INDEPENDENT EQUITY RESEARCH

SCHNEIDER ELECTRIC

Everyone can see the future. Who will capture the value?

A comparative investment analysis of Schneider, Siemens, ABB, Legrand and Iberdrola

WATCH • 18 AUGUST 2026

MITUXA — BEYOND THE OBVIOUS

An exceptional platform priced for exceptional execution

€40.15bn	18.7%	€4.64bn	€300.60*
FY2025 revenue	Adjusted EBITA margin	Free cash flow	Reference price

WATCH

Schneider may be Europe's most complete electrification platform. At the reference price, however, investors are paying today for much of the future compounding.

BASE FAIR VALUE	INITIAL INTEREST	HORIZON	RISK / CONVICTION
€210–220	€235–250	5 years	Medium / Medium

*Reference price: €300.60, closing price on 17 August 2026.

THE INVESTMENT QUESTION

The theme is obvious. The investment answer is not.

ELECTRIFICATION

Rising electricity demand

AUTOMATION

More intelligent assets

AI INFRASTRUCTURE

More power per rack

What the market already believes

- Structural demand will remain strong
- Schneider will capture premium economics
- Software will deepen recurring revenue

What MITUXA must verify

- Systems growth converts into cash
- Acquisitions earn their cost of capital
- The current price still offers a return

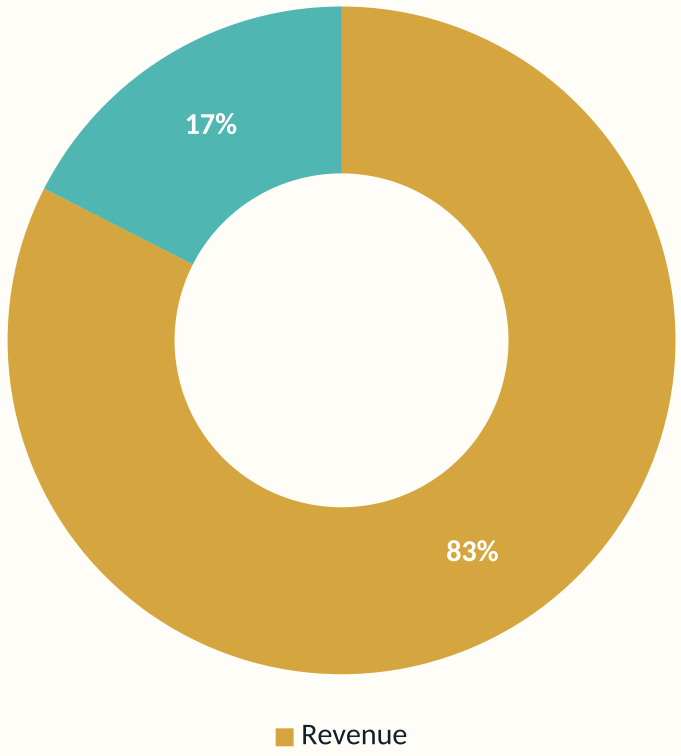
Schneider sits between electrons, machines and software

01	02	03	04
PHYSICAL	**CONTROL**	**SOFTWARE**	**SERVICE**
Power distribution Secure power Cooling	Automation Sensors Controllers	Energy management Industrial applications Data context	Maintenance Modernisation Optimisation

The customer is not simply buying equipment.

It is buying uptime, safety, energy efficiency and the reliable operation of complex assets over decades.

Energy Management is the economic centre of gravity



€33.13bn

ENERGY MANAGEMENT

21.8% adjusted EBITA margin

€7.02bn

INDUSTRIAL AUTOMATION

14.2% adjusted EBITA margin

Not every euro of revenue is equal

Products, Systems and Software & Services carry different margins, cash needs and durability.

One project can create a decades-long installed base

DESIGN-IN	→	SYSTEM	→	INSTALLED BASE	→	SOFTWARE	→	LIFECYCLE
Specification		Power + automation		Connected assets		Insight + control		Service + upgrades

The real value is not the first equipment sale.

It is Schneider’s ability to remain embedded as the customer operates, expands and modernises the asset.

What must be proven

Systems today → Products, Services and Software tomorrow

The moat is strongest when Schneider controls more of the architecture

Integrated architecture

Power, automation, secure power, cooling and software reduce interfaces and execution risk.

