. No live research, historical reclassification, balancing plug, trade instruction, ranking, or position sizing is used or authorized.

1. Anchors and sealed controls

- Today and information cutoff: **2026-09-10**, Asia/Singapore.
- Fiscal year end: **December 31**.
- Latest completed fiscal year used only for historical tie-out: **FY2025**.
- TTM anchor: **2026-06-30**, constructed as FY2025 minus H1 2025 plus H1 2026. The component periods are complete, like-for-like six-month periods and do not overlap.
- Valuation horizon: **2031-06-30**, exactly **5.0 calendar years** after the TTM end. No forecast row compounds FY2025 to 2031 or uses a six-year span.
- Sole valuation price: **EUR 289.70** per XPAR:SU Schneider Electric SE ordinary share, raw exchange close for the completed **2026-09-09** session. The actionability expiry is **2026-09-10T23:40:00+08:00**.
- Raw quote evidence SHA-256: `69b09e2f161f0601efd38d21b24d60127a5f034d86429002a5c04de7c604831a`.
- QFR-sealed quote-packet SHA-256: `680b232e1d13fccc1b5f37d60979e671a27b1fa116569bdc459539e6586d79ef`. The strict validator returned `QUOTE_PACKET_VALID` at **2026-09-10T22:53:36+08:00**, before expiry, and the independently recomputed exact-byte hash matched.
- Reporting and quote currencies are both **EUR**. The listed security unit and financial-statement share unit are the same ordinary share; this is not a depositary receipt and there is no dual-listing conversion in the model.
- Quote-date split bridge: **569,336,384** financial-statement diluted shares dated 2026-06-30 × **1.000000** split factor = **569,336,384** quote-basis diluted financial shares. The packet records no intervening split through the quote session. The split/unit evidence hash is `120fe6d8e1325c6456684116792b4bf2f7121017b3f4b438dc8ab624731d4c6a`.
- Listed-unit bridge: **1.000000** depositary ratio × **1.000000** share-class factor = **1.000000 financial share per listed unit**; 569,336,384 quote-basis financial shares ÷ 1.000000 = 569,336,384 listed-unit equivalents.
- FX bridge: **1.000000 EUR quote currency per EUR reporting currency**, dated 2026-09-09, because the currencies are identical.
- Historical statutory-bridge SHA-256: `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`. The validator returned `STATUTORY_BRIDGE_VALID`, the exact-byte hash matched, all five residuals are zero for FY2025 and TTM, and `gate_manifest.json` records `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING`.
- Distribution anchor: Schneider paid the FY2025 ordinary dividend of **EUR4.20 per share** in H1 2026. The official H1 2026 accounts, Note 12.1, report EUR2,363m paid and are archived at `raw/pulse-cio-20260828T180329+0800/a/official_h1_2026_accounts.txt`, SHA-256 `29c597d652e30148b2ee054c9119a2125cad22e4d44a16fe4930b540b5b78bd0`. The official 2025 universal registration document, Note 20.3, supplies the same EUR4.20-per-share anchor and is archived at `raw/pulse-cio-20260828T180329+0800/a/official_2025_urd.txt`, SHA-256 `8614ea3d361a81d7308757bc55af87ad9dee779564963afce3523aae4d53ceeb`.

Schneider is an industrial technology issuer, not a P&C insurer or reinsurer. The insurer lane is **NOT TRIGGERED — issuer is not a P&C insurer or reinsurer**; no `insurer_return_bridge.json` is created.

2. Segment-level forward assumptions

The source-controlled common profit metric is issuer-defined **Adjusted EBITA**. It is not statutory operating income. The values below reproduce the reviewed segment appendices rather than re-derive their product assumptions. Amounts are EUR billions; source appendices calculate in EUR millions and display one-decimal-million precision.

Segment	Exact profit metric	TTM revenue	Bear TTM+5y revenue	Base TTM+5y revenue	Bull TTM+5y revenue	Bear margin	Base margin	Bull margin
Energy Management	Adjusted EBITA	34.8790	42.4160	52.4765	59.2607	20.50%	23.30%	24.50%
Industrial Automation	Adjusted EBITA	7.1630	8.0244	9.3607	10.1855	13.50%	16.80%	19.00%

Energy Management comes from `appendix_B_energy_management.md` Sections 8–10: its five annual revenue paths are 2.0%/3.0%/4.0%/5.0%/6.0% in Bear, 10.5%/9.3%/8.3%/7.6%/6.9% in Base, and 14.0%/12.5%/11.0%/10.0%/8.5% in Bull. Those sequences compound the EUR34,879.0m TTM anchor to the displayed endpoints. Its margin scenarios preserve the reviewed distinction between Systems-led mix pressure and longer-run productivity, digital attach, services density, and factory absorption.

Industrial Automation comes from `appendix_B_industrial_automation.md` Sections 8–10: its annual paths are 1.0%/2.0%/2.5%/3.0%/3.0% in Bear, 6.5%/6.0%/5.5%/5.0%/4.5% in Base, and 9.0%/8.0%/7.0%/6.5%/6.0% in Bull. Its Base margin recovers from 14.30% TTM to 16.80%, still below the stated 18% 2028 ambition; only Bull reaches roughly 18% by the objective date and 19.00% at the horizon.

The appendices do not disclose additive product euros or product margins. Their product and driver lines are diagnostics governing scenario selection, while the reportable segment is the finest source-bound financial level. That boundary prevents false product precision and is carried into the rollup and tie-outs below.

3. Combined revenue build

Central functions carry no revenue in the reviewed package, and neither the sealed statutory bridge nor the reviewed segment appendices contains a revenue elimination. Combined revenue therefore equals the two reportable segments without a plug.

Line, EURbn except growth	Bear	Base	Bull
Energy Management TTM+5y revenue	42.4160	52.4765	59.2607
Industrial Automation TTM+5y revenue	8.0244	9.3607	10.1855
Sum of segment TTM+5y revenue	50.4404	61.8372	69.4462
Corporate eliminations	0.0000	0.0000	0.0000
Combined TTM+5y revenue	**50.4404**	**61.8372**	**69.4462**
Implied TTM 2026-06-30 to TTM+5y 2031-06-30 CAGR	3.7096%	8.0223%	10.5587%

The CAGR denominator is the exact combined TTM revenue of EUR42.042bn. The Base endpoint is 47.1% above TTM and compounds at 8.0223% over exactly five years. Its combined growth is lower than Energy Management’s 8.5126% because Industrial Automation grows at 5.50% and remains the smaller segment. The Bull case requires both strong electrification/data-centre conversion and a sustained automation recovery; the Bear case still grows because Energy Management’s physical demand and service/installed-base elements offset cyclical pressure.

4. Combined operating-income build

The segment profits below are reproduced at the reviewed appendix precision. The central-cost and operating-adjustment lines then preserve the exact sealed bridge ordering: reportable-segment Adjusted EBITA, central costs, consolidated Adjusted EBITA, other operating income and expenses, restructuring, acquisition-accounting intangible amortization/impairment, and statutory operating income. None of these costs is allocated back into a segment.

Line, EURbn	Bear	Base	Bull
Energy Management Adjusted EBITA	8.6953	12.2270	14.5189
Industrial Automation Adjusted EBITA	1.0833	1.5726	1.9353

Line, EURbn	Bear	Base	Bull
Sum of segment Adjusted EBITA	9.7786	13.7996	16.4542
Central Functions and Digital Costs / Central costs	(0.907927)	(0.989395)	(1.041693)
Consolidated Adjusted EBITA	8.870673	12.810205	15.412507
Other operating income and expenses	(0.300000)	(0.150000)	(0.120000)
Restructuring costs	(0.300000)	(0.150000)	(0.100000)
Amortization and impairment of purchase-accounting intangibles	(0.550000)	(0.500000)	(0.450000)
Total operating bridge adjustments	(1.150000)	(0.800000)	(0.670000)
Combined statutory TTM+5y operating income	**7.720673**	**12.010205**	**14.742507**
Implied statutory OI margin	15.3065%	19.4223%	21.2287%

4.1 Forecast-driver rules

Bridge line	TTM anchor	Bear rule	Base rule	Bull rule	Source-bound rationale
Central Functions and Digital Costs / Central costs	(0.701)	1.80% of revenue	1.60% of revenue	1.50% of revenue	`data_package.md` Section 3a gives FY2025 1.77%, TTM 1.67%, H1 2026 1.72%; Bear holds near 1.8%, Base allows modest leverage, Bull faster scaling, never zero
Other operating income and expenses	(0.233)	(0.300) fixed/event burden	(0.150) normalized burden	(0.120) normal M&A/integration burden	Section 3a says H1 2026 included a EUR128m development impairment; normalization is permitted but an immediate zero is not
Restructuring costs	(0.351)	(0.300) slower unwind	(0.150) normalized envelope	(0.100) faster delivery	Section 3a cites the FY2025–2027 incremental program and normal EUR100m–EUR150m envelope
Purchase-accounting intangible amortization/impairment	(0.430)	(0.550) acquisition burden	(0.500) known schedule and completed deals	(0.450) existing burden retained	Section 3a requires the AVEVA/SEIPL/Motivair perimeter and acquisition burden to remain; no scenario omits it

These are explicit scenario assumptions selected within the reviewed driver ledger, not historical reclassifications. Bear carries EUR1.150bn of operating adjustments, Base EUR0.800bn, and Bull EUR0.670bn. The Base statutory OI margin rises 256 basis points from the 16.86% TTM anchor. That is demanding but internally consistent with the segment mix: Energy Management reaches 23.30%, Automation reaches 16.80%, and central-cost leverage plus normalization of unusual operating burdens helps the statutory conversion.

5. Net income and EPS build

Net financial loss is the only sealed pretax line after statutory operating income. Associate profit/loss and associate impairment stay after tax exactly where Schneider presents them; moving them above pretax would violate the statutory packet. NCI remains a separate post-tax deduction.

Line, EURbn except rates and per-share data	Bear	Base	Bull
Combined statutory TTM+5y OI	7.720673	12.010205	14.742507
Net financial income / loss	(0.800000)	(0.650000)	(0.450000)
Other pretax income	0.000000	0.000000	0.000000
Pretax income	**6.920673**	**11.360205**	**14.292507**
Tax rate assumed	25.00%	24.00%	23.00%
Income tax expense	(1.730168)	(2.726449)	(3.287277)
Share of associate profit / loss, after tax	(0.025000)	0.015000	0.025000

Line, EURbn except rates and per-share data	Bear	Base	Bull
Associate-investment impairment, after tax	(0.150000)	0.000000	0.000000
Profit attributable to NCI	(0.200000)	(0.160000)	(0.150000)
Parent net income before if-converted add-back	**4.815505**	**8.488756**	**10.880230**
2030 OCEANE after-tax coupon add-back	0.000000	0.000584	0.000592
2031 OCEANE after-tax coupon add-back	0.000000	0.009263	0.009384
2033 OCEANE after-tax coupon add-back	0.000000	0.007125	0.007219
2034 OCEANE after-tax coupon add-back	0.000000	0.000000	0.001636
Diluted-EPS numerator after if-converted add-back	**4.815505**	**8.505727**	**10.899061**
Quote-basis diluted financial shares at TTM+5y, millions	570.836384	575.774530	578.012250
EPS in reporting currency per quote-basis financial share	8.435875	14.772670	18.856108
Financial shares per listed unit	1.000000	1.000000	1.000000
EPS in reporting currency per listed unit	8.435875	14.772670	18.856108
FX, quote currency per reporting currency	1.000000	1.000000	1.000000
EPS in quote currency per listed unit	**EUR 8.435875**	**EUR 14.772670**	**EUR 18.856108**

The below-line rules follow `data_package.md` Section 3a. Bear increases net financial loss to EUR800m for higher debt/rates and acquisition financing, Base uses EUR650m for the current financing burden, and Bull reduces it to EUR450m through faster deleveraging. Tax is 25%/24%/23%, the exact scenario schedule given upstream. Associate results are negative EUR25m, positive EUR15m, and positive EUR25m; the event impairment is EUR150m only in Bear because the package permits renewed impairment there and states zero prospectively in Base/Bull after the documented H1 absence. NCI is EUR200m/EUR160m/EUR150m, retaining rather than erasing the leakage. These amounts are analytical scenario paths tied to the upstream directions, with no residual used to target EPS.

The statutory parent-NI rows remain unchanged. The if-converted diluted-EPS numerator adds back only the source-quantified after-tax cash coupon of a conversion-triggered OCEANE. Base adds EUR0.583908m for the residual 2030 instrument, EUR9.262500m for the 2031 instrument, and EUR7.125000m for the 2033 instrument, for EUR16.971408m in total. Bull adds EUR0.591591m, EUR9.384375m, EUR7.218750m, and EUR1.636250m for the 2030, 2031, 2033, and 2034 instruments, respectively, for EUR18.830966m in total. The official accounts disclose effective-interest amortization but do not quantify a terminal annual amount; it remains conservatively inside modeled net financial loss rather than being estimated or added back. No add-back occurs in Bear, and no coupon is reversed twice.

The unit arithmetic is explicit in every case:

`EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE = NI_REPORTING / QUOTE_BASIS_DILUTED_FINANCIAL_SHARES`

`EPS_QUOTE_PER_LISTED_UNIT = EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE × 1.000000 × 1.000000`

For Base, the diluted-EPS numerator is EUR8,488.755648m + EUR16.971408m = EUR8,505.727056m. Dividing by 575.7745295m diluted quote-basis shares gives EUR14.772669891 per financial share; multiplying by 1.000000 financial share per listed unit and 1.000000 FX reproduces EUR14.772669891 per listed unit.

5a. Return-method input bridge

This section supplies what is source-bound for a later return-method decision. It does not select a method. The lack of a source-bound terminal capital-structure roll-forward means EV/NOPAT cannot control; it does not prevent use of the fully reconciled EPS/P-E method.

Input, EURbn except shares	Bear	Base	Bull	Source / status
Statutory operating income	7.720673	12.010205	14.742507	Section 4 mechanical bridge
Normalized cash tax rate	25.00%	24.00%	23.00%	Reviewed Section 3a schedule
Normalized NOPAT	5.790505	9.127756	11.351730	OI × one minus tax rate
Terminal cash	Unavailable	Unavailable	Unavailable	H1 2026 anchor EUR4.518bn exists, but no source-bound terminal deployment path
Terminal gross financial liabilities	Unavailable	Unavailable	Unavailable	H1 2026 anchor EUR19.390bn exists, but acquisitions and July financing prevent a sealed terminal path
Terminal lease liabilities	Unavailable	Unavailable	Unavailable	Not separately disclosed in the reviewed package
Terminal preferred equity	Unavailable	Unavailable	Unavailable	No separate source-bound forward preferred-equity schedule
Terminal minority interest / NCI claim	Unavailable	Unavailable	Unavailable	Income leakage is modeled, but no terminal balance-sheet claim path is sealed
Other senior claims	Unavailable	Unavailable	Unavailable	H1 net debt including NCI commitments is EUR15.360bn, but no terminal schedule exists
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	No source-bound separate valuation or terminal path
Diluted listed-equivalent shares, millions	570.836384	575.774530	578.012250	Section 6; WESOP plus scenario-triggered OCEANE dilution; packet factors all equal one

No residual net-debt plug is created. The H1 2026 cash, gross-liability, and net-debt anchors are preserved as context, while Cognite, AiDASH, the July 2026 EMTN, future disposal proceeds, and future cash generation are not forced into an unsupported terminal balance sheet.

6. Share-count path

The immutable packet's 569.336384m quote-basis diluted financial shares dated 2026-06-30 start the path. That count is a diluted weighted-average financial-statement denominator, not an ADR count and not a fully updated point-in-time count. On **2026-07-09**, after the packet's share-basis date, Schneider issued **1.500000m ordinary shares** under WESOP, increasing equity by EUR307m net of issuance fees. The ordinary-share, split, class and depositary factors are all one, so 1.500000m financial shares equal exactly 1.500000m quote-basis shares and listed units. The EUR79m H1 IFRS 2 expense was already recognized in earnings; the issuance changes the denominator and equity but creates no terminal income add-back.

The package also discloses a EUR2.5bn–EUR3.5bn buyback authorization through 2030 and a EUR600m 2026 mandate, but no binding annual retirement schedule, forward purchase prices, or reliable gross-award issuance path. Historical diluted weighted-average shares rose from 564.682m in FY2021 to 570.516m in FY2025 despite buybacks. The model therefore credits no further net retirement after the known WESOP issuance. This is conservative for EPS and does not assert that gross repurchases are zero.

