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# Parent company financial statements

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## 1. Balance sheet

## 1. Balance sheet

## Assets

<i>(in thousands of euros)</i>	Notes	Gross	A. & D. or Prov.	Dec. 31, 2019 Net	Dec. 31, 2018 Net
<b>NON-CURRENT ASSETS</b>					
<i>Intangible assets</i>					
Intangible rights	1.1	27,474	(27,474)	–	–
<i>Property, plant and equipment</i>					
Land	1.2	2,785	–	2,785	2,932
Buildings		48	(48)	–	–
Other		1,468	(242)	1,226	1,226
<b>Total intangible assets and property, plant and equipment</b>		<b>31,775</b>	<b>(27,764)</b>	<b>4,011</b>	<b>4,158</b>
<i>Financial investments</i>					
Shares in subsidiaries and affiliates	2.1	5,596,996	(111,288)	5,485,708	5,485,704
Other investment securities	2.2	1,518,569	(77)	1,518,492	1,727,117
Advances to subsidiaries and affiliates	2.3	3,223,997	–	3,223,997	3,210,570
Other		10	–	10	–
<b>Total financial investments</b>		<b>10,339,572</b>	<b>(111,365)</b>	<b>10,228,207</b>	<b>10,423,391</b>
<b>Total non-current assets</b>		<b>10,371,348</b>	<b>(139,129)</b>	<b>10,232,219</b>	<b>10,427,549</b>
<b>CURRENT ASSETS</b>					
<i>Accounts receivable</i>					
Accounts receivable – trade		455,460	–	455,460	202
Other	3	102,049	–	102,049	106,019
<b>Total accounts receivable</b>		<b>557,509</b>	<b>–</b>	<b>557,509</b>	<b>106,221</b>
<i>Marketable securities and cash</i>					
Marketable securities	4	450,722	–	450,722	22,940
Advances to the Group cash pool	5	5,411,588	–	5,411,588	6,899,820
Other		2,006	–	2,006	217
<b>Total marketable securities and cash</b>		<b>5,864,316</b>	<b>–</b>	<b>5,864,316</b>	<b>6,922,977</b>
<b>Total current assets</b>		<b>6,421,826</b>	<b>–</b>	<b>6,421,826</b>	<b>7,029,198</b>
<b>PREPAYMENTS AND OTHER ASSETS</b>					
Prepaid expenses	6.1	351	–	351	387
Deferred charges	6.2	14,568	–	14,568	14,435
Call premiums	6.3	7,123	–	7,123	26,201
Translation losses		90,653	–	90,653	77,214
<b>TOTAL ASSETS</b>		<b>16,905,868</b>	<b>(139,129)</b>	<b>16,766,739</b>	<b>17,574,984</b>

The notes form an integral part of these parent company financial statements.

## Equity and liabilities

<i>(in thousands of euros)</i>	<b>Notes</b>	<b>Dec. 31, 2019</b>	Dec. 31, 2018
<b>EQUITY</b>	<b>7</b>		
Share capital	7.1	2,328,274	2,316,675
Additional paid-in capital	7.2	3,133,188	2,976,940
<i>Reserves</i>			
Legal reserve		243,027	243,027
Retained earnings	7.3	3,246,040	84,171
Net income for the financial year		57,108	4,457,4994
Untaxed provisions		2	2
<b>Total equity</b>		<b>9,007,639</b>	<b>10,078,809</b>
<b>PROVISIONS FOR CONTINGENCIES:</b>	<b>8</b>		
Provisions for contingencies		452,634	1,432
<b>Total provisions for contingencies and expenses</b>		<b>452,634</b>	<b>1,432</b>
<b>LIABILITIES:</b>			
Bonds	9	7,062,368	6,598,934
Other borrowings	10	66,480	51,384
Amounts payable to subsidiaries and affiliates		14	14
Borrowings and financial liabilities	11	–	610,000
Accounts payable – trade		779	543
Accrued taxes and payroll costs		80,313	151,819
Other		5,762	4,682
<b>Total liabilities</b>		<b>7,215,718</b>	<b>7,417,375</b>
Deferred income		98	154
Translation gains		90,649	77,214
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,766,739</b>	<b>17,574,984</b>

The notes form an integral part of these parent company financial statements.