Qualification and trust

Mission-critical systems favour suppliers with proven reliability and local support.

Switching costs

Specification, installed assets, software and maintenance procedures reinforce retention.

Partner ecosystem

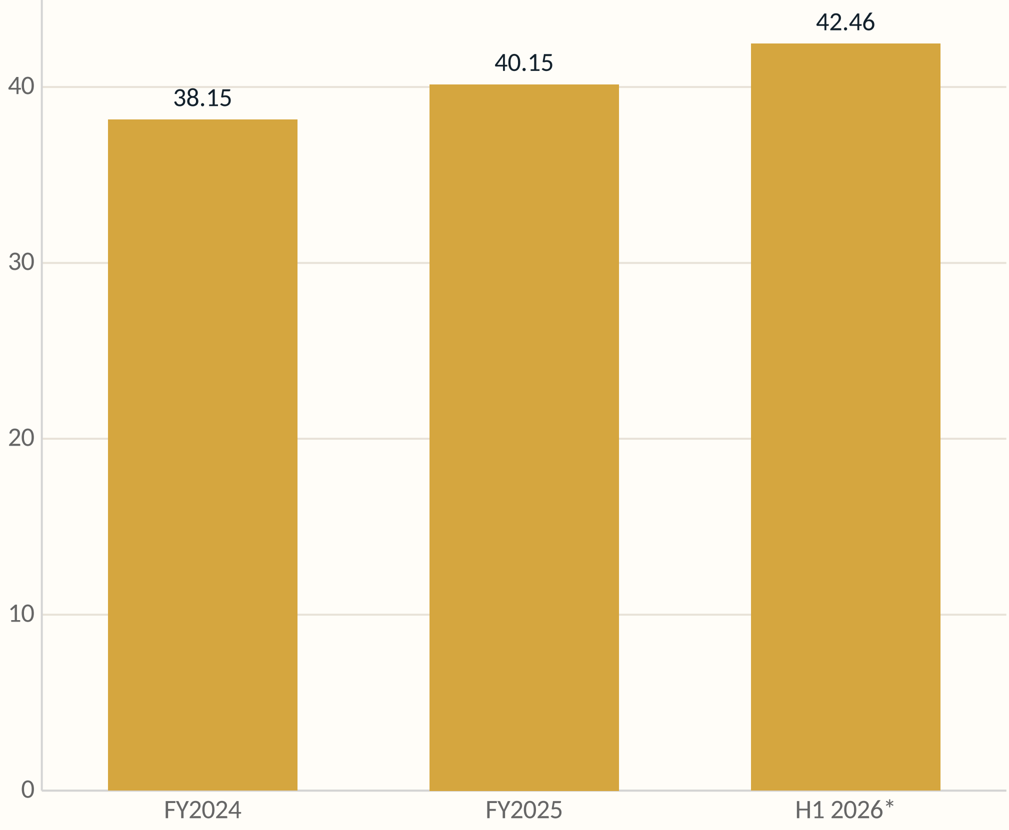
Approximately one million partners across more than 100 countries reinforce availability.

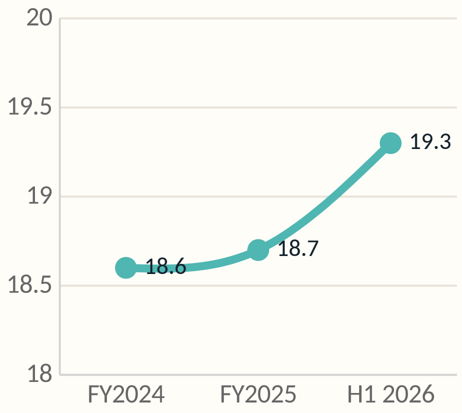
Installed-base data

Connected assets can expand service revenue and deepen customer knowledge.