Year ending June 30	Starting quote-basis financial shares, m	Buyback cash modeled, EURbn	Average purchase price	Shares retired, m	SBC / dilution issuance, m	Ending quote-basis financial shares, m
2026-07-09 WESOP event	569.336384	n/a	EUR210.45 issue price	0.000000	1.500000 known issuance	570.836384
2027	570.836384	0.000000 net-retirement credit	Unavailable	0.000000	0.000000 uncredited awards	570.836384
2028	570.836384	0.000000 net-retirement credit	Unavailable	0.000000	0.000000 uncredited awards	570.836384
2029	570.836384	0.000000 net-retirement credit	Unavailable	0.000000	0.000000 uncredited awards	570.836384
2030-06-30	570.836384	0.000000 net-retirement credit	Unavailable	0.000000	0.000000 uncredited awards	570.836384
2031-06-30 before OCEANE test	570.836384	0.000000 net-retirement credit	Unavailable	0.000000	0.000000 uncredited awards	570.836384

6.1 OCEANE inventory and source binding

The four instruments routed by VP are inventoried below. The 2030, 2031, and 2033 terms come from the official 2025 universal registration document, SHA-256 `8614ea3d361a81d7308757bc55af87ad9dee779564963afce3523aae4d53ceeb`; the H1 2026 repurchase, 2034 terms, and WESOP event come from the official H1 accounts, SHA-256 `29c597d652e30148b2ee054c9119a2125cad22e4d44a16fe4930b540b5b78bd0`. VP evidence manifest SHA-256 is `64ba9a06cf62f9aff50a4b3092095c4650a8b0e093b3beff5b96e2b6dccaa67e`.

Instrument	Principal and outstanding status	Coupon / annual cash interest	Maturity	Conversion / exchange ratio	Conversion price	Full conversion shares
Residual 2030 OCEANE	EUR650m original; approximately EUR611m principal repurchased and cancelled; approximately EUR39m principal / EUR36m carrying amount remains	1.97%; approximately EUR0.7683m on residual principal	November 2030	426.66 original; adjusted to 440.95 shares per EUR100,000 bond in May 2025	EUR226.783082 implied after adjustment; EUR234.38 original	Approximately 171,970.5 shares / 0.1719705m
2031 OCEANE	EUR750m principal; 7,500 EUR100,000 bonds; EUR679m debt component and EUR84m option component at FY2025	1.625%; EUR12.1875m annual cash coupon	June 2031	321.48 initial; adjusted to 323.51 shares per EUR100,000 bond in May 2025	EUR309.109456 ratio-implied after adjustment	2,426,325 shares / 2.426325m
2033 OCEANE	EUR750m principal; 7,500 EUR100,000 bonds; EUR638m debt component and EUR109m option component at FY2025	1.25%; EUR9.375m annual cash coupon	September 2033	311.98 shares per EUR100,000 bond	EUR320.54 disclosed; EUR320.533367 ratio-implied	2,339,850 shares / 2.339850m
2034 OCEANE	EUR850m principal; 8,500 EUR100,000 bonds; EUR649m debt component and EUR195m option component at H1 2026	0.25%; EUR2.125m annual cash coupon; effective-interest amortization disclosed but not separately quantified	September 2034	263.2612 shares per EUR100,000 bond	EUR379.85 disclosed; EUR379.850886 ratio-implied	2,237,720.2 shares / 2.2377202m

No conversion cash proceeds are added: conversion exchanges or settles the existing claim. The residual 2030 share count is necessarily approximate because the issuer discloses the repurchased and residual principal in rounded millions, but it is source-bound and far below one basis point of the diluted denominator. The 2031, 2033, and 2034 share counts use the disclosed bond counts and conversion ratios; the ratio-based share counts control over rounded disclosed conversion prices.

6.2 Scenario-consistent conversion test

VP locks PE as the primary method and 18x/24x/30x terminal multiples only for Bear/Base/Bull. They are used here solely to test economic conversion; the P/E 15 entry gate remains separate. The test begins with 570.836384m post-WESOP shares and the unadjusted statutory NI. After applying triggered dilution and the source-quantified after-tax coupon add-back, the final price is rechecked against every conversion price to eliminate circularity. At the 2031-06-30 horizon, the June 2031 OCEANE is either converted or repaid according to the same economic trigger; the later-maturity 2033 and 2034 instruments remain debt if not converted.

Case	Locked PE	Preliminary terminal value	2030 treatment	2031 / 2033 treatment	2034 treatment	After-tax coupon add-back, EURm	Final diluted shares, m	Final terminal PE value	Trigger check
Bear	18x	EUR151.845757	Below EUR226.783082; no conversion; repaid at November 2030 maturity	Below EUR309.109456 and EUR320.533367; 2031 repaid at June 2031 maturity; 2033 remains debt	Below EUR379.85; remains debt	0.000000	570.8363840	EUR151.845757	All four below trigger
Base	24x	EUR356.897600	Above EUR226.783082; 0.1719705m shares added	Above both prices; 2.426325m plus 2.339850m shares added	Below EUR379.85; remains debt	16.971408	575.7745295	EUR354.544077	2030/2031/2033 convert; 2034 does not

Case	Locked PE	Preliminary terminal value	2030 treatment	2031 / 2033 treatment	2034 treatment	After-tax coupon add-back, EURm	Final diluted shares, m	Final terminal PE value	Trigger check
Bull	30x	EUR571.804673	Above EUR226.783082; 0.1719705m shares added	Above both prices; 2.426325m plus 2.339850m shares added	Above EUR379.85; 2.2377202m shares added	18.830966	578.0122497	EUR565.683237	All four convert; final value remains above every trigger

Bear's residual 2030 principal and the June 2031 OCEANE are repaid at maturity and produce no shares, no invented proceeds, and no P/E debt adjustment; the 2033 and 2034 OCEANEs remain debt. Their interest remains inside net financial loss and is not added back. Base and Bull assume conversion of the 2030, 2031, and 2033 instruments instead of repayment or continued debt treatment, add their shares, and reverse the source-quantified after-tax cash coupons once. The 2034 OCEANE stays debt in Bear/Base; Bull applies its if-converted shares and one EUR1.636250m after-tax coupon add-back. Unquantified effective-interest amortization remains inside financing cost in every case, a conservative treatment rather than an invented add-back.

The final share reconciliation is: Bear 569.336384 + 1.500000 = **570.8363840m**; Base 569.336384 + 1.500000 + approximately 0.1719705 + 2.426325 + 2.339850 = **575.7745295m**; Bull adds the same Base dilution plus 2.2377202m for the 2034 OCEANE, reaching **578.0122497m**.

7. P/E 15 test

Required EPS at the sealed EUR289.70 price is **EUR19.313333 per listed unit**. Cushion equals `(EPS × 15 − 289.70) / 289.70`. The Base case controls the binary gate. The refreshed reported-current P/E diagnostic is **34.9863x**, calculated as EUR289.70 divided by TTM statutory diluted EPS of EUR8.280379067 on the same XPAR:SU ordinary-share and EUR basis; this entry diagnostic does not select or alter any terminal exit multiple.

Case	EPS, EUR per listed unit at TTM+5y	EPS × 15	Quote-packet price	Cushion	Pass?
Bear	8.435875	126.538131	289.70	-56.3210%	FAIL
Base	14.772670	221.590048	289.70	-23.5105%	FAIL
Bull	18.856108	282.841619	289.70	-2.3674%	FAIL

P/E 15 gate: FAIL — cushion -23.51%. Even Bull falls short after conversion-consistent dilution. The Base case's 15× value is EUR68.109952 below the immutable packet price on the same ordinary-share and EUR basis. A stronger Bull does not override the Base failure.

7.1 Conservative distribution path and terminal shareholder wealth

The source package establishes an actual FY2025 ordinary dividend of EUR4.20 per share but does not support a forward dividend-growth rate. The conservative diagnostic therefore holds the annual dividend flat at **EUR4.20 per listed ordinary share** in Bear, Base, and Bull for each of the five annual periods from 2026-06-30 to 2031-06-30. This is a source-bound distribution convention, not a forecast that Schneider will grow—or necessarily maintain—its dividend. It gives no credit to the issuer's historical progressive-dividend record beyond the last paid amount.

Annual period ending	Bear DPS	Base DPS	Bull DPS	Cumulative DPS through period
2027-06-30	EUR4.20	EUR4.20	EUR4.20	EUR4.20
2028-06-30	EUR4.20	EUR4.20	EUR4.20	EUR8.40
2029-06-30	EUR4.20	EUR4.20	EUR4.20	EUR12.60
2030-06-30	EUR4.20	EUR4.20	EUR4.20	EUR16.80
2031-06-30	EUR4.20	EUR4.20	EUR4.20	**EUR21.00**

Terminal shareholder wealth is defined as `terminal share value under the frozen PE method + cumulative cash distributions per starting listed share`. The terminal share value remains `terminal EPS × locked exit P/E`; it is not changed by the distribution diagnostic. Dividends are distributions of equity, not income-statement expenses, so they do not reduce modeled NI or EPS. Conversely, no dividend is embedded in terminal share value, no terminal cash or debt adjustment is made, and the EUR21.00 is added exactly once. This preserves the PE method and

avoids both earnings double counting and an invented balance-sheet plug.

Case	Probability	Terminal diluted shares, m	Terminal EPS	Locked exit P/E	Terminal share value	Five-year dividends	Terminal shareholder wealth
Bear	30%	570.8363840	EUR8.435875384	18x	EUR151.845756910	EUR21.00	**EUR172.845756910**
Base	50%	575.7745295	EUR14.772669891	24x	EUR354.544077386	EUR21.00	**EUR375.544077386**
Bull	20%	578.0122497	EUR18.856107914	30x	EUR565.683237422	EUR21.00	**EUR586.683237422**
Probability-weighted diagnostic	100%	n/a	n/a	n/a	EUR335.962413250	EUR21.00	**EUR356.962413250**

The probability-weighted terminal share value is 30% × EUR151.845756910 + 50% × EUR354.544077386 + 20% × EUR565.683237422 = EUR335.962413250. Adding the common EUR21.00 cumulative distribution produces EUR356.962413250 of probability-weighted terminal shareholder wealth. These are inputs for the downstream VP/CS return bridge; S does not calculate an IRR, score, verdict, trade, rank, or position size.

8. Reflexivity and historical-anchor checks

The TTM revenue reflexivity check is exact: EUR34.879bn Energy Management + EUR7.163bn Industrial Automation = EUR42.042bn consolidated revenue, a 0.000% residual. The sealed Adjusted EBITA-to-statutory-OI check is also exact: EUR7.780bn + EUR1.024bn – EUR0.701bn – EUR0.233bn – EUR0.351bn – EUR0.430bn = EUR7.089bn statutory operating income. Both are inside the packet tolerance and the broader ±2% requirement.

FY2025 provides an independent sanity check, not the compounding base: EUR33.130bn + EUR7.022bn = EUR40.152bn revenue; EUR7.235bn + EUR0.994bn – EUR0.709bn – EUR0.077bn – EUR0.287bn – EUR0.457bn = EUR6.699bn statutory operating income. Below line, EUR6.699bn – EUR0.519bn = EUR6.180bn pretax; then EUR6.180bn – EUR1.455bn + EUR0.014bn – EUR0.388bn – EUR0.188bn = EUR4.163bn parent NI. No associate line is moved ahead of pretax.

The Base first-forward-year revenue is EUR38.5413bn Energy Management + EUR7.6286bn Industrial Automation = EUR46.1699bn, or **9.8185%** above the EUR42.042bn TTM run-rate. This is within the 10% recency band. It is also below current quarter/half-year organic momentum and consistent with a near-term deceleration from the upgraded 10%–13% Group guide rather than an unexplained step-up.

9. Latest interim bridge reconciliation

The cumulative interim method is triggered. The like-for-like formula is latest completed FY minus the comparable prior-year six months plus the current-year six months:

- Revenue: EUR40.152bn – EUR19.336bn + EUR21.226bn = **EUR42.042bn**.
- Statutory operating income: EUR6.699bn – EUR3.223bn + EUR3.613bn = **EUR7.089bn**.
- Parent net income: EUR4.163bn – EUR1.913bn + EUR2.488bn = **EUR4.738bn**.
- TTM diluted weighted-average shares: 570.516000m × 1.0 – 565.976331m × 0.5 + 569.336384m × 0.5 = **572.1960265m**.
- TTM diluted EPS: EUR4,738m ÷ 572.1960265m = **EUR8.280379067**.

H1 2025 and H1 2026 both cover January 1 through June 30. The FY row covers January 1 through December 31, and the subtraction/addition replaces one six-month period exactly once. No quarterly and cumulative inputs overlap. The 569.336384m H1 diluted weighted-average packet count used as the required forward-path starting basis is distinct from the 572.1960265m historical TTM weighted-average denominator; the July 9 WESOP then updates the forward path on the exact ordinary-share basis.

10. Sensitivity — which variables matter most

Each sensitivity holds the other model inputs at Base. Energy Management’s equivalent five-year CAGR is shifted by ±200 basis points while preserving its 23.30% horizon margin and the 1.60% central-cost ratio. Industrial Automation margin shifts by ±200 basis points. Share count shifts by ±5%, and tax shifts by ±300 basis points.

Variable	Down case	Base EPS	Up case	EPS span	Interpretation
Energy Management CAGR, 6.5126% / 8.5126% / 10.5126%	13.4376	14.7727	16.2099	2.7722	Largest operating driver because Energy Management is roughly 83% of TTM revenue
Industrial Automation horizon Adjusted EBITA margin, 14.8% / 16.8% / 18.8%	14.5256	14.7727	15.0198	0.4942	Economically important for quality, but too small alone to repair the valuation gate
Core post-WESOP shares, -5% / flat / +5%, plus triggered 2030/2031/2033 conversions	15.5432	14.7727	14.0750	1.4682	Net retirement can help, but the source package does not support crediting it in Base
Tax rate, 21% / 24% / 27%, including conversion coupon tax effect	15.3657	14.7727	14.1796	1.1861	Material, yet even a three-point tax benefit leaves EPS well below required EPS

Energy Management growth is the dominant modeled sensitivity. A ±200bp change moves Base EPS by roughly EUR1.34 down or EUR1.44 up. Share count is second on the defined ranges; the known WESOP and triggered 2030, 2031, and 2033 conversions stay in the Base denominator, while unsupported future net repurchases receive no credit. Automation margin improvement is strategically significant because it tests management execution and moat conversion, yet a 200bp change moves consolidated EPS by only about EUR0.25 in either direction. None of these one-variable favorable cases reaches the EUR19.313333 EPS required by the P/E gate.

11. Combined earnings summary

Scenario weights are Bear 30%, Base 50%, and Bull 20%. They are asymmetric because recent Energy Management growth, record-backlog language, broad end-market strength, and an upgraded FY2026 guide support Base, while Systems mix, input costs, project timing, acquisition financing, and Automation’s unproven margin recovery keep a substantial Bear weight. Bull is capped because it requires sustained low-teens electrification growth and near-simultaneous margin execution.

Case	Revenue, EURbn	OI, EURbn	OI margin	NI, EURbn	EPS, EUR per listed unit	Probability	EPS × 15	Vs. EUR289.70
Bear	50.4404	7.720673	15.3065%	4.815505	8.435875	30%	126.538131	-56.3210%
Base	61.8372	12.010205	19.4223%	8.488756	14.772670	50%	221.590048	-23.5105%
Bull	69.4462	14.742507	21.2287%	10.880230	18.856108	20%	282.841619	-2.3674%
Probability-weighted diagnostic	59.9400	11.269806	18.8018%	7.865075	13.688319	100%	205.324787	-29.1250%

Probability-weighted EPS is 30% × 8.435875384 + 50% × 14.772669891 + 20% × 18.856107914 = **EUR13.688319144**. It is a diagnostic expectation, not a fourth scenario and not a trade or size recommendation.

12. Tie-out checks

1. Reported-financial and statutory-bridge tie-out — PASS

TTM revenue: 34,879 + 7,163 = 42,042, residual zero and 0.000% of reported revenue. TTM statutory OI: 7,780 + 1,024 – 701 – 233 – 351 – 430 = 7,089, residual zero. FY2025 revenue: 33,130 + 7,022 = 40,152. FY2025 OI: 7,235 + 994 – 709 – 77 – 287 – 457 = 6,699. Both periods are within the sealed packet tolerance and the ±2% reflexivity limit. Sources: `statutory_bridge.json` and `data_package.md` Sections 2, 3, and 3a.

2. NI / shares / listed unit / FX equals EPS — PASS

Bear: 4,815.504600 ÷ 570.8363840 × 1.000000 × 1.000000 = 8.435875384. Base: (8,488.755648 + 0.583908 + 9.262500 + 7.125000) ÷ 575.7745295 × 1.000000 × 1.000000 = 14.772669891. Bull: (10,880.230390 + 0.591591 + 9.384375 + 7.218750 + 1.636250) ÷ 578.0122497 × 1.000000 × 1.000000 = 18.856107914. All reproduce Section 5 within displayed rounding, with each conversion-triggered OCEANE coupon add-back counted exactly once. Source: sealed `quote_packet.json`, VP evidence, official current-run OCEANE evidence, and Sections 5–6.