## 2. Statement of income

## 2. Statement of income

<i>(in thousands of euros)</i>	Notes	Full year 2019	Full year 2018
Sales of services and other		2,385	174
Reversals of provisions, depreciation and amortization and expense transfers		0	0
<b>Operating revenues</b>		<b>2,385</b>	<b>174</b>
Purchases and external expenses		(10,079)	(8,887)
Taxes other than on income		(1,612)	(1,640)
Payroll expenses		(4,321)	(3,554)
Depreciation and provision expense		–	–
Other operating expenses and joint-venture losses		(1,821)	(1,597)
<b>Operating expenses</b>		<b>(17,833)</b>	<b>(15,678)</b>
<b>Operating profit/(loss)</b>		<b>(15,447)</b>	<b>(15,504)</b>
Dividend income	14	49,896	4,500,507
Interest income		49,863	50,725
Reversals of impairment provisions for long-term receivables and other		–	–
<b>Financial income</b>		<b>99,759</b>	<b>4,551,232</b>
Interest expense		(111,639)	(126,008)
Provision expense		(7,103)	(8,691)
<b>Financial expenses</b>		<b>(118,741)</b>	<b>(134,699)</b>
<b>Net financial income/(loss)</b>	14	<b>(18,983)</b>	<b>4,416,533</b>
<b>Current result before tax</b>		<b>(34,430)</b>	<b>4,401,029</b>
Proceeds from fixed asset disposals		2,078	120
Reinvoicing performance share		515,434	–
Provision reversals and expense transfers		375	67
Other		–	–
<b>Non-recurring income</b>		<b>517,887</b>	<b>187</b>
Carrying amount of fixed asset disposals		(148)	(311)
Provisions, depreciation and amortization		17,717	(9,902)
Other		(515,602)	(226)
<b>Non-recurring expenses</b>		<b>(498,033)</b>	<b>(10,439)</b>
<b>Net non-recurring income/(loss)</b>	15	<b>19,854</b>	<b>(10,252)</b>
<b>Net income tax benefit</b>	16	<b>71,684</b>	<b>67,216</b>
<b>NET INCOME</b>		<b>57,108</b>	<b>4,457,994</b>

The notes form an integral part of these parent company financial statements.

### 3. Notes to the financial statements

## 3. Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

### 3.1 Significant events of the financial year

During the financial year, Schneider Electric SE carried out a capital increase for EUR167 million, as follows:

- the employee share issuance carried out on July 10, 2019 as part of the worldwide Employee Stock Purchase Plan, for EUR160 million;
- the exercise of performance shares, for EUR7 million.

The company issued three bonds of respectively EUR200, 250 and 500 million.

On May 2019, the company paid out the 2018 dividend of EUR2.35 per share, amounting EUR1,296 million.

The company also proceeded to buy back 3,476,691 of its own shares for EUR266 million.

Finally, in December 2019, the company decided to serve some free shares plans on existing shares, and to reinvoice the Group companies. As a consequence, the company recorded a provision of EUR451 million and a revenue of the same amount.

### 3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2019 have been prepared in accordance with French generally accepted accounting principles and with the ANC no. 2016-07 code.

#### Non-current assets

Non-current assets of all types are stated at cost.

#### Intangible assets

Intangible rights are amortized over a maximum of 5 years.

#### Property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years.

#### Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at acquisition cost.

Provisions for impairment may be funded where the carrying amount is higher than the estimated value in use at the end of the financial year. This estimate is primarily determined on the basis of the underlying net assets, earnings outlook and economic forecasts. For the more recently-acquired investments, the analysis also takes account of the acquired business goodwill. For listed securities, the average stock price over the month before the closing is used. Unrealized gains resulting from such estimates are not recognized.

#### Own shares

Treasury stocks are assessed by category (shares in subsidiaries and affiliates, marketable securities), according to the FIFO method "first-in, first-out".

The accounting classification of treasury stocks depends on the purpose for which they are held:

- own shares are classified in marketable securities if they are the object of an explicit allocation in the cover of stock option plans or if they are bought to regulate the share price of the Group;
- own shares are classified in long-term investments if they are not the object of an explicit allocation to cover an option plan or if they are bought with the aim of their use within the context of a liquidity contract by an investment services provider, or of their later cancellation within the framework of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:

- when own shares are allocated to cover of stock option plans, there is no reason to record a provision for impairment;
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the closing is lower than the weighted average cost.

#### Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general regimes. The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

### 3. Notes to the financial statements

#### Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

#### Bonds

Redemption premiums and issue costs are amortized over the life of the bonds.

#### 3.3 Notes

#### Note 1: Non-current assets

##### 1.1 Intangible assets

This item primarily consists of share issue and merger expenses, which are fully amortized.

##### 1.2 Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	Dec. 31, 2018	Additions	Disposals	Dec. 31, 2019
Cost	4,448	–	(147)	4,301
Depreciation	(290)	–	–	(290)
<b>NET</b>	<b>4,158</b>	<b>–</b>	<b>–</b>	<b>4,011</b>

Property, plant and equipment are mainly comprised of land not built.

#### Note 2: Investments

##### 2.1 Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	Dec. 31, 2018	Additions	Disposals	Dec. 31, 2019
Cost	5,599,974	4	(2,982)	5,596,996
Provisions	(114,270)	–	2,982	(111,288)
<b>NET</b>	<b>5,485,704</b>	<b>4</b>	<b>–</b>	<b>5,485,708</b>

During the year, there was no movement in equity shares.

The main investments at December 31, 2019 were as follows:

Shares in subsidiaries and affiliates	Carrying value
Schneider Electric Industries SAS	5,343,544
Cofimines	139,077
Schneider Electric Japan Holding	2,049
Other (less than EUR5 million)	1,038
<b>TOTAL</b>	<b>5,485,708</b>

##### 2.2 Other investment securities

(in thousands of euros)

Other investment securities	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
Schneider Electric SE shares	1,727,063	266,322	(474,946)	1,518,439
Other	131	–	–	131
Provisions for other Shares and own shares	(77)	–	–	(77)
<b>NET</b>	<b>1,727,117</b>	<b>266,322</b>	<b>(474,946)</b>	<b>1,518,493</b>

Other investment securities primarily include Schneider Electric SE shares acquired for allocation on the exercise of certain stock options.

In compliance with the resolution adopted by the Shareholders' Meeting dated April 24, 2018, the company proceeded in 2019 to the share buyback of 3 476 691 own shares for a total amount of EUR266 million.

In compliance with the Board resolution of December 2019 to allocate the performance share plans 26, 29, 31, 33 and 35, with SESE own shares, 9,140,459 shares for a total amount of EUR475m has been booked in Marketable securities.

### 2.3 Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
Cost	3,210,570	13,537	(110)	3,223,997
<b>NET</b>	<b>3,210,570</b>	<b>13,537</b>	<b>(110)</b>	<b>3,223,997</b>

At December 31, 2019, this item mainly consisted of a loan of EUR2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2020, a loan granted in 2012 to Boissière Finance for a total amount of EUR712 million with a maturity date of 2022 and of accrued interest for a total amount of EUR12 million.

### Note 3: Accounts receivables

(in thousands of euros)

	Dec. 31, 2019	Dec. 31, 2018
Trade receivables	455,460	202
Other	102,049	106,019
<b>NET</b>	<b>557,509</b>	<b>106,221</b>

Trade receivables mainly include the re-invoicing of the performance shares to SEISAS.

At December 31, 2019, the "Other receivables" are mainly composed of tax receivables and R&D tax credits.

### Note 4: Marketable securities

(in thousands of euros)	Dec. 31, 2018		Acquisitions	Disposals	Dec. 31, 2019	
	Number of shares	Value	Value	Value	Value	Number of shares
<b>TREASURY SHARES</b>						
Gross	1,417,918	40,657	474,902	(64,836)	450,722	8,437,254
Provisions	–	(17,717)		17,717	–	–
<b>TOTAL NET</b>	<b>–</b>	<b>22,940</b>	<b>474,902</b>	<b>(47,119)</b>	<b>450,722</b>	<b>–</b>

Marketable securities primarily represent own shares held by the company for allocation to future performance shares plans and, if appropriate, stock-options.

In 2017, following the decision of the board to assign own shares to the performance shares plan 25, a provision of EUR8 million has been recognized. In 2018, a complement of EUR10 million of this provision has been recognized. This plan vested on March 2019.

