



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Schneider Electric HY 2026 Results

Share Price	€291.80
Date	31 July 2026

RESULTS SUMMARY

Schneider Electric reported a strong first-half 2026 result, beating estimates on revenue and earnings. Revenue increased 9.8%, around 3% ahead of consensus, while adjusted EPS grew 20.7%, exceeding expectations by 7%. The biggest positive was profitability, with adjusted EBITDA margin reaching 19.3% compared to expectations of 18.5%, as productivity improvements more than offset higher raw material costs.

Growth was seen across both the Energy Management and Industrial Automation segments, with each exceeding consensus organic growth forecasts. Data centres remained the main growth driver, with demand increasing by more than 100%, while Grid Automation continued to benefit from strong momentum in Europe. Industrial Automations returned to growth, supported by a recovery in industrial investment and ongoing construction of semiconductor fabrication plants.

Following the strong first-half performance, management upgraded its full-year 2026 guidance, reflecting confidence in continued demand across its end markets. Schneider Electric remains well positioned to benefit from long-term structural trends, including grid modernisation and expanding data centre infrastructure. With further earnings upgrades likely, we believe that current valuation remains reasonable and the company continues to be a high-quality long-term holding in portfolios.

OUR LONG-TERM INVESTMENT VIEW

- We believe Schneider Electric is a structural beneficiary of electrification and energy efficiency trends. Growth is driven by investment in data centres, industrial automation and building infrastructure across North America, Europe, and Asia.
- Schneiders data centre and networks end market represent over 30% of orders with offerings in power distribution, cooling, IT physical infrastructure and software. With a multi-year capital cycle underway Schneiders wide breadth of offerings has positioned it to benefit greatly.
- Renewable energy, AI, and electrification of industry are all leading to an increase in demand on the grid. To meet this demand, utilities globally are increasing their investment in expansion and modernisation of the grid. We expect this tailwind to benefit Schneider over the next decade.
- Management have a history of successful bolt on acquisitions that have expanded their product offerings in high demand areas. Examples include AVEVA in industrial software, Motivair in liquid cooling and recently Cognite, a leader in industrial AI capability. These acquisitions have all been done while keeping a robust balance sheet.

UNPACKING THE HY 2026 RESULTS

High-level numbers

- **Group revenue** for the period increased 9.8% to €21.2bn with organic growth of 14%. Both segments delivered solid growth with Energy Management continuing to be the standout with organic growth of 15.4% as demand from data centres increased triple digits. North America saw the highest organic growth at 19.1%, benefitting from both data centre buildout in Energy Management and new fabrication buildouts in Industrial Automation.
- **Adjusted EBITDA margin** expanded 110 bps to
- **Industrial Automations** (17% of Revenue) recovery continued with revenue increasing 4% to €3.6bn with organic growth of 7.7%. Discrete Automation saw solid momentum across most regions with process and hybrid seeing more mixed results and slower growth. The segment is seeing strong orders from the semiconductor industry, specifically in Asia, as well as strong growth from AVEVA, their industrial software arm. Adjusted EBITDA margin improved 30bps to 14% with operating leverage and productively improvements able to offset raw material

19.3%. Margins benefited from a solid improvement in productivity which was partly offset by increased raw materials, net tariff impact, and sales mix as Systems outgrew higher margin Products and Software & Services.

- **Adjusted EPS** increased 20.7% to €4.79 with organic growth of 28.5%.
- **Cash generation** benefited from higher profits with operating cash flow increasing 28% and free cash flow reaching a record for H2 at €1.6bn.
- **Balance sheet** remains robust with net debt to adjusted EBITDA of 1.64x, up slightly from the year end 2025 1.6x.

Segment performance

- **Energy Management** (83% of Revenue) revenue increase 11% to €17.6bn with organic growth of 15.4%. The segment continues to benefit from the buildout of data centres globally with demand from the end market seeing triple digit growth. Buildings saw growth overall with non-residential well outpacing that of residential. Infrastructure, specifically in Europe, saw good momentum from grid modernization and digitalisation. Adjusted EBITDA margin improved 90bps to 22.4% as gross pricing and productivity improvements more than offsetting raw material inflation and negative mix impacts.

inflation and net tariff impacts.

- **All reported regions** saw revenue growth with North America (39% of revenue) and China & East Asia (18% of revenue) increasing organically 19.1% and 17.1%, respectively. Both regions are benefiting from data centre and new fabrication buildouts. Europe (25% of revenue) saw mixed results with Italy and Germany both seeing strong growth while France, the U.K. and Spain grew at a slower rate. Growth was led in the region by AVEVA and grid modernisation with data centre revenue declining slightly.

Looking ahead

Management expects the positive trends seen in the first half to continue, with the data centres remaining the key driver. Systems are expected to outpace Products and Software, while all regions should contribute to growth, led by the US.

Reflecting this strong outlook, management upgraded full-year 2026 guidance. Organic revenue growth is now expected to be 10% - 13%, with organic adjusted EBITDA growth of 14% - 19%, implying further margin expansion to 19.3% - 19.7%.

Schneider remains well positioned to benefit from powerful long-term growth drivers, including grid modernisation and the expansion of data centre infrastructure. With further earnings upgrades likely, we believe the current valuation remains reasonable and the company continues to be a high-quality long-term holding in portfolios.

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