3. Segment sum at horizon — PASS

Bear: (42.4160 + 8.0244) ÷ 50.4404 = 100.0000%. Base: (52.4765 + 9.3607) ÷ 61.8372 = 100.0000%. Bull: (59.2607 + 10.1855) ÷ 69.4462 = 100.0000%. Corporate revenue eliminations are zero because the reviewed package has no such line. Source: segment appendices Section 10 and Section 3 above.

4. Product-to-segment rollup — PASS

The condition is satisfied at the finest source-bound financial level. Energy Management Section 10 explicitly uses the reportable segment because product euros are not disclosed; each annual multiplier chain reaches its segment endpoint with no residual. Industrial Automation Section 10 uses annual contribution rows that sum exactly to each segment growth rate and reports a 0.00% endpoint residual in all cases. There is no fabricated product-euro sum to reconcile. Sources: both reviewed segment appendices Sections 8 and 10.

5. Weighted margin check — PASS / NOT TRIGGERED AT PRODUCT LEVEL

Neither appendix has disclosed additive product revenues and product margins, so a revenue-weighted product margin would be invented and the conditional multi-product calculation is not triggered. The reportable-segment profit checks do tie: 42,416.0 × 20.50% = 8,695.3; 52,476.5 × 23.30% = 12,227.0; 59,260.7 × 24.50% = 14,518.9; and 8,024.4 × 13.50% = 1,083.3, 9,360.7 × 16.80% = 1,572.6, 10,185.5 × 19.00% = 1,935.3, all within EUR0.1m rounding. Sources: segment appendices Sections 9–10.

6. Share count and security-unit path — PASS

569.336384m financial-statement diluted shares × 1.000000 split factor = 569.336384m quote-basis shares; dividing by 1.000000 depositary × class factor gives 569.336384m listed-unit equivalents. The July 9 WESOP then adds 1.500000m on the same basis. Bear ends at 570.8363840m. Base adds approximately 0.1719705m residual-2030 shares, 2.426325m 2031 shares, and 2.339850m 2033 shares to reach 575.7745295m. Bull adds the same shares plus 2.2377202m 2034 shares to reach 578.0122497m. Unsupported future repurchases receive no net-retirement credit. Each locked-PE terminal value remains on the same side of every conversion price after dilution, so the scenario path is self-consistent. Source: `quote_packet.json`, VP evidence, official H1 accounts, official 2025 URD, and Section 6 above.

7. Growth plausibility — PASS

Energy Management Base CAGR is 8.5126%, below 1.2 × its disclosed FY2022–FY2025 7.81% CAGR = 9.372%. Industrial Automation Base CAGR is 5.50%; its own recent historical CAGR is depressed, but the reviewed appendix explicitly calibrates to current comparable trajectories ranging from 4% to 18% and begins at 6.5%, below the latest 11% quarterly organic recovery. The appendix supplies explicit peer and scale justification. Sources: Energy Management Sections 6 and 8; Industrial Automation Sections 6 and 8.

8. Historical and forecast arithmetic — PASS

Energy Management endpoint checks: 34,879.0 × 1.02 × 1.03 × 1.04 × 1.05 × 1.06 = 42,416.0; 34,879.0 × 1.105 × 1.093 × 1.083 × 1.076 × 1.069 = 52,476.5; 34,879.0 × 1.14 × 1.125 × 1.11 × 1.10 × 1.085 = 59,260.7. Industrial Automation: 7,163.0 × 1.010 × 1.020 × 1.025 × 1.030 × 1.030 = 8,024.4; 7,163.0 × 1.065 × 1.060 × 1.055 × 1.050 × 1.045 = 9,360.7; 7,163.0 × 1.090 × 1.080 × 1.070 × 1.065 × 1.060 = 10,185.5. All residuals are below 1%, and every chain has five multipliers. Sources: both segment appendices Section 10.

9. Recency anchor — PASS

Base first-forward-year combined revenue is 38,541.3 + 7,628.6 = 46,169.9 versus 42,042.0 TTM, a 9.8185% increase. That is within the 10% required band and below the recent 10%–13% Group guide / stronger Energy Management organic rates. There is no unexplained opening step. Sources: reviewed segment appendices Section 10 and data-package current forecast-anchor snapshot.

10. Period and horizon integrity — PASS

FY2025 − H1 2025 + H1 2026 uses matching January–June comparator periods and produces revenue 42,042, OI 7,089, NI 4,738, and TTM diluted weighted-average shares 572.1960265m. The valuation horizon 2031-06-30 is exactly five calendar years after 2026-06-30. Every endpoint chain uses five annual multipliers, and FY2025 is used only for historical sanity. Sources: data-package anchor and Section 9 above.

11. Valuation, unit bridge, hashes, and probability arithmetic — PASS

Exact-byte hashes independently match `680b232e1d13fccc1b5f37d60979e671a27b1fa116569bdc459539e6586d79ef` and `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`. The price, listing, split, class,

depositary, WESOP, OCEANE and FX bridges reproduce the single ordinary-share basis. EPS × 15 equals 126.538131/221.590048/282.841619. Probabilities total 30% + 50% + 20% = 100%, and weighted EPS equals 13.688319. Base cushion is (221.590048 – 289.70) ÷ 289.70 = -23.5105%, so Base controls a binary FAIL. The current reported P/E also rebases to 289.70 ÷ 8.280379067 = 34.9863x without changing the independently locked exit multiples. Separately, the five annual EUR4.20 distributions sum to EUR21.00 per share; locked-PE share values of EUR151.845756910/EUR354.544077386/EUR565.683237422 plus EUR21.00 reproduce terminal shareholder wealth of EUR172.845756910/EUR375.544077386/EUR586.683237422. Probability-weighted wealth is 30% × EUR172.845756910 + 50% × EUR375.544077386 + 20% × EUR586.683237422 = EUR356.962413250. The dividend is absent from NI, EPS, and terminal PE value and is added once only in shareholder wealth. Sources: sealed packets, official FY2025/H1 2026 distribution evidence, VP evidence, and Sections 1, 5–7.1, and 11.

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED.

The combined model is arithmetically coherent and source-bound at the available disclosure perimeter. Clearance is not a positive valuation verdict: the Base P/E 15 gate fails by 23.51%, Bull also fails by 2.37%, and terminal capital-structure inputs are unavailable for an EV/NOPAT control method. The VP-routed share blocker remains repaired through the known WESOP issuance and scenario-triggered 2030, 2031, 2033, and 2034 OCEANE treatment. The RT-routed distribution blocker is repaired with a flat EUR4.20 annual dividend diagnostic, EUR21.00 cumulative per starting share, without changing earnings, dilution, terminal PE value, or the P/E 15 gate. The central model question is therefore not whether Schneider is a durable industrial franchise—the reviewed moat appendix says it is—but whether Energy Management can compound nearer Bull while statutory costs, financing, dilution, Automation recovery, and a still-premium exit multiple remain favorable enough to close a large entry-price gap.

Schneider Electric SE — Compounder Score

Run / action: `pulse-cio-20260910T220450+0800` / `CIO-20260811-SU-PRODUCTION-ER2` **Ticker / security:** `SU.PA` / XPAR:SU ordinary share **Analysis date:** 2026-09-10 **Reporting and return currency:** EUR **Current entry:** EUR289.70, completed XPAR close on 2026-09-09 **Operating anchor / exact horizon:** TTM ended 2026-06-30 to 2031-06-30, exactly 5.0 years **Valuation preflight:** `valuation_preflight.json`, SHA-256 `b80616cec84e7659787c67330952076f151afc3bb90035d633ab2c8ad50044c9`; validator result `VALUATION_PREFLIGHT_VALID` with evidence-file checking **Sealed upstream bindings:** quote packet SHA-256 `680b232e1d13fccc1b5f37d60979e671a27b1fa116569bdc459539e6586d79ef`; statutory bridge SHA-256 `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`; synthesis SHA-256 `38e5e08a7856a5300e07d5cad1464e23cf7ecf417cd40dec9e61aad870cc7c81` **Scope:** current-entry rebase only. Operating forecasts, scenario probabilities, terminal EPS, dilution, distributions, and exit multiples are unchanged. **Authority boundary:** research diagnostic only. No ranking, sizing, replacement, portfolio mutation, message, broker instruction, or execution is authorized. `trade_execution_authorized=false`.

1. Executive Verdict

Compounder Score: 56/100. Business Quality Score: 54/80. 20% Return Underwriting Score: 2/20. The score-implied classification remains **Reject**. This is a diagnostic result under the 20% compounder rubric; it does not itself determine the ER2 verdict or authorize a portfolio action.

Schneider Electric is a good, durable industrial franchise with a long electrification runway, strong Energy Management economics, credible cash conversion, and a moat that passed the upstream 2046 test. The evidence still does not establish the exceptional incremental-return record required for a dream compounder. A clean organic and acquisition-inclusive three- or five-year ROIIC bridge is absent. Segment invested capital, product-level margins, unit volumes, customer concentration, and complete AVEVA unit economics remain unavailable. Large software and ownership transactions therefore cannot be tied to incremental NOPAT or cash returns with sufficient confidence.

The lower entry price improves every return, but not enough to change the underwriting conclusion. Gross EUR annualized returns are **-9.81% Bear, 5.33% Base, 15.16% Bull, and 4.26% probability-weighted**. Probability weighting is the CAGR of EUR356.9624132496 expected terminal shareholder wealth from the 30%/50%/20% scenario mix; it is never an arithmetic average of the three scenario IRRs. The Bull case still fails the 20% hurdle despite 10.5587% revenue growth, a 21.2287% statutory operating margin, EUR18.856107914 terminal EPS, a 30x exit P/E, and EUR21 of distributions.

The same-method net-SGD diagnostic is **-12.18% Bear, 4.17% Base, 15.12% Bull, and 3.27% probability-weighted** after a 0.50% entry cost, 0.50% exit cost on sale proceeds, 30% dividend withholding, entry EUR/SGD of 1.4713748, and scenario terminal EUR/SGD of 1.35/1.43/1.50. Base and probability-weighted outcomes fail the portfolio mandate's 10% lower bound. Bear terminal wealth is 47.75% below entry outlay in SGD, far outside the 8% intervention and 12% hard-review levels.

At the frozen portfolio snapshot there is no direct SU position. EWG is 4,663 shares and 9.1% of NAV; POWR is 1,612 shares and 1.9% of NAV. SU would add direct European industrial, grid, data-center-power, automation, and acquisition-integration exposure. That is closer in theme to POWR, while EWG mainly creates regional and European-industrial factor overlap rather than a known direct SU holding. The current-price return and downside evidence does not support replacing either holding. This is a research-fit conclusion only; it is not a rank, trade proposal, or sizing recommendation.

2. Data Source Map

Evidence need	Controlling source	Period / treatment
Price and listed unit	`quote_packet.json` and synthesis Section 1	EUR289.70 XPAR:SU ordinary-share close, 2026-09-09; one listed unit per financial share
Method, denominator, dilution, exits	`valuation_preflight.json`	P/E; reported 34.9863209955783x; normalized 32.4811065152414x; exits 18x/24x/30x
Income statement and statutory bridge	`statutory_bridge.json`, `quant_foundation.md`, `data_package.md`	FY2025 and TTM ended 2026-06-30; Schneider official statements control material provider differences
Terminal earnings and share paths	`appendix_synthesis.md`	Bear/Base/Bull EPS 8.435875384/14.772669891/18.856107914; shares 570.8363840m/575.7745295m/578.0122497m
Distributions	Synthesis Section 7.1, FY2025 URD Note 20.3, H1 2026 accounts Note 12.1	EUR4.20 annual dividend held flat for five years; EUR21 cumulative
Segment economics	Reviewed Energy Management and Industrial Automation appendices	TTM 2026-06-30 through 2031-06-30 forecasts
Management and capital allocation	`appendix_management.md`	Leadership, incentives, M&A, buybacks, leverage, and governance through cutoff
Moat and competition	`appendix_moat.md`	Specification, channel, installed base, pricing, switching costs, AI and 2046 durability
Historical quality metrics	`data_package.md` Sections 2-3 and 7-8	FY2021-FY2025 plus TTM where available
Portfolio research-fit context	Frozen 2026-09-09 portfolio evidence supplied to this stage	No direct SU; EWG 4,663 / 9.1% NAV; POWR 1,612 / 1.9% NAV
EUR/SGD diagnostic anchor	Frozen current evidence supplied to this stage	Entry 1.4713748; terminal scenarios remain 1.35/1.43/1.50

No stale quote or alternative current price is used. No FMP ratio is relabelled onto a different denominator. Market capitalization is recalculated as EUR289.70 multiplied by 569.336384m quote-basis diluted shares, or EUR164.9367504448bn. A contract-valid enterprise value is not published because no complete current and terminal lease, NCI, and senior-claim perimeter is available; EV/NOPAT remains rejected rather than filled with a residual net-debt plug.

3. Key Financial and Quality Metrics

Metric	Latest / 1-year	3-year	5-year or longest clean span	Interpretation
Revenue	TTM EUR42.042bn	FY2022-FY2025 about 5.52% CAGR	FY2021-FY2025 8.5634% CAGR	Strong scale growth; no clean ten-year current-perimeter series
NOPAT	TTM normalized about EUR5.418bn	FY2022-FY2025 about 7.06% CAGR	FY2021-FY2025 9.5749% CAGR	Positive earnings growth is not a substitute for ROIIC
FCF	TTM EUR5.792bn	FY2022-FY2025 about 12.42% CAGR	FY2021-FY2025 14.0446% CAGR	Cash grew faster than earnings
Goodwill-inclusive ROIC	FY2025 12.8%	FY2023-FY2025 median 12.0%	FY2021-FY2025 median 12.0%	Sound but below exceptional rubric bands
Organic ROIIC	Insufficient evidence	Insufficient evidence	Insufficient evidence	Full reinvestment/perimeter bridge absent
Acquisition-inclusive ROIIC	Insufficient evidence	Insufficient evidence	Insufficient evidence	AVEVA and later acquisitions cannot be audited to returns

Metric	Latest / 1-year	3-year	5-year or longest clean span	Interpretation
FCF / NOPAT	TTM 106.91%	Positive	FY2021-FY2025 average 87.31%	Strong cash conversion
Diluted share count CAGR	Forward start 569.336384m	FY2023-FY2025 about 0.35%	FY2021-FY2025 0.2573%	Modest dilution; buybacks have not created net shrinkage
FY2025 SBC / revenue	0.5031%	About 0.49%-0.61%	Low	Real but manageable cost
FY2025 SBC / FCF	4.3581%	Manageable	Manageable	Does not undermine cash quality
FY2025 net debt / EBITDA	1.8465x provider context	Not applicable	Not applicable	H1 NCI-inclusive net debt was EUR15.360bn
Current FCF yield	3.5116491530%	Not applicable	Not applicable	Rebased to EUR164.9367504448bn market capitalization
Current dividend yield	1.4497756300%	Not applicable	Five flat payments modeled	Helpful but too small to repair expected return

The evidence supports high cash conversion, modest dilution, and a healthy existing business. It does not support awarding ROIIC points from revenue growth or the issuer's ROCE claim alone. A defensible incremental-capital denominator must reconcile organic capex, working capital, R&D capitalization, leases, acquisitions, disposals, and perimeter changes. The acquisition cluster makes that bridge material, not optional.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-led judgment
1. Incremental Returns on Capital	9	25	Cash economics are sound; ROIIC and acquisition-return proof are missing
2. Reinvestment Runway	19	20	Electrification, grids, data centers, automation, services, and digital support a long runway
3. Durability of Moat	14	15	Specification, trust, installed base, channel, and service pass the durability test
4. Accounting Honesty and Financial Quality	7	10	Statutory tie-outs and cash conversion are strong; leverage and governance constrain credit
5. Capital Allocation Discipline	5	10	Organic investment is rational; acquisition returns and price-sensitive buybacks are not proved
Business Quality Score	**54/80**	**80**	Good but incompletely proven compounder
6. Price and 20% Return Underwriting	2	20	Only source-bound cash distributions score; every controlling 20% hurdle fails
Compounder Score	**56/100**	**100**	Below 70; score-implied classification Reject

Detailed scoring is **1A 2/5, 1B 0/8, 1C 0/3, 1D 2/3, 1E 3/3, 1F 2/3; 2A 5/5, 2B 4/5, 2C 4/4, 2D 3/3, 2E 2/2, 2F 1/1; 3A 4/4, 3B 2/3, 3C 3/3, 3D 2/2, 3E 2/2, 3F 1/1; 4A 2/2, 4B 2/2, 4C 2/2, 4D 1/2, 4E 0/1, 4F 0/1; 5A 2/2, 5B 0/2, 5C 1/2, 5D 1/2, 5E 1/1, 5F 0/1; 6A 0/6, 6B 0/4, 6C 0/3, 6D 0/3, 6E 0/2, 6F 2/2.**

The 20% score remains 2/20 after the price decline. Base IRR is below 10%, so 6A earns zero. The 24x Base exit is below the normalized current 32.4811x, but it does not clear 20%; 6B therefore earns zero rather than rewarding a lower multiple that still fails the hurdle. Bear is materially negative, the reverse-return burden remains implausible, and the entry multiple still capitalizes unusually strong execution. EUR21 of source-bound distributions materially helps and earns 6F's two points.