In 2019, following the decision to re-invoice the performance shares to the subsidiaries, a provision for risk of EUR450 was booked, as these free shares concern employees of other Schneider Electric Group entities.

### Note 5: Cash and cash equivalent Group

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.



## 3. Notes to the financial statements

## Note 6: Prepayment and other assets

## 6.1 Prepaid expenses

The prepaid expenses relates mainly on insurance costs and fees.

## 6.2 Bond issue expenses

(in thousands of euros)

Bond issue expenses	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
July 20, 2010 due 2020 (EUR500 million)	275	–	(166)	109
Sep. 22, 2011 due 2019 (EUR500 million)	14	–	(14)	–
Sep. 27, 2012 due 2022 (USD800 million)	1,409	–	(423)	986
Sep. 6, 2013 due 2021 (EUR600 million)	900	–	(323)	577
Mar. 11, 2015 due 2025 (EUR750 million)	1,979	–	(311)	1,668
Sep. 8, 2015 due 2023 (EUR800 million)	1,907	–	(386)	1,521
Oct. 13, 2015 due 2025 (EUR200 million)	651	–	(65)	586
Oct. 13, 2015 due 2025 (EUR100 million)	264	–	(36)	228
Sep. 9, 2016 due 2024 (EUR800 million)	2,538	–	(442)	2,096
Dec. 13, 2017 due 2026 (EUR750 million)	2,344	–	(296)	2,048
June. 21, 2018 due 2027 (EUR750 million)	2,153	–	(253)	1,900
Sept. 9, 2019 due 2024 (EUR200 million)		565	(52)	513
Jan. 15, 2019 due 2028 (EUR250 million)		773	(53)	720
Jan. 15, 2019 due 2028 (EUR500 million)		1,807	(193)	1,614
<b>TOTAL</b>	<b>14,435</b>	<b>3,145</b>	<b>(3,013)</b>	<b>14,568</b>

## 6.3 Redemption premiums

(in thousands of euros)

Redemption premiums	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
July 20, 2010 due 2020 (EUR500 million)	820	–	(495)	325
Sep. 22, 2011 due 2019 (EUR500 million)	32	–	(32)	–
Sep. 27, 2012 due 2022 (USD800 million)	599	–	(199)	400
Sep. 6, 2013 due 2021 (EUR600 million)	540	–	(193)	347
Mar. 11, 2015 due 2025 (EUR750 million)	5,567	–	(873)	4,694
Sep. 8, 2015 due 2022 (EUR800 million)	2,659	–	(538)	2,121
Oct. 13, 2015 due 2025 (EUR100 million)	(1,241)	168	–	(1,073)
Sep. 9, 2016 due 2024 (EUR800 million)	5,761	–	(1,000)	4,761
Dec. 13, 2017 due 2026 (EUR750 million)	4,615	–	(579)	4,036
June 21, 2018 due 2027 (EUR750 million)	6,848	–	(808)	6,040
Sept. 9, 2019 due 2024 (EUR200 million)		(3,032)	280	(2,752)
Jan. 15, 2019 due 2028 (EUR250 million)		(12,763)	874	(11,889)
Jan. 15, 2019 due 2028 (EUR500 million)		125	(13)	112
<b>TOTAL</b>	<b>26,201</b>	<b>(15,502)</b>	<b>(3,576)</b>	<b>7,123</b>

## Note 7: Shareholders' equity and retained earnings

<i>(in millions of euros)</i>	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Regulated provisions	Total
<b>December 31, 2017 before allocation of net income for the year</b>	<b>2,388</b>	<b>5,147</b>	<b>237</b>	<b>121</b>	<b>–</b>	<b>7,893</b>
Change in share capital	(71)	153	(6)	–	–	76
Allocation of 2017 net income	–	–	121	(121)	–	–
2017 dividend	–	(1,198)	(25)	–	–	(1,223)
Cancellation of own shares	–	(1,126)	–	–	–	(1,126)
2018 net income	–	–	–	4,457	–	4,457
<b>December 31, 2018 before allocation of net income for the year</b>	<b>2,317</b>	<b>2,976</b>	<b>327</b>	<b>4,457</b>	<b>–</b>	<b>10,078</b>
Change in share capital	11	156	–	–	–	167
Allocation of 2018 net income	–	–	3,161	(3,161)	–	–
2018 dividend	–	–	–	(1,296)	–	(1,296)
Cancellation of own shares	–	–	–	–	–	–
2019 net income	–	–	–	57	–	57
<b>DECEMBER 31, 2019 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR</b>	<b>2,328</b>	<b>3,133</b>	<b>3,489</b>	<b>57</b>	<b>–</b>	<b>9,007</b>

### 7.1 Capital

#### Share capital

The company's share capital at December 31, 2019 amounted to EUR 2,328,274,220 consisting of 582,068,555 shares with a par value of EUR4, all fully paid up.