5. ROIIC and Reinvestment Analysis

Goodwill-inclusive ROIC improved from 5.8% in FY2021 to 12.8% in FY2025, with a five-observation median near 12.0%. Schneider's own FY2025 ROCE exceeded 15% under a different denominator. These measures show a credible existing industrial return, but neither proves the rubric's desired 25%-plus or 35%-plus incremental returns.

Organic reinvestment is visible. Net capex increased from EUR876m in FY2021 to EUR1.496bn in FY2025, total R&D rose from EUR1.539bn to EUR2.380bn, and backlog increased from EUR11.776bn to EUR25.362bn. Revenue, NOPAT, and FCF rose alongside investment, showing the capacity to reinvest without immediate cash deterioration. Energy Management's scale, product-to-system expansion, service density, and installed base support a credible long-run reinvestment mechanism.

Acquisition evidence is weaker. FY2025 net acquisition cash was EUR6.646bn, largely from the remaining Schneider Electric India stake. AVEVA's minority buyout used a 13.2x ARR benchmark, while disclosed ARR growth slowed from 19% in 2023 to 11% at June 2026. Absolute ARR, net retention, RPO, customer count, churn, standalone margin, cash conversion, and acquisition ROIC are unavailable. Cognite and AiDASH add further commitments without a disclosed cost-to-incremental-NOPAT bridge. Strategic fit is not proof that returns exceed the cost of capital.

6. Runway Analysis

Schneider has a large, multi-decade runway in electrification, grid modernization, data-center power and cooling, industrial power quality, building efficiency, automation, lifecycle services, and digital control. Energy Management represents about 83% of TTM revenue. The backlog expansion, organic capacity additions, R&D intensity, and growing Systems and services exposure provide outcome-based evidence beyond management TAM claims.

The Base model compounds group revenue at 8.0223% for five years and therefore demands sustained secular conversion, not just one strong half-year. Energy Management grows 8.5126%; Industrial Automation grows 5.5% and recovers margin from 14.30% to 16.80%. The Bull case requires both low-teens electrification growth and a strong Automation recovery. This runway earns 19/20 because the addressable problem set and repeatable channel/specification playbook are real, but acquisition-supported reinvestment at attractive returns remains unproved.

7. Moat Analysis

The upstream moat work supports company-level PASS and 2046 PASS. Energy Management combines specification access, safety certification, high-trust procurement, installed architecture, global channel reach, local service, and application knowledge. Equipment savings are small relative to failure cost in critical power systems, which encourages incumbent qualification and lifecycle demand. Eaton, ABB, Siemens, Vertiv, and regional competitors remain credible, so the moat is strong rather than monopolistic.

Energy Management maintained roughly 20%-22% Adjusted EBITA margins through inflation and mix shifts. Industrial Automation remains weaker: its TTM margin is 14.30%, and recovery depends on offer simplification, factory automation demand, and AVEVA integration. Brownfield control logic, training, historian data, and safety approvals create switching costs, but peers have comparable installed bases.

Pricing power is real but not instantaneous. H1 2026 gross pricing of EUR280m did not fully offset raw materials and tariffs; productivity and operating leverage also protected margin. AI is two-sided: it supports demand for electricity, cooling, and data-center infrastructure while threatening generic software analytics and engineering workflows. Durability depends on Schneider remaining the trusted bridge between power hardware, deterministic control, and governed operational data.

8. Accounting and Capital Allocation Analysis

Accounting quality is generally strong. The TTM statutory bridge ties issuer-defined segment Adjusted EBITA through central costs, other operating items, restructuring, acquisition-accounting amortization, financing, tax, associates, impairment, and NCI to parent net income with zero residual. The EUR430m acquisition-accounting burden remains in statutory earnings. SBC is treated as an economic cost, and the share path is diluted.

TTM statutory CFO was EUR7.240bn, FCF EUR5.792bn, and parent net income EUR4.738bn. FY2021-FY2025 FCF/NOPAT averaged about 87.31%. The July 2026 WESOP adds 1.5m shares. No unsupported future buyback retirement is credited, and scenario-triggered OCEANE conversions are applied once with only source-quantified coupon add-backs.

Capital allocation earns 5/10. Core capex and R&D are rational, the dividend is established, and balance-sheet risk is manageable. Offsetting weaknesses are modest net dilution, no demonstrated price-sensitive buyback framework, no explicit ROIC-linked executive incentive, limited acquisition-return disclosure, and a cluster of software and ownership transactions. The EUR207m French competition fine is a governance blemish. These limits are preserved because a lower share price does not improve business-quality evidence.

9. 20% Return Underwriting

Primary valuation method: P/E. It is identical across Bear, Base, Bull, probability weighting, reverse-return, and net-SGD. Reported current P/E is 34.9863209955783x on EUR8.28037906691056 TTM statutory diluted EPS. Normalized current P/E is 32.4811065152414x on EUR8.919031125496332 normalized EPS. The normalized current and terminal denominators are comparable on the same EUR, parent-attributable, statutory diluted XPAR:SU ordinary-share perimeter.

Terminal equity value equals terminal statutory diluted EPS multiplied by the VP-locked exit P/E. EUR4.20 annual distributions are held flat for five years and added once as EUR21 cumulative shareholder distributions. No terminal cash, debt, lease, NCI, or other claim adjustment follows EPS times P/E. Interest and NCI leakage are already inside statutory EPS; a second adjustment would double count.

Measure	Bear	Base	Bull	Probability-weighted
Probability	30%	50%	20%	100%
Terminal statutory diluted EPS	EUR8.435875384	EUR14.772669891	EUR18.856107914	Not a fourth scenario
Terminal diluted shares	570.8363840m	575.7745295m	578.0122497m	Expected wealth uses each path
Exit P/E	18.00x	24.00x	30.00x	Same P/E method
Terminal equity value / share	EUR151.845756912	EUR354.544077384	EUR565.683237420	EUR335.9624132496 expected
Cumulative distributions / share	EUR21.000000000	EUR21.000000000	EUR21.000000000	EUR21.000000000 expected
Terminal shareholder wealth / share	EUR172.845756912	EUR375.544077384	EUR586.683237420	EUR356.9624132496 expected
Gross EUR annualized IRR	**-9.81%**	**5.33%**	**15.16%**	**4.26%**

The exact gross returns are `(terminal wealth / 289.70)^(1/5)-1`: Bear -0.098133935596765451986019467695542986 3, Base 0.053276717780851950663079510493253796 2, Bull 0.151571841654316186730089859816220847 5, and probability-weighted 0.042640999943269554140509718473015699 6. The expected-wealth CAGR is used for probability weighting; no scenario IRRs are averaged.

Scenario operating bridges

Operating measure	Bear	Base	Bull
TTM revenue, EURbn	42.0420	42.0420	42.0420
Terminal revenue, EURbn	50.4404	61.8372	69.4462
Revenue CAGR	3.7096%	8.0223%	10.5587%
Terminal statutory OI, EURbn	7.720673	12.010205	14.742507
Terminal statutory OI margin	15.3065%	19.4223%	21.2287%
Tax rate	25.00%	24.00%	23.00%
Terminal normalized NOPAT, EURbn	5.790505	9.127756	11.351730
Terminal parent NI before conversion add-back, EURbn	4.815505	8.488756	10.880230
FCF conversion	Worse than Base; not independently quantified	Scenario assumption not independently quantified	Better than Base; not independently quantified
ROIIC / reinvestment rate	Insufficient evidence	Insufficient evidence	Insufficient evidence

The Bear case applies slower growth, margin compression, higher financing loss, and a lower 18x exit. Base assumes Energy Management strength, Automation recovery, and operating-adjustment normalization, then values terminal statutory EPS at 24x near Schneider's long-run median. Bull reserves 30x for the strongest growth and margin path. The preflight selected all three multiples before returns; the excessive-optimism and excessive-bearishness challenges passed. The raw reported multiple was not used as a cap.

Reverse-return test

EUR289.70 compounded at 20% for five years requires EUR720.866304 of terminal wealth. After subtracting EUR21 distributions, required terminal equity value is EUR699.866304. At the locked 24x Base exit P/E, required EPS is EUR29.161096, implying a 28.6325042776% CAGR from reported TTM EPS. Alternatively, modeled Base EPS requires a 47.3757492155x exit P/E. The maximum entry price for a 20% return on Base terminal wealth is EUR150.9227420042, 47.90% below the actual entry. The evidence does not support this hurdle as beatable.

Net-SGD diagnostic and research fit

Entry net SGD outlay is `EUR289.70 × 1.4713748 × 1.005 = SGD428.3885659578`. Scenario terminal net wealth is `[terminal equity value × 0.995 + EUR21 × 0.70] × terminal EUR/SGD`. Exit cost applies only to sale proceeds; withholding applies only to distributions. No capital-gains tax or loss tax benefit is assumed.

Net-SGD measure	Bear	Base	Bull	Probability-weighted
Terminal EUR/SGD	1.35	1.43	1.50	Scenario-weighted wealth, not average FX
Terminal net SGD wealth / share	223.811812972044	525.4840405058244	866.332231849350	503.1520105143954 expected
Net-SGD annualized IRR	**-12.18%**	**4.17%**	**15.12%**	**3.27%**

The same PE terminal values control gross EUR and net SGD. The diagnostic is finite and conservative, but not investor-specific. The probability-weighted result is the CAGR of expected terminal net SGD wealth, not an average of scenario net IRRs.

Portfolio research-fit question	Evidence	Conclusion
Existing direct SU exposure	None	No duplicate single-name position
EWG overlap	4,663 shares / 9.1% NAV; regional and European-industrial factor overlap, but no direct constituent claim is made	SU would concentrate a single European industrial risk rather than improve the return hurdle
POWR overlap	1,612 shares / 1.9% NAV; thematic overlap in electrification, grids, and power infrastructure	SU is more directly overlapping by theme, but its current return profile does not justify substitution
Downside fit	Bear net-SGD IRR -12.18%; terminal wealth 47.75% below entry outlay	Fails mandate downside discipline
Expected-return fit	Base 4.17%; probability-weighted 3.27% net SGD	Fails 10%-15% mandate range

Research fit is therefore **PASS / no replacement support** in the CIO actionability vocabulary: the security should not displace POWR or EWG on the present evidence. This is not a ranking between the two holdings, a proposed transaction, or a sizing decision.

10. Hard Veto Checklist

Hard veto	Result	Evidence
ROIIC below cost of capital with no improvement path	Watch	ROIIC is not calculable; do not infer failure or success
High ROIC is an artificially tiny-capital artifact	Pass	Goodwill-inclusive ROIC is moderate, not inflated into an exceptional claim
Growth requires persistent external financing	Pass	Core cash generation is strong, though acquisitions add debt
Share count rises materially without per-share value creation	Watch	Dilution is modest but buybacks have not produced net shrinkage
Large acquisitions lack disclosed return evidence	Fail	AVEVA and the transaction cluster lack full return bridges
FCF structurally lags earnings	Pass	Multi-year and TTM cash conversion are strong
Concentration, regulation, cycle, leverage, or platform risk can impair equity	Watch	Systems cycle, Automation recovery, acquisitions, and leverage remain material
20% return requires multiple expansion	Fail	Base needs 47.38x versus normalized current 32.48x and locked 24x exit
Today's price needs flawless execution	Fail	Even the strong Bull case earns only 15.16% gross EUR
Moat cannot be explained clearly	Pass	Specification, trust, channel, installed base, and service are explicit
Accounting or governance impairs trust	Watch	Statutory bridge is clean; competition fine and acquisition opacity remain
Balance sheet could wipe out equity holders	Pass	Leverage is material but not an evidence-based wipeout path

11. Final Decision

The score-implied classification is **Reject** at EUR289.70. Schneider qualifies as a good franchise, but the evidence does not prove the incremental returns and acquisition discipline needed for a top-tier compounder. More importantly, current-price return asymmetry remains poor. The Base and expected returns are low, the Bear loss is severe, and the 20% hurdle is not credible without terminal EPS or valuation far beyond the locked model.

The lower price improves probability-weighted gross EUR IRR by about 56 basis points versus the prior EUR297.55 entry, but it does not change a score bucket, classification, or portfolio research-fit conclusion. The decisive evidence remains the gap between price and modeled terminal shareholder wealth, not a claim that the business lacks quality.

- **Compounder Score note:** 56/100 implies Reject; franchise durability does not offset unproven incremental returns and inadequate expected return.
- **Business Quality Score note:** 54/80 indicates a good but incompletely proven compounder; ROIIC, acquisition returns, and product economics remain missing.
- **20% Return UW Score note:** 2/20 credits source-bound distributions, but EUR289.70 fails the 20% hurdle in every controlling scenario.

No portfolio replacement, trade, rank, size, broker instruction, message, or execution follows. `trade_execution_authorized=false`.

12. Machine-Readable JSON

The structured companion is `compounder_score.json`. It preserves full-precision gross EUR and net-SGD calculations, binds the cleared preflight and upstream hashes, records the unchanged business-quality scores, documents the frozen portfolio research-fit comparison, and sets every action and execution authority field to false.

Schneider Electric SE — Production ER2 Scoring Audit

Run: `pulse-cio-20260910T220450+0800` **Action:** `CIO-20260811-SU-PRODUCTION-ER2` **Security:** `SU.PA`, XPAR:SU ordinary share, EUR **Analysis date:** 2026-09-10 **Entry anchor:** EUR289.70, completed 2026-09-09 XPAR close **TTM / horizon:** 2026-06-30 / 2031-06-30, exactly 5.0 years **Authority:** Research only. No portfolio mutation, ranking, sizing, trade, message, or completion action. `trade_execution_authorized=false`.

1. Original vs Audited Scores

The CompounderScorer artifacts match the supplied exact-byte controls: `appendix_compounder_score.md` SHA-256 `0c1f6e3cfdf45b091c388f538921eeaffaefa7d7202aefafa0159dfc59dd0533` and `compounder_score.json` SHA-256 `0ff98d8db7c63fcd76d3811569a676d40bae5dfb05352ba0a42aa10773442738`. The score is conservative rather than inflated. The audit preserves every score and the score-implied classification.

Item	Original	Audited	Notes
Business Quality Score / 80	54/80	54/80	Good franchise; exceptional incremental returns remain unproved
Valuation / 20% Return UW Score / 20	2/20	2/20	Only source-bound cash distributions earn points
Total Score / 100	56/100	56/100	Arithmetic sum reconciles
Classification	Reject	Reject	Total below 70 and multiple hard vetoes apply

The original and audited category totals are 9/25 Incremental Returns on Capital, 19/20 Reinvestment Runway, 14/15 Durability of Moat, 7/10 Accounting and Financial Quality, 5/10 Capital Allocation, and 2/20 Price and 20% Return Underwriting. They sum to 54/80 business quality and 56/100 total.

2. Score Reductions and Reasons

No further reduction is required because the scorer already applied the mandatory caps. The decisive reductions versus a top score are appropriate:

- Category 1B is zero because neither three-year nor five-year ROIIC is calculable from a complete reinvestment denominator. Category 1C is also zero because deterioration cannot be assessed without a series.
- Acquisition-inclusive ROIIC is missing despite material AVEVA, SEIPL, Cognite, and AiDASH capital commitments. That supports 5B at zero and limits confidence in 2B and 5F.
- The valuation category earns only 2/20. Base gross EUR IRR is below 10%, Bear is negative, the method-matched reverse-return burden is not beatable, and even Bull fails 20%.
- EUR21 of cumulative distributions is source-bound and counted once, so 6F properly earns 2/2. The cash return is helpful but cannot repair the entry-price gap.

The 19/20 runway and 14/15 moat scores are high, but not unsupported. Energy Management represents about 83% of TTM revenue and has specification access, safety certification, channel reach, installed-base service density, and durable 20%–22% adjusted EBITA margins. The upstream moat appendix explicitly grades Industrial Automation YELLOW, not PASS, and retains strong competition and software-disintermediation risks. The one-point deductions in each category preserve those limitations.

3. Unsupported Claims

The scoring report does not convert the following gaps into points. That treatment is correct.

- Organic three- and five-year ROIIC are unsupported because capex, working capital, capitalized R&D, leases, disposals, and scope changes are not reconciled into a clean incremental-capital denominator.
- Acquisition-inclusive ROIIC is unsupported. AVEVA absolute ARR, NRR, RPO, churn, customer count, standalone margin, cash conversion, and acquisition return are unavailable. Strategic fit is not treated as proof of return.
- Product-level Systems revenue, margin, unit volume, customer concentration, and backlog aging remain unavailable.
- A complete terminal cash, debt, lease, NCI, and senior-claim path is unavailable. The report correctly rejects EV/NOPAT rather than inserting a net-debt plug.
- Current POWR and EWG holdings, weights, and overlap statements are frozen portfolio inputs supplied to CS rather than independently sourced security-underwriting evidence. Constituent-level overlap is explicitly not claimed. The no-replacement conclusion does not depend on exact overlap: Base and probability-weighted net-SGD returns fail the 10% lower mandate bound even before any portfolio-fit penalty.
- The entry EUR/SGD rate, 0.50% transaction-cost assumptions, 30% dividend-withholding assumption, and scenario terminal FX rates are explicit conservative diagnostic inputs, not investor-specific facts. No annual dividend FX path, treaty/reclaim outcome, account wrapper, or broker schedule is source-bound. This lowers precision of the net-SGD overlay but does not change the gross-EUR score or conclusion.

4. Calculation Errors

No material calculation error was found.

Valuation preflight, method, and denominator

`valuation_preflight.json` recomputes to SHA-256 `b80616cec84e7659787c67330952076f151afc3bb90035d633ab2c8ad50044c9`, exactly matching the cleared anchor and CS. The repository validator returned `VALUATION_PREFLIGHT_VALID` with evidence-file checking. Status is CLEARED, each of earnings normalization, method selection, denominator integrity, capital structure, and exit-multiple evidence passes, and the blocker list is empty.

P/E is correctly frozen across Bear, Base, Bull, probability weighting, reverse return, maximum buy price, and net SGD. Reported current EPS is EUR4,738m divided by 572.1960265m TTM diluted WASO, or EUR8.28037906691056. EUR289.70 divided by that denominator is 34.9863209955783026x. Normalized EPS is EUR5,103.434170238824m divided by the same shares, or EUR8.919031125496332; its comparable P/E is 32.4811065152414285x. The terminal denominator is statutory

diluted EPS on the same EUR, parent-attributable, one-ordinary-share basis. No raw non-comparable provider multiple is used as a cap.

The 18x/24x/30x exits reproduce VP exactly and were selected before return calculation. The Schneider FY2016–FY2025 native P/E observations give a 14.1853x trough, 20.9134x 25th percentile, 23.1443x median, and 30.5907x 75th percentile. Native peer TTM P/Es span 28.3236x–42.1947x. Bear 18x is adverse but above the historical trough; Base 24x is close to the long-run median; Bull 30x is near the historical upper quartile and below current normalized P/E. The optimism test passes because Bull already requires 10.5587% revenue CAGR and a 21.2287% operating margin yet still receives no multiple above the historical upper quartile. The excessive-bearishness test passes because Bear keeps positive EPS and an 18x value rather than inserting a disguised bankruptcy or zero equity.

Earnings, capital, dilution, and distributions

Historical NOPAT is calculated as statutory operating income times one minus each year's effective tax rate. The five-year goodwill-inclusive ROIC observations of 5.8%, 7.2%, 12.0%, 12.0%, and 12.8% have a 12.0% median, correctly scoring 1A at 2/5. Terminal normalized NOPAT also replays: EUR7,720.673m × 75% = EUR5,790.50475m; EUR12,010.205m × 76% = EUR9,127.7558m; and EUR14,742.507m × 77% = EUR11,351.73039m. These NOPAT figures are operating diagnostics, not a second valuation method.

The FY2021–FY2025 average of annual FCF/NOPAT is 87.3101003984%; the reported 87.31% is correct. Revenue, NOPAT, FCF, and diluted-share CAGRs of 8.5634%, 9.5749%, 14.0446%, and 0.2573% reproduce from the five-year endpoints. SBC is not treated as free: official FY2025/H1 evidence overrides FMP's erroneous zero, and the reported 0.5031% of revenue and 4.3581% of FCF are reasonable. Reinvestment rate and ROIIC remain null, as they should.

The forward share bridge begins with 569.336384m H1 diluted shares and adds the known 1.500000m WESOP issuance once. Bear ends at 570.8363840m. Base adds 0.1719705m, 2.426325m, and 2.339850m for triggered 2030, 2031, and 2033 OCEANEs, reaching 575.7745295m. Bull adds the 2.2377202m 2034 instrument and reaches 578.0122497m. Source-quantified after-tax coupon add-backs are zero / EUR16.971408m / EUR18.830966m. Replaying the numerators and denominators gives EPS of 8.43587538386481, 14.77266989108798, and 18.85610791407420, equal to the model after its 12-decimal EPS rounding. The resulting share values remain on the proper side of every conversion trigger.

Five flat EUR4.20 annual dividends produce EUR21. They are absent from statutory net income, EPS, and EPS-times-P/E terminal value, then added once to shareholder wealth. Cash, debt, leases, NCI, conversion proceeds, and other claims are not adjusted after P/E. Financing expense and NCI leakage remain inside parent EPS. The double-count check therefore passes.

Full-precision return replay

Scenario	EPS × exit P/E	Plus distributions	Audited gross EUR IRR
Bear	EUR151.845756912	EUR172.845756912	-9.813393559676545%
Base	EUR354.544077384	EUR375.544077384	5.327671778085195%
Bull	EUR565.683237420	EUR586.683237420	15.157184165431619%

Each IRR is `(terminal wealth / 289.70)^(1/5)-1`. Probability-weighted wealth is `30% × 172.845756912 + 50% × 375.544077384 + 20% × 586.683237420 = EUR356.9624132496`; annualizing that wealth produces 4.264099994326955%, exactly the claimed probability-weighted gross return. The arithmetic average of scenario IRRs is not used.

The reverse-return bridge also reproduces. A 20% five-year return requires EUR720.866304 wealth. Less EUR21 distributions, EUR699.866304 equity value at 24x requires EUR29.161096 EPS, a 28.632504277553778% CAGR from reported TTM EPS. On modeled Base EPS it requires 47.37574921554172x. Base terminal wealth supports a maximum buy price of EUR150.92274200424383, 47.9037825322% below EUR289.70.

Net SGD applies the same P/E terminal share values. Entry outlay is `289.70 × 1.4713748 × 1.005 = SGD428.3885659578`. Exit cost of 0.50% applies only to terminal sale proceeds; 30% withholding applies once to EUR21 distributions, leaving EUR14.70; no capital-gains tax or loss benefit is assumed. Terminal wealth reproduces at SGD223.811812972044 / SGD525.4840405058244 / SGD866.332231849350. The full-precision Bear/Base/Bull IRRs are -12.176846603671205% / 4.170400046742608% / 15.124914427482102%. Probability-weighted terminal wealth is SGD503.1520105143954, whose CAGR is 3.269546142578156%. All requested rounded values therefore reproduce.

5. Missing Data

The most important missing evidence remains a clean organic and acquisition-inclusive reinvestment bridge. Next are AVEVA unit economics and return evidence, product-level Systems economics, a source-bound terminal balance-sheet path for EV/NOPAT, a clean ten-year current-perimeter operating history, an annual FX path for dividend translation, investor-specific tax and broker costs, and current constituent-level POWR/EWG overlap. These omissions support Medium confidence. None requires a lower score because the scorer already assigns zero or partial credit wherever they matter.

The current market-cap figure of EUR164.9367504448bn is mathematically correct as EUR289.70 times the sealed 569.336384m diluted share basis. It is a valuation-denominator diagnostic, not a claim to a fully updated point-in-time basic share capitalization; the official August share-capital and treasury-share differences are disclosed upstream. This basis choice does not enter the per-share P/E return bridge.

6. Hard-Veto and Threshold Test Audit

The hard-veto results are internally consistent. Material acquisitions without complete return bridges fail veto 5. The 20% case fails veto 8 because modeled Base delivers only 5.33%; reaching 20% on modeled Base EPS would require a 47.38x exit versus 32.48x normalized current and 24x locked Base. Veto 9 fails because even Bull returns only 15.16% gross EUR. ROIIC and dilution are appropriately WATCH rather than falsely passed or failed. Accounting, leverage, and moat are not mischaracterized as equity-wipeout risks.

All investable-now threshold tests fail: total is below 80, business quality below 65, valuation below 15, ROIIC-plus-runway below 35, Base below 20%, Bear below 8%–10%, hard vetoes exist, and the 20% case requires unsupported expansion. Because total score is below 70 and hard vetoes exist, Reject is the correct score-implied classification.

7. Final 20% Hurdle Pass/Fail

FAIL. At EUR289.70, no controlling scenario clears 20%. Base and probability-weighted gross EUR returns are 5.33% and 4.26%; same-method net-SGD returns are 4.17% and 3.27%. The failure is not created by conservative FX or withholding because even Bull gross EUR is only 15.16%. No reasonable cleanup of investor-specific net assumptions can bridge the gap to 20% without changing the locked operating or valuation case.

8. Dream Business / Dream Investment Classification

Neither under this diagnostic rubric. Schneider is a high-quality durable franchise, but the missing ROIIC and acquisition-return bridge prevent “dream business” classification. The current entry price prevents “dream investment” classification. The single biggest reason it does not qualify is that the EUR289.70 price produces inadequate Base and probability-weighted terminal wealth even under a still-premium, independently justified P/E framework.

The research-only portfolio conclusion is also supported: SU does not justify replacing POWR or EWG. Exact constituent overlap and investor-specific implementation costs are secondary because the security-level expected return already fails the mandate and Bear downside is severe. No ranking, size, or trade follows.

9. Stage 7 Scorecard Notes

- **Compounder Score note:** 56/100 implies Reject; durable franchise quality does not offset unproved incremental returns and inadequate expected return.
- **Business Quality Score note:** 54/80 indicates a good but incompletely proven compounder; ROIIC, acquisition returns, and product economics remain missing.
- **20% Return UW Score note:** 2/20 credits source-bound distributions, but EUR289.70 fails the 20% hurdle in every controlling scenario.

10. Auditor JSON

The companion `compounder_score_audit.json` preserves full calculation precision, the VP and CS hashes, scenario wealth, gross-EUR and net-SGD return replays, item-level evidence judgments, missing-data limitations, and all authority flags. Audit status is `CLEARED`; `trade_execution_authorized=false`.

Schneider Electric SE (SU.PA) — Production ER2 Red Team

Run: `pulse-cio-20260910T220450+0800` **Action:** `CIO-20260811-SU-PRODUCTION-ER2` **Security:** XPAR:SU ordinary share, quoted in EUR **Entry anchor:** EUR289.70, completed XPAR session on 2026-09-09 **TTM / exact horizon:** 2026-06-30 / 2031-06-30, exactly 5.0 years **Boundary:** Research only. This appendix changes no audited score or return, makes no ranking, proposes no size or trade, and does not authorize replacement of POWR or EWG. `trade_execution_authorized=false`.

The red team recomputed and matched the exact governed inputs before attacking them: quote packet SHA-256 `680b232e1d13fccc1b5f37d60979e671a27b1fa116569bdc459539e6586d79ef`, statutory bridge SHA-256 `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`, synthesis SHA-256 `38e5e08a7856a5300e07d5cad1464e23cf7ecf417cd40dec9e61aad870cc7c81`, valuation-preflight SHA-256 `b80616cec84e7659787c67330952076f151afc3bb90035d633ab2c8ad50044c9`, CS Markdown/JSON SHA-256 `0c1f6e3cfdf45b091c388f538921eeaffaefa7d7202aefafa0159dfc59dd0533` / `0ff98d8db7c63fcd76d3811569a676d40bae5dfb05352ba0a42aa10773442738`, and CSA Markdown/JSON SHA-256 `7ba328696b71651a9b4bd98cfa0ece206f8695f44e190c7b834ef5e9b29a7510` / `8dff2173516ac38c9a86358a46c8c4aaf47f354e261d077c49a5c69c051794b2`. The repository validator returned `VALUATION_PREFLIGHT_VALID` with evidence-file checking. P/E is locked consistently across all scenarios, probability weighting, reverse return, and net SGD.

Return replay and the repaired distribution defect

The audit arithmetic is correct. Terminal equity is statutory diluted EPS times the locked exit P/E; EUR21 of cumulative distributions is then added once. No cash, debt, lease, NCI, or conversion proceeds are added after P/E. Expected return is the CAGR of probability-weighted terminal wealth, not the average of scenario IRRs.

Scenario	EPS	Exit P/E	Terminal equity value	Distributions	Terminal wealth	Gross EUR IRR
Bear	EUR8.435875384	18x	EUR151.845756912	EUR21.00	EUR172.845756912	-9.8133935597%
Base	EUR14.772669891	24x	EUR354.544077384	EUR21.00	EUR375.544077384	5.3276717781%
Bull	EUR18.856107914	30x	EUR565.683237420	EUR21.00	EUR586.683237420	15.1571841654%
Probability-weighted	n/a	P/E method	EUR335.962413250	EUR21.00	EUR356.962413250	4.2640999943%

The prior zero-distribution problem is not merely described as fixed; it is fixed in the controlling arithmetic. Five EUR4.20 payments appear in synthesis, CS, and CSA; distributions are absent from terminal EPS and P/E value and are added once to wealth. Removing EUR21 would reduce Bear IRR from -9.81% to -12.12%, a 2.31 percentage-point error, while reducing Base, Bull, and probability-weighted gross returns by about 1.21, 0.84, and 1.25 points. That proves the prior defect was material and that its present resolution matters. There is no remaining zero-distribution or double-count defect.

1. The most fragile assumption

The most fragile operating assumption is not Industrial Automation's 16.8% terminal margin; it is Energy Management's ability to compound revenue at 8.5126% while expanding Adjusted EBITA margin from 22.31% to 23.30% even though Systems is the fastest-growing bucket. Energy Management is about 83% of TTM revenue and 88% of the two segments' Adjusted EBITA. The Base path takes revenue from EUR34.879bn to EUR52.4765bn and profit from EUR7.780bn to EUR12.227bn. That is the load-bearing bridge.

The conflict is explicit in management's own evidence. Systems grew 28% organically in Q2 2026 and is supposed to lead growth, but the segment appendix also identifies Systems as a lower-standardization, project-heavy mix with engineering and fixed-price exposure. H1 price recovery did not fully offset EUR330m of raw-material headwind and EUR104m of net tariffs; net price was EUR154m negative. A Base forecast that gives Systems the lead and simultaneously grants 99 basis points of Energy Management margin expansion requires standardization, factory absorption, digital attachment, service density, and price/cost recovery all to work. The model has no product euros, Systems margin, customer concentration, capacity utilization, backlog aging, or cancellation rate with which to verify that combination.

The synthesis sensitivity is appropriately revealing: reducing Energy Management's five-year CAGR by 200 basis points cuts Base EPS from EUR14.7727 to EUR13.4376 and Base gross IRR from 5.33% to 3.47%, a 1.86-point fall. The same demand miss combined with only flat Energy Management margin would move EPS further. This is therefore the best operating route to a miss, even though no single source-bound correction presently clears the two-point materiality threshold.

2. The most-likely-to-be-optimistic Stage 5 number

The horizon-year **19.4223% statutory operating margin** is the Stage 5 number most likely to be revised down. It is more vulnerable than revenue because it embeds three favorable bridges at once: Energy Management margin rises 99 basis points despite adverse Systems mix; Industrial Automation margin rises 250 basis points despite a four-year record of compression; and operating adjustments normalize from a EUR1.015bn TTM burden to EUR0.800bn while central costs improve from 1.67% to 1.60% of revenue.

None of those assumptions is individually absurd. Together they make Base a coordinated-execution case. Industrial Automation's TTM margin is only 14.30%, down from 18.85% in FY2022. Management targets 18% by 2028, but Base itself reaches only about 16% at that checkpoint and 16.8% in 2031. The more important issue is that Energy Management must offset Systems mix while capacity, tariffs, cooling architecture, and project execution remain moving targets. The latest official results show the positive case — Q2 organic growth of about 18% in Energy Management and 11% in Industrial Automation — but they do not disclose product economics or prove that current volume growth will convert at the modeled terminal margin ([Schneider Electric financial results](https://www.se.com/ww/en/about-us/investor-relations/financial-results/)).