#### Changes in share capital

During the financial year, the EUR11 million increase in share capital breaks down as follows:

- EUR10 million share capital increase as part of the worldwide Employee Stock Purchase Plan with an issuance of 2,676,018 new shares;
- EUR1 million share capital increase for the exercise of performance shares with an issuance of 223,768 new shares.

#### Own shares

The total number of own shares held at the reporting date was 31,045,826 representing a net amount of EUR1,518 million.

### 7.2 Additional paid-in capital

Additional paid-in capital increased by EUR156 million over the financial year, mainly coming from the worldwide Employee Stock Purchase Plan.

### 7.3 Allocation of previous year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of April 25, 2019, the 2018 gain of EUR3,161 million was allocated to retained earnings. EUR1,296 million of dividends were distributed in 2019.

## Note 8: Provisions for contingencies and pension accruals

<i>(in thousands of euros)</i>	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
<b>PROVISIONS FOR CONTINGENCIES</b>				
Disputes	15	–	–	15
Risk variation own shares		450,722		450,722
Other	1,417	510	(30)	1,897
<b>TOTAL</b>	<b>1,432</b>	<b>451,232</b>	<b>30</b>	<b>452,635</b>

Management is confident that overall the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

In 2019, a provision for risk of EUR450 million was booked to cover the decision of the board to allocate performance shares plans with SESE own shares.

### 3. Notes to the financial statements

#### Note 9: Bonds

(in thousands of euros)	Share capital		Interest rate	Maturity
	Dec. 31, 2019	Dec. 31, 2018		
Schneider Electric SE 2019	150,244	150,244	Euribor +0.60% Floating	July 25, 2019
Schneider Electric SE 2020	500,000	500,000	3.625% Fixed	July 20, 2020
Schneider Electric SE 2019	–	500,000	3.50% Fixed	Jan. 22, 2019
Schneider Electric SE 2022	712,124	698,690	2.95% Fixed	Sep. 27, 2022
Schneider Electric SE 2021	600,000	600,000	2.50% Fixed	Sep. 06, 2021
Schneider Electric SE 2025	750,000	750,000	0.875% Fixed	Mar. 11, 2025
Schneider Electric SE 2023	800,000	800,000	1.50% Fixed	Sep. 08, 2023
Schneider Electric SE 2025	200,000	200,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2025	100,000	100,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2024	800,000	800,000	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2024	200,000	–	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2026	750,000	750,000	0.875% Fixed	Dec. 13, 2026
Schneider Electric SE 2027	750,000	750,000	1.375% Fixed	June 21, 2027
Schneider Electric SE 2028	500,000	–	1.5% Fixed	Jan. 15, 2028
Schneider Electric SE 2028	250,000	–	1.5% Fixed	Jan. 15, 2028
<b>TOTAL</b>	<b>7,062,368</b>	<b>6,598,934</b>		

Fixed: fixed rate.

Floating: floating rate.

Schneider Electric SE has issued bonds during past years on different markets:

- in the United States, through a private placement offering following (SEC 144A rule) for USD800 million worth of bonds issued in September 2012, at a rate of 2.950%, due in September 2022;
- as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

During the year, the company reimbursed one bond amounting EUR500 million matured on January 22, 2019.

The company issued three bonds as follows:

- EUR200 million at 0.25%, maturing on September 9, 2024;
- EUR500 million at 1.375%, maturing on January, 15 2028;
- EUR250 million at 1.375%, maturing on January, 15 2028.