3. Strongest bear case in its strongest form

Schneider is being priced as if AI-linked electrification demand translates almost mechanically into durable high-margin earnings. The bear says the scarce resource is not orders but profitable conversion: hyperscaler projects become larger, more bespoke, more concentrated, and more sensitive to energization, while Systems takes mix from Products and specialist suppliers take cooling or high-voltage/DC content. Energy Management revenue can continue growing while price/cost, fixed-price engineering, capacity under-absorption, and architectural value migration drive its margin below 20%; Industrial Automation's software transition then fails to provide the offset, leaving that segment around 14% despite a recovered cycle. This can surface within the next two half-years through segment margin and backlog conversion, well before consolidated revenue visibly declines.

Competition makes this a genuine risk rather than a generic macro warning. ABB reported Q2 2026 comparable revenue growth of 12%, orders up 28%, and a 20.2% Operational EBITA margin while investing in medium-voltage capacity and a direct-to-grid UPS architecture ([ABB Q2 2026 results](https://new.abb.com/news/detail/137496/q2-2026-results)). Eaton reported Q2 Electrical Americas organic growth of 18%, a 27.5% margin, orders up 41%, and backlog up 33% ([Eaton Q2 2026 results](https://www.eaton.com/us/en-us/company/news-insights/news-releases/2026/eaton-reports-record-second-quarter-2026-results.html)). Those peers validate end demand, but they also show that the profit pool is contested by operators already converting strong orders into very high margins. The observable bear anchor is Energy Management Adjusted EBITA margin below 20% for two consecutive half-year periods while revenue remains positive: that would mean the problem is economics and share of value, not simply recession.

4. Cross-examination of management commentary

Management statement	Skeptical interpretation	What fails first
“Systems to lead growth” — FY2025 release	The fastest-growing bucket may be the least standardized and most project-heavy. Revenue leadership can dilute gross profit if copper, tariffs, cooling components, engineering hours, or liquidated damages run ahead of price.	Energy Management margin and gross-margin mix weaken despite high organic sales growth.
“all the levers are there for ’26 and beyond” — FY2025 call	This is a list of possible fixes, not evidence that AVEVA transition, offer pruning, volume absorption, pricing, and cost actions will add rather than offset one another.	Industrial Automation organic growth stays above 5% but Adjusted EBITA margin remains below 15.5% through FY2027.
“disciplined capital allocation” — H1 2026 framing	Cognite at USD3.1bn cash and AiDASH at roughly USD350m EV are strategically coherent, but no revenue, margin, multiple, synergy, or cash-return bridge was disclosed at the cutoff.	Net financial cost, acquisition amortization, integration expense, or leverage rises before any disclosed software return KPI improves.

The first statement is the most dangerous because it can remain literally true while the investment thesis fails. The second is testable against margin. The third matters because the score already assigns zero to acquisition-inclusive ROIIC and the Base P/E assumes the franchise deserves a premium despite unproved returns on acquired software capital. Management's official H1 message cites a record backlog and broad demand; that supports near-term revenue, not a conclusion about long-run return on capital or mix economics ([Schneider Electric financial results](https://www.se.com/ww/en/about-us/investor-relations/financial-results/)).

5. Stage 5 tie-out reverification

The recency anchor is correctly built. TTM revenue equals FY2025 less H1 2025 plus H1 2026, and the component periods do not overlap. The four latest quarters sum to the same EUR42.042bn revenue base. The first Base forward year grows 9.8185%, below the current 10%-13% Group organic guide and below the exceptional H1 pace; the model does not stale-anchor or annualize 17.7% quarterly Energy Management growth.

The share path is arithmetically consistent but economically conservative. It starts with 569.336384m H1 diluted shares, adds 1.5m known WESOP shares, credits no unsupported future net retirement, and conditionally adds OCEANE shares with the source-quantified coupon add-back. Final values stay on the correct side of conversion thresholds. The weakness is observability: the starting figure is a diluted weighted-average denominator, not a point-in-time fully diluted share count, and future SBC gross issuance is undisclosed. However, a 5% adverse share-count sensitivity lowers Base IRR only to 4.37%, a 0.96-point move. No supportable share correction found in the audited evidence is large enough to change actionability.

No product CAGR in the controlling financial model exceeds a named peer pattern because product-level CAGRs are diagnostic, not additive euros. The most aggressive line is the Bull Energy Management path, but fresh peer order and backlog growth at ABB and Eaton makes strong near-term demand credible. The red-team objection is therefore conversion and margin, not invented evidence that the demand cycle has already rolled over.

6. Score-derived 20% return claim most likely to be wrong

The audited 2/20 return-underwriting score does **not** claim the 20% case is plausible. The red team agrees. At EUR289.70, a 20% five-year return requires EUR720.866304 of terminal wealth. After EUR21 of distributions, Base EPS would need to reach EUR29.161096 at 24x, or the modeled Base EPS would need a 47.3757x exit P/E. Neither is supportable. Even Bull produces only 15.16% gross EUR and 15.12% net SGD.

The claim most vulnerable to misreading is not that 20% clears; it is that a strong electrical cycle might somehow repair the gap. It cannot do so through one ordinary cleanup. A favorable 200-basis-point Energy Management CAGR sensitivity raises Base EPS to EUR16.2099 and Base IRR to 7.20%, still far short. A 28x Base exit P/E raises Base IRR to 8.45%, also short. The 20% failure is robust.

7. Two-sided valuation challenge

The strongest reason the model is too optimistic is the **24x Base exit P/E**. It is close to Schneider's ten-year native median of 23.14x, but that history spans different acquisition and interest-rate perimeters, while today's Base depends on AVEVA, a larger SEIPL perimeter, pending software acquisitions, and still-unproved acquisition ROIIC. A 20x lower-quartile sensitivity is supportable from the same archived historical series. It cuts Base terminal wealth from EUR375.54 to EUR316.45 and Base IRR from 5.33% to 1.78%, a 3.55-point reduction. This is a material sensitivity, but not an identified correction: VP already discloses 20x, explicitly rejects using the raw current multiple as a cap, and supports 24x with long-run median and terminal growth/margin evidence.

The strongest reason the model is too bearish is also valuation, not accounting. A 28x Base P/E is within the native peer range and below the current normalized 32.48x. It would lift Base IRR to 8.45%, 3.12 points above the audit. Strong 2026 Schneider, ABB, and Eaton orders make that sensitivity economically imaginable. Yet it still fails the 10% mandate before net-SGD friction, and assigning it to Base would assume that 8.0% revenue growth, 19.4% statutory margin, and unproved acquisition returns deserve a peer-low premium multiple five years from now. The audited 24x remains the better central choice.

Scenario probabilities are the least auditable part of the bridge. Moving ten percentage points from Bull to Bear, producing 40%/50%/10%, lowers probability-weighted gross IRR from 4.26% to 1.73%, a 2.54-point change; moving ten points from Bear to Bull raises it to 6.58%, a 2.31-point change. Net-SGD probability-weighted IRR ranges from 0.49% to 5.78% under those same two reweights. Both are material sensitivities. Neither changes the no-replacement conclusion, and neither is a supportable “correction” on present evidence because there is no historical event-frequency calibration that proves 40/50/10 or 20/50/30 is more accurate than 30/50/20. This uncertainty should remain explicit rather than dressed up as statistical probability.

Challenge	Recalculated return	Change vs audited	Red-team conclusion
Base at 20x rather than 24x	1.7823% gross EUR	-3.5454pp	Material disclosed sensitivity; not a demonstrated correction

Challenge	Recalculated return	Change vs audited	Red-team conclusion
Base at 28x rather than 24x	8.4514% gross EUR	+3.1237pp	Material disclosed upside sensitivity; still below mandate
40% Bear / 50% Base / 10% Bull	1.7260% PW gross EUR	-2.5381pp	Material weight sensitivity; conclusion unchanged
20% Bear / 50% Base / 30% Bull	6.5767% PW gross EUR	+2.3126pp	Material weight sensitivity; conclusion unchanged
Base Energy Management CAGR down 200bp	3.4657% gross EUR	-1.8620pp	Largest operating sensitivity; below materiality line alone
Bear with distributions wrongly set to zero	-12.1198% gross EUR	-2.3064pp	Prior material defect; now repaired in audited bridge
Five dividends growing 4% annually	5.4256% Base gross EUR	+0.0979pp	Flat-dividend convention is mildly too bearish, not material

Dilution is conservative but not punitive enough to matter. The audit gives no net share retirement for the EUR2.5bn-EUR3.5bn buyback authorization, yet historic diluted shares rose despite repurchases. Conversely, it does not invent a gross SBC issuance path. The defined 5% share-count stress moves Base IRR by less than one point. Distributions are now handled correctly. No P/E-plus-net-debt splice, NCI double count, cash double count, or invalid negative-EPS-to-zero-equity shortcut exists.

Return-model objection classification: The prior material zero-distribution objection is resolved and incorporated. The large multiple and probability effects are explicitly labeled sensitivities, not evidence-backed corrections to the locked Base case. They do not change ER2 Reject, CIO PASS/no-replacement, the 2/20 return score, or the absence of trade authority. No foundational normalization, method, denominator, terminal-equity, claim-perimeter, dilution, or distribution defect remains.

8. Insurer bridge applicability

Schneider Electric SE is an industrial technology company, not a property-and-casualty insurer, reinsurer, specialty carrier, or similar risk-bearing business. `insurer_return_bridge.json` is therefore not required. The applicable common-shareholder checks are the P/E denominator, diluted share/OCEANE bridge, distributions-counted-once test, and prohibition on a second cash/debt/NCI adjustment; all pass.

9. The signal that forces an exit

Force an exit or immediate rejection-level re-underwrite if Energy Management Adjusted EBITA margin is below 20.0% in two consecutive half-year reports while Energy Management organic revenue growth remains at least 5% in each period. The window is the next two reported half-years. The dual condition separates a cyclical revenue shock from a structural failure to convert demand: Schneider would still be growing, but Systems mix, project execution, price/cost, capacity utilization, or architecture share would be destroying the profit economics of the segment that supplies about 88% of segment Adjusted EBITA. That would invalidate the Base 23.30% terminal segment margin, weaken the company moat verdict, and make a 24x Base exit multiple indefensible. This is a research threshold only; there is no direct SU.PA position identified here and no trade instruction is authorized.

10. Conviction after red team

Thesis does not survive as an investment at EUR289.70, even though the operating franchise survives. Schneider's demand evidence is stronger than the Bear narrative alone suggests, and the locked P/E bridge is arithmetically and methodologically sound. But the entry price requires premium terminal economics while Systems mix, Industrial Automation recovery, acquisition returns, and software disclosure remain unproved. The downside multiple and probability sensitivities are material, while even the strongest supportable upside sensitivities do not reach the 10% lower net-SGD mandate hurdle. Retaining POWR and EWG rather than replacing either with SU.PA therefore remains supported on security-return grounds alone; this is not a ranking, sizing decision, or trade recommendation.

`RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED`

Schneider Electric SE (SU.PA) — Production ER2 Data Package

Run ID: `pulse-cio-20260828T180329+0800` **Information cutoff:** 2026-08-28, Asia/Singapore **Fiscal year:** December 31 **Latest complete reporting period:** H1 2026 ended 2026-06-30 **TTM convention:** FY2025 less H1 2025 plus H1 2026,

ending 2026-06-30 **Exact five-year horizon:** 2031-06-30 **Units:** € million unless stated otherwise; percentages are calculated from unrounded issuer values **Authority boundary:** This is a source package, not a recommendation. It makes no trade, rank, size, or portfolio recommendation.

The quantitative control set is the QFR-cleared current-run foundation, the byte-sealed statutory bridge, live Financial Modeling Prep `/stable` pulls archived under `raw/pulse-cio-20260828T180329+0800/d`, and Schneider Electric's live official FY2025, H1 2026, quarterly-results, accounts, transcript, and Capital Markets Day materials. No data warehouse file or prior ER2 report was used as evidence. Because Schneider is a French issuer and the provider differs materially on several accounting classifications, official Schneider sources control all current-period discrepancies.

The exact sealed packets remain unchanged. Quote packet SHA-256: `1f2b1d7087707193db69868012f3b413c8b09f6db75223c80790845a0f4b3591`. Statutory bridge SHA-256: `c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861`.

0a. Industry classification and disclosure inventory

Schneider Electric is an industrial technology company spanning low- and medium-voltage electrification, secure power and cooling, industrial automation and control, software, digital services, and field services. The reporting regime is IFRS, with two reportable operating segments and calendar-year fiscal reporting. The controlling current source set is Schneider's FY2025 results release and accounts, H1 2026 results release and reviewed accounts, the Q3 2025, Q1 2026, and Q2 2026 releases, FY2025 and H1 2026 call transcripts, and the December 2025 Capital Markets Day material. Live FMP annual and quarterly product-segmentation endpoints both returned exact empty arrays; therefore the industrial/electrification/software inventory is mandatory.

Source and search inventory

Official documents checked live in this run include the FY2021 accounts, FY2022 accounts and results, FY2023 results, FY2024 accounts and results, FY2025 results and transcript, Q3 2025 release, Q1 2026 release, H1 2026 release/accounts/transcript, and CMD 2025 release. Exact searches included: `segment`, `business`, `revenue`, `Adjusted EBITA`, `Central Functions & Digital Costs`, `Central costs`, `backlog`, `Products`, `Systems`, `Software & Services`, `Software & Digital Services`, `Field Services`, `Annualized Recurring Revenue`, `ARR`, `Digital Flywheel`, `recurring`, `connectable`, `end-market`, `Data Center`, `Buildings`, `Industry`, `Infrastructure`, `R&D`, `capex`, `pricing`, `productivity`, `gross margin`, `customer concentration`, `capacity`, `installed base`, and `geography`.

The disclosure hierarchy matters. Schneider separately reports revenue and Adjusted EBITA only for Energy Management and Industrial Automation. It gives business-model shares and growth for Products, Systems, Software & Digital Services, and Field Services, but generally not exact annual euro revenue for those lines. It discloses ARR growth for AVEVA but not ARR euros, and gives end-market demand/sales descriptors rather than end-market revenue. Those are true non-disclosures after the documented searches, not omissions caused by FMP's empty endpoints.

Completeness matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Reportable-segment economics	FY2021/FY2022/FY2024 accounts; FY2023/FY2025/H1 2026 results	Segment information; revenue; Adjusted EBITA; central costs	FY2021-FY2025 and H1/TTM 2026	Yes	None	Segment forecasts and statutory bridge
Backlog	Annual segment notes and FY2025 digital update	Backlog; execution beyond one year	FY2021-FY2025	Yes	Exact H1 2026 backlog not disclosed	Demand visibility and cyclicality
Business-model mix	FY2022-FY2025 releases; Q3 2025-Q2 2026 releases	Products; Systems; Software & Services	FY2022-FY2025; last four quarters	Yes	FY2021 comparable split not found	Mix, gross margin, recurring revenue
Software KPIs	Annual/quarterly releases and CMD	ARR; recurring; Digital Flywheel; connectable products	FY2022-FY2025 and H1 2026 trend	Yes	ARR euros and NRR not disclosed	Software transition and moat
End markets	Quarterly releases and CMD	Data Center & Networks; Buildings; Industry; Infrastructure	Last four quarters; 2030 targets	Yes, qualitative	Euro revenue by end market is not disclosed	Secular-growth and concentration framing
Geography	FY2025 and H1 2026 results/accounts	Revenue by business and geography	FY2025 and H1 2026	Yes	Taxonomy changed in 2026	Regional exposure and FX

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
R&D and capacity investment	FY2021/FY2022/FY2024 accounts; FY2025/H1 2026 results	Total R&D expenditures; net capex; capacity	FY2021-FY2025 and H1 2026	Yes	Segment-level R&D/capex not disclosed	Innovation and reinvestment
Unit volumes, ASP, utilization	Annual/interim reports and releases	Units; ASP; utilization; capacity	None	No	True non-disclosure; Schneider reports price/volume bridges, not units	Pricing and operating leverage
Customer concentration	Annual/interim reports and results	Major customer; concentration; hyperscale	Qualitative only	Yes, qualitative	No customer revenue table found	Data-center concentration risk
Recent results calls	FY2025 and H1 2026 official transcripts; Q3/Q1 releases	Guidance; margin; pricing; backlog; AI; automation	Four latest result periods	Yes	Q3 and Q1 are sales-only releases without full calls	Recency and management framing

Historical industry KPI series

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source
Backlog	Group, €m	11,776	16,490	19,162	21,420	25,362	H1 2026 exact value not disclosed; described as record	Official annual segment notes and FY2025 release
Backlog	Energy Management, €m	9,088	13,156	15,414	17,698	21,340	Not separately disclosed at H1 2026	Same sources
Backlog	Industrial Automation, €m	2,688	3,334	3,748	3,722	4,022	Not separately disclosed at H1 2026	Same sources
Digital Flywheel	Share of Group revenue	Not found	53%	56%	57%	62%	H1 2026 remained 62%	Official FY2022-FY2025 releases; H1 call
Software & Services	Share of Group revenue	Not found	18%	19%	19%	19%	Q2 2026: 18% of quarter	Official releases
Agnostic software recurring	Share of agnostic-software revenue	Not found	Not on current comparable definition	70%	77%	79%	H1 2026 exact percentage not updated	Official FY2023-FY2025 releases
AVEVA ARR growth	Year-end / period-end YoY	Not found	12.3%	19%	15%	12%	11% at 2026-06-30	Official annual/interim releases
Total R&D expenditure	Group, €m	1,539	1,845	2,016	2,260	2,380	1,235 in H1 2026	Official accounts/results
Total R&D expenditure	Percent of revenue	5.3%	5.4%	5.6%	5.9%	5.9% cash-cost presentation	5.8% in H1 2026	Official accounts/results

Business-model mix	FY2021	FY2022	FY2023	FY2024	FY2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Products share of revenue	n/d	58%	53%	50%	47%	48%	47% FY share cited in Q4 release	48%	47%
Systems share of revenue	n/d	24%	28%	31%	34%	34%	34% FY share cited in Q4 release	33%	35%
Software & Services share	n/d	18%	19%	19%	19%	18%	19% FY share cited in Q4 release	19%	18%

The FY2021 business-model split is a true non-disclosure within the official source set searched. The 2022-2025 series shows a pronounced mix shift from Products toward Systems while Software & Services stayed near 18%-19%. That mix is essential: Systems has led revenue growth but can dilute gross margin even when it supports adjusted EBITA leverage; recurring software and services increase lifecycle participation and customer stickiness.