At December 31, 2019, the other remaining bonds are as follows:

- EUR800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024 and described above;
- EUR600 million worth of 2.50% bonds issued in September 2013 and maturing on September 6, 2021;
- EUR500 million worth of 3.625% bonds issued in July 2010 and maturing on July 20, 2020;
- EUR177 million worth of floating-rate bonds issued in July 2008 and maturing on July 25, 2018, decreased to EUR150 million through the repayment in June 2014 of EUR27 million;
- EUR100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR800 million worth of 1.50% bonds issued in September 2015 and maturing on September 8, 2023;
- EUR750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027.

The issue premiums and issuance costs are amortized in line with the effective interest method.

## Note 10: Other borrowings

Other borrowings at December 31, 2019 included accrued interest on bonds and other debt issued by the company. Accrued interest amounted to EUR44 million, compared to EUR51 million at end-2018.

## Note 11: Interest-bearing liabilities

Interest-bearing liabilities (in thousands of euros)	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Commercial paper	610,000	4,955,000	(5,565,000)	–
Overdrafts	–	–	–	–
Other	–	–	–	–
<b>NET</b>	<b>610,000</b>	<b>4,955,000</b>	<b>(5,565,000)</b>	<b>–</b>

In 2019, fixed rate commercial papers were reimbursed over the period.

## Note 12: Maturities of receivables and payables

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
<b>NON-CURRENT ASSETS</b>				
Advances to subsidiaries and affiliates	3,223,997	2,511,871	712,126	–
<b>CURRENT ASSETS</b>				
Accounts receivable – trade	455,460	455,460	–	–
Other receivables	102,049	102,049	–	–
Marketable securities	450,722	450,722	–	–
Prepaid expenses	351	351	–	–
<b>DEBT</b>				
Bonds	7,062,368	500,000	3,262,368	3,300,000
Other borrowings	66,481	66,481	–	–
Commercial paper	–	–	–	–
Amounts payable to subsidiaries and affiliates	14	–	14	–
Accounts payable – trade	779	779	–	–
Accrued taxes and payroll costs	80,313	80,313	–	–
Other	5,762	5,762	–	–
Deferred income	98	98	–	–

Invoices received and issued during the period have not been subject to late payment.

## Note 13: Related-party transactions (minimum 10% stake)

(in thousands of euros)	Gross	Net
Shares in subsidiaries and affiliates	5,596,996	5,485,708
Advances to subsidiaries and affiliates	3,223,997	3,223,997
Accounts receivable	453,930	453,930
Cash and cash equivalents	5,411,588	5,411,588
Revenues:		
• rebilled performance shares	515,602	2,207
• interest	–	25,347

## 3. Notes to the financial statements

## Note 14: Net financial income/(loss)

<i>(in thousands of euros)</i>	<b>Full year 2019</b>	Full year 2018
Dividends	49,896	4,500,507
Net interest income (expense)	(61,776)	(75,283)
Other	(7,103)	(8,691)
<b>NET FINANCIAL INCOME/(LOSS)</b>	<b>(18,983)</b>	<b>4,416,533</b>

In 2019, the company received EUR50 million of dividends from Schneider Electric Industries SAS.

## Note 15: Net non-recurring income/(loss)

<i>(in thousands of euros)</i>	<b>Full year 2019</b>	Full year 2018
Net gains/(losses) on fixed asset disposals	1,930	(191)
Provisions net of reversals	18,092	(9,835)
Other non-recurring income/(expense)	(168)	(226)
<b>NET NON-RECURRING INCOME/(LOSS)</b>	<b>19,854</b>	<b>(10,252)</b>

## Note 16: Net income tax benefit

The "income tax expense" line item in the statement of income mainly consists of the Group tax relief recorded by the tax Group headed by Schneider Electric SE, net of 2019 income tax due, for EUR71 million.

Schneider Electric SE is the parent company of the tax Group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR2,289 million at December 31, 2019.

## Note 17: Pension benefit commitment

The company had taken commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since 2015, there is no more active beneficiary. The company has outsourced to AXA France VIE the commitments towards the retirees beneficiaries the top-hat executive pension plans.

## Note 18: Off-balance sheet commitments

### 18.1 Partnership obligations

The share of liabilities of "SC" non-trading companies attributable to Schneider Electric SE as partner is not material. The share of liabilities of "SNC" flow-through entities attributable to Schneider Electric SE as partner is not material.

### 18.2 Guarantees given and received

#### Commitments given

Counter-guarantees of bank guarantees: None.