1. Reporting structure and taxonomy

Current reportable segments

Segment	Official scope	FY2025 revenue	FY2025 share of Group
Energy Management	End-to-end low- and medium-voltage energy technologies, secure power/cooling, systems, services, and energy-management software serving Data Center & Networks, Buildings, Industry, and Infrastructure	33,130	82.51%
Industrial Automation	Industrial automation/control, discrete and process/hybrid automation, and industrial software including AVEVA	7,022	17.49%
Group	Two reportable segments; central costs carry no revenue	40,152	100.00%

The two-segment reporting structure is stable across FY2021-FY2025 and H1 2026. The FY2025 statutory bridge calls the corporate line `Central Functions & Digital Costs`; H1 2026 calls it `Central costs`. This label evolution is not a third segment and is reproduced exactly by period in Section 3a. Minor offer reclassifications can occur within scope impacts, but no reportable-segment realignment was found in the last three years.

Geographic presentation changes at the start of the 2026 cycle. FY2025 reports North America, Western Europe, Asia Pacific, and Rest of the World. H1 2026 reports North America, Europe, China & East Asia, and South Asia & International. The new geography is useful for the multi-hub operating model, but it prevents direct row-by-row comparison outside North America without a restated history.

Geography	FY2025 revenue	FY2025 share	H1 2026 geography	H1 2026 revenue	H1 2026 share
North America	15,438	38.45%	North America	8,312	39.16%
Western Europe	9,316	23.20%	Europe	5,305	24.99%
Asia Pacific	10,497	26.14%	China & East Asia	3,796	17.88%
Rest of the World	4,901	12.21%	South Asia & International	3,813	17.96%
Group	40,152	100.00%	Group	21,226	100.00%

2. Consolidated historicals

The table below preserves five years of live-FMP vendor context, with the current FY2025 operating-income/capex/FCF fields replaced by the controlling official values where QFR documented material provider discrepancies. Amounts are € billion except EPS, shares, margins, and ROIC.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source / treatment
Revenue	28.905	34.176	35.902	38.153	40.152	Live FMP; FY2025 agrees with official
Operating income	4.554	5.543	5.958	6.555	6.699	Live FMP FY2021-FY2024; official override FY2025
Operating margin	15.75%	16.22%	16.60%	17.18%	16.68%	Calculated
Parent net income	3.204	3.477	4.003	4.269	4.163	Live FMP; FY2025 agrees with official
Diluted EPS	5.67	6.15	7.07	7.53	7.33	Live FMP native denominator
Diluted weighted-average shares, m	564.682	565.161	566.588	569.085	570.516	Live FMP
Capital expenditure	0.876	1.093	1.365	0.950	1.496	Live FMP FY2021-FY2024; official net capex FY2025
Free cash flow	2.740	3.261	4.542	4.630	4.635	Live FMP FY2021-FY2024; issuer-defined FY2025 FCF
Calculated ROIC	5.8%	7.2%	12.0%	12.0%	12.8%	NOPAT divided by live-FMP invested capital

The FMP table is vendor context, not a claim that every historical classification equals Schneider's IFRS presentation. QFR found FY2025 FMP operating income €7,028m versus official €6,699m, pretax €5,754m versus official €6,180m, net capex

€1,072m versus official €1,496m, and gross financial liabilities €19,297m versus official €17,880m. For cash flow, FMP's €6,131m equals the official statutory `TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES`; Schneider's results-release FCF bridge separately labels the €6,748m pre-working-capital subtotal `Operating cash flow`. Those two cash-flow figures use different perimeters rather than representing a provider error. The official values and exact labels control the forecast anchor.

ROIC calculation

ROIC is calculated as NOPAT divided by FMP invested capital. NOPAT equals operating income multiplied by one minus the effective tax rate; the tax rate is absolute income-tax expense divided by pretax income. FY2025 uses the official statutory operating income, pretax, and tax values while retaining the live-FMP invested-capital denominator. This transparent calculation is not Schneider's disclosed ROCE, which exceeded 15% at FY2025 under the issuer's own methodology.

FY	Operating income	Pretax income	Tax expense	Effective tax rate	NOPAT	Invested capital	Calculated ROIC
2021	4,554	4,195	922	22.0%	3,553	60,960	5.8%
2022	5,543	4,696	1,160	24.7%	4,174	57,931	7.2%
2023	5,958	5,396	1,227	22.7%	4,603	38,302	12.0%
2024	6,555	5,791	1,352	23.3%	5,025	41,868	12.0%
2025	6,699	6,180	1,455	23.5%	5,122	40,093	12.8%

Current forecast-anchor snapshot

Metric	FY2025	H1 2025	H1 2026	TTM ended 2026-06-30
Revenue	40,152	19,336	21,226	42,042
Adjusted EBITA	7,520	3,510	4,093	8,103
Statutory operating income	6,699	3,223	3,613	7,089
Pretax income	6,180	2,975	3,327	6,532
Parent net income	4,163	1,913	2,488	4,738
Diluted weighted-average shares, m	570.516 FMP	565.976331 live FMP, tied to the QFR denominator bridge	569.336 official	572.1960265 calculated TTM
Diluted EPS	7.33 FMP	3.38 official	4.37 official	8.280379067 calculated

The exact TTM formula is FY2025 less H1 2025 plus H1 2026. The TTM diluted EPS is €4,738m divided by 572.1960265m diluted shares, giving €8.280379067. After-tax associates are not moved into pretax income or operating income.

3. Segment historicals

Energy Management

Energy Management	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026	TTM 2026-06-30	Source
Revenue	22,179	26,442	28,241	31,131	33,130	17,641	34,879	Official segment tables; TTM calculation
YoY / period organic growth	13.3%	12.9%	14.4%	11.5%	10.3%	15.4%	n/a	Official results
Adjusted EBITA	4,501	5,392	5,967	6,865	7,235	3,957	7,780	Official segment tables; TTM calculation
Adjusted EBITA margin	20.29%	20.39%	21.13%	22.05%	21.84%	22.43%	22.31%	Calculated from exact values
Backlog	9,088	13,156	15,414	17,698	21,340	n/d	n/a	Official segment notes/results

Industrial Automation

Industrial Automation	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026	TTM 2026-06-30	Source
Revenue	6,726	7,734	7,661	7,022	7,022	3,585	7,163	Official segment tables; TTM calculation
YoY / period organic growth	10.7%	9.5%	6.7%	-3.7%	3.0%	7.7%	n/a	Official results
Adjusted EBITA	1,242	1,458	1,304	1,041	994	501	1,024	Official segment tables; TTM calculation
Adjusted EBITA margin	18.47%	18.85%	17.02%	14.82%	14.16%	13.97%	14.30%	Calculated from exact values
Backlog	2,688	3,334	3,748	3,722	4,022	n/d	n/a	Official segment notes/results

Energy Management has expanded its share of Group revenue from 76.7% in FY2021 to 82.5% in FY2025, driven by electrification, data-center infrastructure, power-and-grid investment, and systems growth. Industrial Automation's revenue recovered in H2 2025 and accelerated in H1 2026, but its Adjusted EBITA margin remains roughly five percentage points below FY2022. Management's stated recovery plan targets 18% by 2028; that is an aspiration and must not be treated as achieved.

3a. Historical statutory-profit bridge and forecast-driver ledger

The exact common segment-profit basis is issuer-defined **Adjusted EBITA** for Energy Management and Industrial Automation, plus the issuer's central-cost line. Adjusted EBITA is not statutory operating income. The reporting currency and scale are EUR millions for both sealed periods. The sealed bridge passes through central costs, other operating income and expenses, restructuring, and purchase-accounting intangible amortization/impairment to statutory operating income; then through net financial income/loss to pretax; and finally through tax, issuer-presented after-tax associate items, and NCI to parent net income.

FY2025 ended 2025-12-31

Bridge line	Classification	Value	Source ID	Running subtotal
Energy Management — Adjusted EBITA	segment profit	7,235	OFFICIAL_FY2025	7,235
Industrial Automation — Adjusted EBITA	segment profit	994	OFFICIAL_FY2025	8,229
Sum of reportable segment profit	segment profit subtotal	8,229	OFFICIAL_FY2025	8,229
Central Functions & Digital Costs	corporate_unallocated	-709	OFFICIAL_FY2025	7,520
Consolidated Adjusted EBITA	subtotal	7,520	OFFICIAL_FY2025	7,520
Other operating income and expenses	operating	-77	OFFICIAL_FY2025	7,443
Restructuring costs	operating	-287	OFFICIAL_FY2025	7,156
Amortization and impairment of purchase accounting intangibles	operating	-457	OFFICIAL_FY2025	6,699
Statutory operating income	statutory subtotal	6,699	OFFICIAL_FY2025	6,699
Net financial income/(loss)	other_non_operating	-519	OFFICIAL_FY2025	6,180
Pretax income	statutory subtotal	6,180	OFFICIAL_FY2025	6,180
Income tax expense	tax	-1,455	OFFICIAL_FY2025	4,725
Share of profit/(loss) of associates (issuer presents after tax)	other_non_operating	14	OFFICIAL_FY2025	4,739
Impairment of investments in associates (issuer presents after tax)	other_non_operating	-388	OFFICIAL_FY2025	4,351
Profit attributable to non-controlling interests	noncontrolling_interests	-188	OFFICIAL_FY2025	4,163

Bridge line	Classification	Value	Source ID	Running subtotal
Net income	parent statutory endpoint	4,163	OFFICIAL_FY2025	4,163

TTM ended 2026-06-30 = FY2025 - H1 2025 + H1 2026

Bridge line	Classification	Value	Source ID	Running subtotal
Energy Management — Adjusted EBITA (7235 - 3412 + 3957)	segment profit	7,780	TTM_CALC_FY25_H125_H126	7,780
Industrial Automation — Adjusted EBITA (994 - 471 + 501)	segment profit	1,024	TTM_CALC_FY25_H125_H126	8,804
Sum of reportable segment profit	segment profit subtotal	8,804	TTM_CALC_FY25_H125_H126	8,804
Central Functions & Digital Costs / Central costs (-709 - (-373) + (-365))	corporate_unallocated	-701	TTM_CALC_FY25_H125_H126	8,103
Consolidated Adjusted EBITA	subtotal	8,103	TTM_CALC_FY25_H125_H126	8,103
Other operating income and expenses (-77 - 9 + (-147))	operating	-233	TTM_CALC_FY25_H125_H126	7,870
Restructuring costs (-287 - (-63) + (-127))	operating	-351	TTM_CALC_FY25_H125_H126	7,519
Amortization and impairment of purchase accounting intangibles (-457 - (-233) + (-206))	operating	-430	TTM_CALC_FY25_H125_H126	7,089
Statutory operating income	statutory subtotal	7,089	TTM_CALC_FY25_H125_H126	7,089
Net financial income/(loss) (-519 - (-248) + (-286))	other_non_operating	-557	TTM_CALC_FY25_H125_H126	6,532
Pretax income	statutory subtotal	6,532	TTM_CALC_FY25_H125_H126	6,532
Income tax expense (-1455 - (-714) + (-799))	tax	-1,540	TTM_CALC_FY25_H125_H126	4,992
Share of profit/(loss) of associates (14 - 23 + 20; issuer presents after tax)	other_non_operating	11	TTM_CALC_FY25_H125_H126	5,003
Impairment of investments in associates (-388 - (-274) + 0; issuer presents after tax)	other_non_operating	-114	TTM_CALC_FY25_H125_H126	4,889
Profit attributable to non-controlling interests (-188 - (-97) + (-60))	noncontrolling_interests	-151	TTM_CALC_FY25_H125_H126	4,738
Net income	parent statutory endpoint	4,738	TTM_CALC_FY25_H125_H126	4,738

All five sealed reconciliation residuals are zero in both periods. The post-tax associate result and associate impairment remain after tax exactly as Schneider presents them; neither is reclassified into operating income or pretax income.

Forecast-driver schedule

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Central Functions & Digital Costs / Central costs	-709	-701	Independently forecast corporate cost, cross-checked as percent of revenue	1.77% of FY2025 revenue; 1.67% of TTM; H1 2026 ratio 1.72%	Bear holds ratio near 1.8%; base modest leverage; bull faster scaling, never zero
Other operating income and expenses	-77	-233	Fixed/event schedule, not percent of segment profit	H1 2026 includes a €128m capitalized-development impairment and acquisition/integration costs	Bear retains recurring event burden; base normalizes after known impairment; bull still carries normal M&A/integration cost

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Restructuring costs	-287	-351	Explicit annual restructuring envelope	FY2025 guidance: cumulative incremental €500m over 2025-2027 above normalized €100m-€150m; H1 call expected about €450m in FY2026	Bear slower unwind; base follows disclosed peak then normalization; bull faster delivery but no unsupported immediate zero
Amortization and impairment of purchase accounting intangibles	-457	-430	Acquisition-intangible amortization schedule	Existing AVEVA/SEIPL/Motivair perimeter; pending Cognite/AiDASH would add amortization after close	Bear adds higher acquisition burden; base rolls known schedule plus completed deals; bull does not omit amortization
Net financial income/(loss)	-519	-557	Debt and interest-rate schedule	Official net debt €15,360m at H1 2026 including NCI commitments; incremental acquisition financing and 2026 bonds	Bear higher debt/rates; base current financing; bull faster deleveraging
Income tax expense	-1,455	-1,540	Effective tax-rate schedule on pretax income	FY2025 ETR 23.5%; original FY2026 guidance 23%-25%	Bear 25%; base 24%; bull 23%, subject to source update
Share of profit/(loss) of associates (issuer presents after tax)	14	11	Separate post-tax associate forecast	Official IFRS placement after tax	Bear zero/negative; base modest sourced continuation; bull modest positive; never moved above tax
Impairment of investments in associates (issuer presents after tax)	-388	-114	Event schedule; zero only after documented cessation	Uplight impairment was present in FY2025; H1 2026 disclosed no new associate impairment	Bear allows renewed impairment; base/bull zero prospectively after the documented H1 absence; never reclassified
Profit attributable to non-controlling interests	-188	-151	Separate ownership line, linked to subsidiary profit	Official NCI attribution and SEIPL ownership change	Bear higher NCI leakage where still applicable; base current ownership; bull lower leakage only where ownership evidence supports it

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

4. Product and sub-segment historicals

Dollar-disclosed lines

Segment	Product / sub-segment	Description	Dollar disclosure?	Historical revenue and source
Energy Management	Reportable segment	Electrification, secure power/cooling, energy-management systems, software and services	Yes	€22,179m FY2021; €26,442m FY2022; €28,241m FY2023; €31,131m FY2024; €33,130m FY2025; official segment notes
Industrial Automation	Reportable segment	Automation/control, discrete and process/hybrid solutions, AVEVA industrial software	Yes	€6,726m FY2021; €7,734m FY2022; €7,661m FY2023; €7,022m FY2024; €7,022m FY2025; official segment notes
Industrial Automation	Software including Digital Services	Lifecycle software and digital-services offer	Yes, FY2022 only	€2.6bn FY2022; later releases revert to percentage/growth disclosure
Group	North America	Revenue by customer market geography	Yes	€15,438m FY2025; €8,312m H1 2026 under comparable North America label
Group	Western Europe / Europe	Revenue by geography; label changed in 2026	Yes	€9,316m FY2025 Western Europe; €5,305m H1 2026 Europe; not directly comparable
Group	Asia Pacific / China & East Asia	Revenue by geography; perimeter changed in 2026	Yes	€10,497m FY2025 Asia Pacific; €3,796m H1 2026 China & East Asia; not directly comparable
Group	Rest of World / South Asia & International	Revenue by geography; perimeter changed in 2026	Yes	€4,901m FY2025 Rest of World; €3,813m H1 2026 South Asia & International; not directly comparable

No absolute-dollar back-solving is used. The disclosed business-model percentages are rounded and would create false precision if multiplied into consolidated revenue. End markets—Data Center & Networks, Buildings, Industry, and Infrastructure—are commercially material but not reportable revenue segments.

Growth-only and percentage-only lines

Product / KPI	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Source
Products organic growth	3%	4%	9%	13%	Official quarterly releases
Systems organic growth	19%	19%	16%	28%	Official quarterly releases
Software & Services organic growth	8%	10%	9%	6%	Official quarterly releases
Software & Digital Services organic growth	7%	13%	8%	7%	Official quarterly releases
Field Services organic growth	8%	8%	9%	5%	Official quarterly releases
AVEVA ARR growth at period end	12%	12%	12%	11%	Official quarterly releases
Products revenue share	48%	47% FY share	48%	47%	Official quarterly releases
Systems revenue share	34%	34% FY share	33%	35%	Official quarterly releases
Software & Services revenue share	18%	19% FY share	19%	18%	Official quarterly releases

The absence of ARR euros, NRR, billings, remaining performance obligations, customer counts, seats, or software gross margin is a true non-disclosure in the searched official materials. Schneider's useful software evidence is the ARR growth rate, recurring-revenue share, Digital Flywheel share, subscription transition, and qualitative churn/upsell commentary.

5. Most recent quarterly trend

Schneider Electric's FY ends December 31. Most recently completed fiscal quarter at the cutoff: Q2 FY2026, covering April-June 2026, reported with H1 2026 on 2026-07-30 via https://www.se.com/ww/en/assets/pdf/release-hy-results-2026.

Quarterly releases provide revenue and organic growth but not quarterly Adjusted EBITA by segment. H1 2026 segment margins are shown separately and must not be mislabelled as Q2 margins.

Quarter	Group revenue	Energy Management revenue	EM organic YoY	Industrial Automation revenue	IA organic YoY	Quarterly segment margin	Source date
Q3 2025	9,721	8,039	9.7%	1,682	6.0%	Not disclosed	2025-10-30
Q4 2025	11,095	9,199	11.2%	1,896	8.2%	Not disclosed	2026-02-26
Q1 2026	9,767	8,047	12.8%	1,720	4.4%	Not disclosed	2026-04-30
Q2 2026	11,459	9,594	17.7%	1,865	11.0%	Not disclosed	2026-07-30
H1 2026	21,226	17,641	15.4%	3,585	7.7%	EM 22.4%; IA 14.0% on Adjusted EBITA	2026-07-30

The load-bearing recency check passed: the largest segment's most recent quarter headline is Energy Management Q2 2026 organic growth of 17.7%, directly present in the live H1 2026 release. Q2 growth broadened beyond Data Center into Infrastructure, Buildings, Semiconductor, Discrete, and Process & Hybrid. The main near-term negative mix is Systems growing faster than Products and Software, while pricing accelerated but had not fully offset raw-material and tariff headwinds in H1.

6. Management commentary on forward growth

The latest four results periods are Q3 2025, FY2025/Q4 2025, Q1 2026, and H1/Q2 2026. Q3 and Q1 are sales-only periods; the FY2025 and H1 2026 full calls are dated 2026-02-26 and 2026-07-30. The live FMP transcript responses match those call dates exactly. Quotations below are deliberately short excerpts; interpretation is separate.

Energy Management

Period / source	Speaker	Short verbatim excerpt	Topic	Modeling implication
Q3 2025 release, 2025-10-30	Olivier Blum, CEO	“sustained Data Center demand drove performance”	Data-center demand	Supports strong Systems growth but not a permanent triple-digit demand extrapolation
FY2025 call, 2026-02-26	Olivier Blum, CEO	“data center end market will lead the growth”	2026 end-market ranking	Energy Management should lead, with explicit concentration sensitivity
FY2025 release, 2026-02-26	Olivier Blum, CEO	“Systems to lead growth”	Business-model mix	Systems volume remains the lead driver; gross-margin mix dilution remains relevant
Q1 2026 release, 2026-04-30	Olivier Blum, CEO	“Growth was led by our Systems business”	Q1 execution	Confirms the disclosed mix trend rather than a forecast-only thesis
H1 2026 call, 2026-07-30	Olivier Blum, CEO	“great opportunity”	Secular demand	Treat as management conviction, not customer-level backlog evidence
H1 2026 release, 2026-07-30	Olivier Blum, CEO	“Energy Management delivered broad-based growth in H1”	Diversification	Base case should include Infra structure/Buildings/Industry contributions, not only Data Center
CMD 2025 release, 2025-12-11	Olivier Blum, CEO	“Digital Flywheel revenues to represent >70%”	2030 portfolio mix	Digital content can outgrow Group, supporting lifecycle revenue and stickiness
H1 2026 release, 2026-07-30	Frédéric Godemel, EVP Energy Management	“accelerating Schneider’s Energy Intelligence leadership”	AiDASH / grid software	AiDASH belongs in Energy Management after closing; acquisition economics remain unclosed

Industrial Automation

Period / source	Speaker	Short verbatim excerpt	Topic	Modeling implication
Q3 2025 release, 2025-10-30	Olivier Blum, CEO	“Industrial Automation return to growth”	Cycle recovery	Marks inflection, but one quarter does not prove normalized margin
FY2025 call, 2026-02-26	Olivier Blum, CEO	“We did it”	Return to positive FY growth	Confirms delivery against the stated 2025 objective
FY2025 call, 2026-02-26	Hilary Maxson, CFO	“all the levers are there for ’26 and beyond”	Margin recovery	Model the discrete mix, AVEVA transition, productivity, and cost actions separately
Q1 2026 release, 2026-04-30	Olivier Blum, CEO	“recovery in Discrete automation continued”	Short-cycle recovery	Supports positive growth but Process remained later-cycle
H1 2026 call, 2026-07-30	Nathan Fast, CFO	“process turned positive in Q2”	Process & Hybrid	Later-cycle demand began converting to sales in Q2
H1 2026 call, 2026-07-30	Olivier Blum, CEO	“returning back to profitability”	IA turnaround	Margin recovery is a managed program, not automatic volume drop-through
H1 2026 call, 2026-07-30	Nathan Fast, CFO	“reach 18% by 2028”	Adjusted EBITA margin goal	Use as bull/base reference only after explicit execution steps
H1 2026 call, 2026-07-30	Nathan Fast, CFO	“refocusing the Industrial Automation business”	Offer refocus	Restructuring and impairments are part of the turnaround cost, not below-line noise

Group guidance evolved materially. FY2025 initially set FY2026 organic Adjusted EBITA growth at +10% to +15%, driven by +7% to +10% organic revenue and +50bp to +80bp organic margin improvement. H1 2026 upgraded those to +14% to +19%, +10% to +13%, and +70bp to +100bp, implying a reported Adjusted EBITA margin near 19.4%-19.7% on current scope/FX assumptions. The 2025-2030 framework remains +7% to +10% organic revenue CAGR, +250bp cumulative organic margin expansion, and cash conversion around 100%.

7. Capital allocation history

Year	Net capex	Capex / revenue	Total R&D	R&D / revenue	Buybacks	Dividends	Net acquisitions	Source
FY2021	876	3.0%	1,539	5.3%	262	1,447	4,590	Live FMP cash flow; official R&D
FY2022	1,093	3.2%	1,845	5.4%	219	1,618	301	Live FMP cash flow; official R&D
FY2023	1,313 official	3.7%	2,016	5.6%	703	1,767	307 FMP	Official results/accounts; FMP acquisition line
FY2024	1,364 official	3.6%	2,260	5.9%	388	1,963	452 FMP	Official results/accounts; FMP acquisition line
FY2025	1,496 official	3.7%	2,380	5.9% cash cost	341	2,191	6,646 FMP	Official results; live FMP acquisition line

FY2025 acquisition cash is dominated by the December 2025 purchase of the remaining 35% of Schneider Electric India Private Limited from Temasek; it should not be normalized as annual maintenance M&A. CMD 2025 announced a €2.5bn-€3.5bn share-buyback program through 2030 and a €1.0bn-€1.5bn revenue disposal program. H1 2026 then launched a €600m buyback mandate, with 1.0m shares purchased for €249m at June 30 and a €353m remaining commitment recognized as a liability.

H1 2026 statutory cash flow from operating activities was €2,300m and issuer-defined FCF was €1,631m; net capex was €669m. On a consistent statutory basis, TTM cash flow from operating activities is €7,240m (€6,131m FY2025 less €1,191m H1 2025 plus €2,300m H1 2026), TTM net capex is €1,448m, and TTM FCF is €5,792m. Schneider's separate pre-working-capital subtotal labelled `Operating cash flow` is €3,755m for H1 2026 and €7,559m for TTM; it must not be mixed with statutory operating cash flow in a TTM bridge.

8. Balance-sheet snapshot

Item	FY2025	H1 2026	Source / note
Cash and cash equivalents	4,634	4,518	Official accounts
Short-term investments	0 FMP	Not separately disclosed	Live FMP annual; official cash is controlling
Total current and non-current financial liabilities	17,880	19,390	Official accounts
Net financial debt excluding NCI purchase commitments	13,246	14,872	Official accounts
Net financial debt including NCI purchase commitments	13,721	15,360	Official accounts; preferred leverage perimeter
Net debt / EBITDA	1.8465x live FMP provider context	Not refreshed for H1 because an official comparable EBITDA denominator was not separately disclosed	Live FMP FY2025 key-metrics endpoint; do not mix it with the issuer's NCI-inclusive net-debt perimeter
Goodwill	25,142 FMP	25,142 at FY anchor only	Live FMP annual; provider classification
Other intangible assets	5,938 FMP	Not refreshed here	Live FMP annual
Goodwill plus intangibles	31,080 FMP	Not refreshed here	Calculated from live FMP fields
Total stockholders' equity	24,199 FMP	Not refreshed here	Live FMP annual
Tangible book value	-6,881 FMP-derived	Not refreshed here	Equity less goodwill and intangibles; denominator is provider context

The H1 2026 debt rise reflects SEIPL financing, the €850m 2034 OCEANE issuance/2030 OCEANE repurchase, commercial paper, and buyback commitments. A €1.5bn EMTN issued on 2026-07-01 is after the H1 balance-sheet date. Schneider reaffirmed its intent to retain A-grade credit ratings. Pending all-cash acquisitions of Cognite and AiDASH would add debt/cash usage after closing and must be captured in forward capital structure rather than treated as already reflected at June 30.

9. Recent corporate actions

- **2025-12-18 — SEIPL:** completed acquisition of the remaining 35% of Schneider Electric India Private Limited from Temasek, moving to full ownership. Official FY2025 release.
- **2026-02-26 / 2026-04-06 — CFO transition:** Hilary Maxson departed as CFO; Nathan Fast became CFO effective April 6, 2026. Official FY2025 results release.
- **2026-03 — share buyback:** Natixis mandate targeting €600m by November 2026; €249m completed at June 30 and €353m remaining commitment recognized. H1 2026 release/accounts.
- **2026-06-04 — OCEANEs:** issued €850m 2034 convertible/exchangeable bonds while repurchasing about 94% of 2030 OCEANEs. H1 2026 release/accounts.
- **2026-06-20 — AiDASH:** definitive agreement to acquire about 90% at an implied enterprise value of $350m; expected to report inside Energy Management after closing. H1 2026 release.
- **2026-06-30 — Cognite:** definitive agreement to acquire 100% for $3.1bn cash; closing remains subject to approvals. H1 2026 release.
- **2026-07-01 — EMTN:** issued €1.5bn in two tranches, €800m floating-rate due July 2028 and €700m fixed 3.375% due December 2033. H1 2026 release.
- **2026-07-29 — governance:** Julia Liuson appointed Board observer with proposed 2027 director nomination, adding software/platform leadership experience. H1 2026 release.

10. Open data gaps and evidence classification

Gap	Classification	Sources and searches checked	Consequence
FMP annual and quarterly product/segment series	True non-disclosure by provider	Live `/stable/revenue-product-segmentation` annual and quarter returned `[]`	Official segment tables control; no fabricated FMP segment column
Product, Systems, Software & Services exact euros for FY2023-FY2025	True non-disclosure	FY2023-FY2025 results searched for business-model revenue and euros	Use disclosed shares/growth only; no percentage-derived pseudo-dollars
End-market revenue and profit	True non-disclosure	FY2025, Q1/H1 2026 releases and CMD searched for end-market revenue/profit	Data Center/Buildings/Industry/Infrastructure remain qualitative drivers, not model segments
AVEVA ARR euros, NRR, RPO, billings, customer count, churn rate	True non-disclosure	Annual/interim releases and transcripts searched for ARR, NRR, RPO, billings, customers, churn	Use ARR growth, recurring mix and qualitative low-churn statements only
Exact H1 2026 backlog and backlog by end market	True non-disclosure	H1 release/accounts/transcript searched for backlog value and end-market split	Retain FY2025 €25,362m anchor and qualitative record/robust H1 commentary
Unit volumes, ASP, utilization, capacity by product	True non-disclosure	Annual/interim reports searched for units, ASP, utilization, capacity	Price/volume/productivity bridge substitutes; no unit model can be source-bound
Customer concentration and hyperscaler revenue	True non-disclosure	Results and transcripts searched for major customer and concentration	Data-center sensitivity must be scenario-based without invented customer shares
Comparable pre-2022 Products/Systems/Software mix	True non-disclosure	FY2021 accounts and FY2022 comparative searches	Clean business-model history begins FY2022
Geographic comparability from FY2025 to H1 2026	Taxonomy boundary	FY2025 Western Europe/Asia Pacific/Rest vs 2026 Europe/China & East Asia/South Asia & International	Do not calculate regional YoY from mismatched perimeters
FY2025 goodwill/intangible official note extraction in D	Not fetched / omitted	The large FY2025 accounts PDF exceeded the web fetch size; direct official downloads were denied twice	Live FMP values are shown as provider context and clearly labelled; downstream valuation should source official note if denominator is material
Schneider PDF binary copies in D raw folder	Not fetched / omitted	Akamai Access Denied on initial PowerShell download and identical retry	Live indexed official retrieval succeeded; normalized evidence log and QF/QFR official extracts preserve current-run provenance
Quarterly segment Adjusted EBITA margins	True non-disclosure	Q3/Q1 sales releases and FY/H1 results	Do not infer Q2 margins from H1 values

No open gap exists in the segment-profit-to-statutory-income bridge. The bridge is QFR-sealed, validator-cleared, reproduced line-for-line, and forecast-ready. The key modeling discipline is to forecast the two exact reportable segments on Adjusted EBITA, keep central costs and every operating adjustment explicit, preserve net financial loss below operating income, and retain associates in Schneider's after-tax presentation.

Load-bearing self-checks

- **Largest-segment current growth:** live H1 2026 official release confirms Energy Management Q2 organic growth of 17.7% and Q2 revenue of €9,594m.
- **Management quote/date:** live FMP H1 2026 transcript returned date 2026-07-30, matching the official transcript event date and the expected call date exactly; the tabled Industrial Automation margin-target excerpt appears in the fetched content.
- **Latest full-year revenue:** live FMP annual income statement confirms FY2025 revenue €40,152m, exactly equal to Schneider's official FY2025 value.
- **Statutory seal:** `validate_statutory_bridge.py --expected-sha256 c286792cd1c5b29f665ca0b123747e3575d67df20524ab1d71dec4f185a06861` returned `STATUTORY_BRIDGE_VALID`.
- **Taxonomy:** FY2025 reportable revenues €33,130m plus €7,022m equal €40,152m; TTM revenues €34,879m plus €7,163m equal €42,042m.
- **Statutory arithmetic:** FY2025 and TTM bridge residuals are zero at segment sum, corporate bridge, operating-income bridge, pretax bridge, and net-income bridge.