Other guarantees given: EUR2,084 million, mainly to Group companies

#### Commitments received

Bank counter-guarantees: None.

### 18.3 Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly-owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly-owned by Schneider Electric SE.

Schneider Electric SE does not hold any hedging instruments at December 31, 2019.

## Note 19 Contingencies

As part of its operations, the entity is exposed to a number of potential claims and litigations. Except for those for which it is probable that the entity will occur a liability and a provision established for such outcome, the entity is not aware of other potentially material claims and litigations. Specifically, the entity has not been advised to date of any claim/allegations related to the investigation conducted in France by French public agencies. The entity is fully cooperating with the French authorities on these matters.

## Note 20 Other information

### 20.1 Workforce

The average number of employees is 1 over 2019.

### 20.2 Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

### 20.3 Subsequent events

At the date of financial statements approval by the board of directors, there is no material subsequent event.

## Statutory auditors' report on the financial statements

# 4. Statutory auditors' report on the financial statements

To the Annual General Meeting of Schneider Electric S.E.,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

#### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

### Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

### Valuation of investments in subsidiaries and affiliates and advances to subsidiaries and affiliates

#### "Accounting principles" and note 2 "Investments" to the financial statements

#### Key audit matter

As at December 31, 2019, investments in subsidiaries and affiliates and the related advances amount to M€ 5,486 and M€ 3,224 respectively in the balance sheet of Schneider Electric S.E., net of any impairment loss.

As described in the accounting principles of the notes to the financial statements, investments are recognized at their acquisition cost and impaired, should their carrying amount exceed their estimated value in use at closing date. The estimated value in use of these investments is determined primarily based on the subsidiaries' and affiliates' net assets as well as on their earnings outlook and the underlying economic forecasts.

Due to the judgment exercised by Management as part of this estimate, especially when relying on forecasts, we considered the valuation of investments in subsidiaries and affiliates, as well as the valuation of related advances, to be a key audit matter.

#### Our response

We analyzed the procedures implemented by your Company to determine the value in use of investments in subsidiaries and affiliates. Our work consisted in:

- comparing the share in the subsidiaries' and affiliates' net assets, when used as a proxy for their value in use, with their underlying accounting data, which were subject to an audit or to analytical procedures;
- assessing the appropriateness of the valuation method used to determine the value in use when based on forecasts;
- assessing the reasonableness of key assumptions used to estimate values in use, mainly the long-term growth rate and the discount rate, by inquiring of Management and with the assistance of our experts, when needed;
- verifying the arithmetical accuracy of the computations performed by your Company to determine the values in use.

We also assessed the recoverability of advances to subsidiaries and affiliates, based on the impairment tests results of the corresponding investments.

**Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

**Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441-4 of the French Commercial Code (*Code de commerce*).

**Information relating to Corporate Governance**

We attest that the section on Corporate Governance contained in the Board of Directors' Management Report sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby which are included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

**Other information**

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

**Report on Other Legal and Regulatory Requirements****Appointment of the Statutory Auditors**

We were appointed as statutory auditors of Schneider Electric S.E. by your Annual General Meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2019, MAZARS and ERNST & YOUNG et Autres were in the sixteenth year and in the twenty-eighth year of total uninterrupted engagement, respectively.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

**Statutory Auditors' Responsibilities for the Audit of the Financial Statements****Objectives and audit approach**

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.



## Rapport des commissaires aux comptes sur les comptes annuels

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Report to the Audit and Risks Committee

We submit to the Audit and Risks Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Risks Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 10, 2020

The Statutory Auditors  
French original signed by

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

## 5. List of securities held at December 31, 2019

## 5. List of securities held at December 31, 2019

Number of securities (in thousands of euros)	Company	Carrying amount of securities
<b>A. MAJOR INVESTMENTS</b>		
(Carrying amounts over EUR5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
22,608,572	Actions propres Schneider Electric SE	1,518,493
		<b>6,862,037</b>
<b>B. OTHER INVESTMENTS</b>		
(Carrying amounts under EUR5 million)		
		1,038
<b>C. INVESTMENTS IN REAL ESTATE COMPANIES</b>		
		–
<b>D. INVESTMENTS IN FOREIGN COMPANIES</b>		
		141,126
<b>Total</b>		<b>7,004,201</b>
<b>MARKETABLE SECURITIES</b>		
8,437,254	Schneider Electric SE own shares	450,722,810
<b>TOTAL</b>		<b>457,727,011</b>

## 6. Subsidiaries and affiliates

## 6. Subsidiaries and affiliates

Company (in thousands of euros)	Capital	Reserves and retained earnings & retained earnings prior to appropriation of earnings*	Share interest held (%)
<b>I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE</b>			
<b>A. Subsidiaries (at least 50% owned)</b>			
Schneider Electric Industries SAS 35, rue Joseph-Monier 92500 Rueil-Malmaison, France	928,299	6,783,914	100,00
Cofimines Place du Champs-de-Mars, 5, tour Bastion 1050 Brussels, Belgium	96,884	42,230	99.84
<b>B. Affiliates (10 to 50%-owned)</b>			
<b>II. OTHER SUBSIDIARIES AND AFFILIATES</b>			
<b>A. Subsidiaries not included in Section I: (+50%)</b>			
a) French subsidiaries (aggregate)	-	-	-
b) Foreign subsidiaries (aggregate)	-	-	-
<b>B. Affiliates not included in Section I: (0-50%)</b>			
a) French companies (aggregate)	-	-	-
b) Foreign companies (aggregate)	19,600	164,492	4.8

\* Including income or loss in prior financial year.

Gross value	Net value	Loans and advances provided by the company and still outstanding	Amount of guarantees given by the company	2019 Revenues (ex. VAT)	2019 Profit or loss (-)	Dividends received by the company during 2019
5,343,544	5,343,544	2,506,389		3,687,868	631,947	49,896
219,894	139,094	–	– Holding company		(11)	–
–	–	–	–	–	–	–
15,288	1,038	–	–	–	–	–
130	53	–	–	–	–	–
21,249	2,049	–	–	–	33,299	–

## 7. The company's financial results over the last 5 years

## 7. The company's financial results over the last 5 years

Description	2019	2018	2017	2016	2015
<b>FINANCIAL POSITION AT DECEMBER 31</b>					
Share capital ( <i>in thousands of euros</i> )	2,328,274	2,316,675	2,387,665	2,369,995	2,354,938
Number of shares in issue	582,068,555	579,168,769	596,916,242	592,498,759	588,734,472
Number of convertible bonds in issue ( <i>in thousands</i> )					
Maximum number of shares to be created ( <i>in thousands</i> ):					
• through conversion of bonds		–	–	–	–
• through exercise of rights	–	8,371	8,271	9,562	7,773
<b>RESULTS OF OPERATIONS (IN THOUSANDS OF EUROS)</b>					
Sales (ex. VAT)	2,385	174	170	228	209
Investment revenue, interest income and other revenue	49,896	4,551,232	147,031	52,276	54,587
Earnings before tax, depreciation, amortization and provisions	(18,659)	4,412,483	(22,861)	(146,799)	(139,013)
Income tax	71,684	1,215	55,213	(53,632)	(41,456)
Earnings after tax, depreciation, amortization and provisions	57,108	4,457,994	121,488	(99,730)	(52,585)
Dividends paid <sup>(1)</sup> excluding tax credit and withholdings	1,415,125 <sup>(2)</sup>	1,361,047	1,313,216	1,208,697	1,177,469
<b>RESULTS OF OPERATIONS PER SHARE (<i>in euros</i>)</b>					
Earnings before depreciation, amortization and provisions	6,77	7.62	0.05	(0.14)	(0.06)
Earnings after tax, depreciation, amortization and provisions	9,8	7.70	0.20	(0.17)	(0.09)
Net dividend per share	2.55 <sup>(2)</sup>	2.35	2.20	2.04	2
<b>EMPLOYEES</b>					
Average number of employees during the financial year	1	1	1	1	1
Total payroll for the financial year ( <i>in thousands of euros</i> )	3,693	2,544	1,670	1,507	2,684
Total of employee benefits paid over the financial year	–	–	–	–	–
(Social security, other benefits, etc.) ( <i>in thousands of euros</i> )	944	1,010	796	974	1,028

(1) Dividends on shares held in treasury on the dividend payment date and the associated withholding are credited to retained earnings.

(2) Pending approval by the Annual Shareholders' Meeting of April 23, 2020.