MOAT ASSESSMENT: STRONG, BUT UNEVEN

Growth accelerated while margins expanded





Adjusted EBITA margin (%)

THE CONTRADICTION

Systems are growing fastest

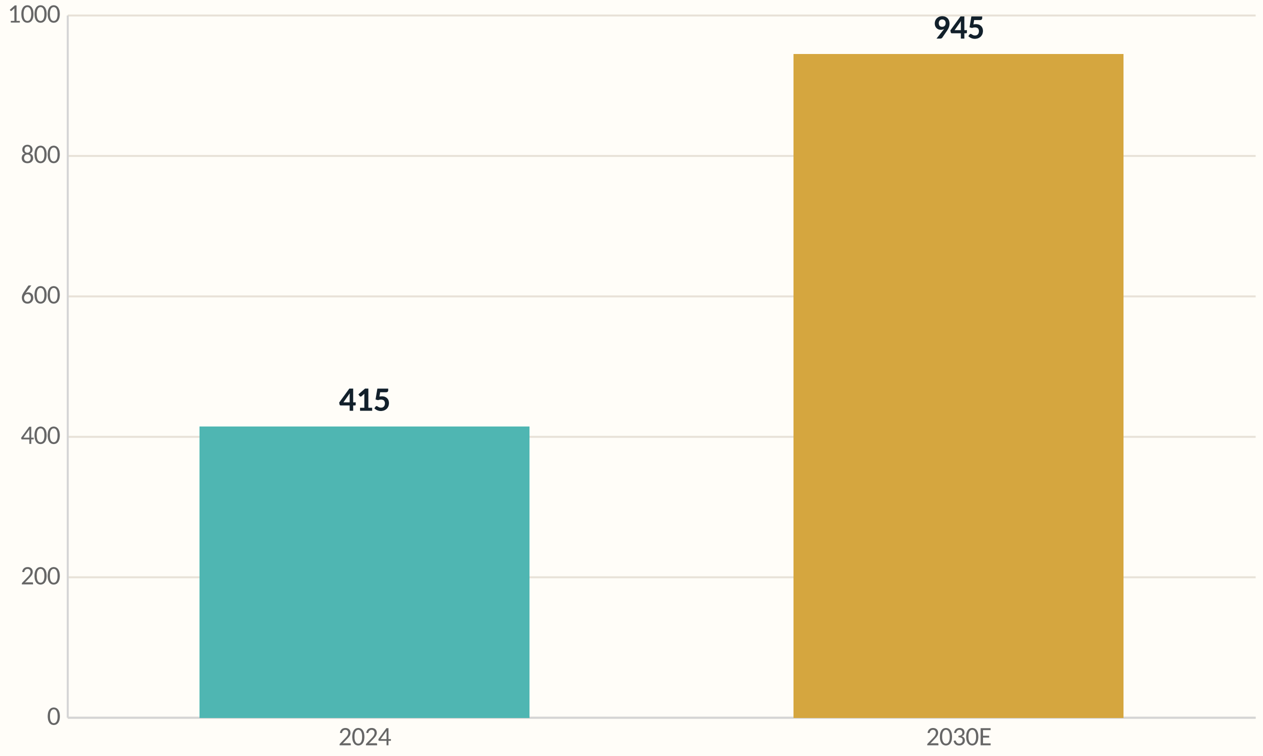
Lower near-term gross margin may seed a more valuable installed base.

Evidence required

Service growth • recurring revenue • working-capital discipline • cash conversion

*H1 2026 revenue annualised for visual comparison only.

Data-centre electricity demand could more than double by 2030



~30%

Recent Schneider framing of data-centre exposure / orders*

- More power density
- More redundancy
- Advanced cooling
- Monitoring and control
- Grid coordination

*Final report must state the exact denominator used in the cited company material.

AI is a real demand driver—not an exclusive franchise

WHY THE UPSIDE IS REAL

- Higher electrical content per MW
- Power and cooling converge
- Design-in improves win probability
- Motivair fills a cooling gap
- Large installed base creates lifecycle value

WHY THE MARKET MAY OVERREACH

- NVIDIA relationships are non-exclusive
- Hyperscalers can dual-source
- Grid delays defer conversion
- Orders may include precautionary demand
- Customer scale can pressure price

The opportunity is structural. The extrapolation risk is cyclical.

AVEVA can turn installed equipment into recurring intelligence

+12%
2025 ARR growth

~85%
Recurring revenue

19%
Software & Services share

~25%
2030 ambition

Physical assets → **Operating data** → **Industrial insight** → **Customer outcome**

Recurring revenue deserves a premium only when it also produces retention, pricing power and cash returns.

Cognite strengthens the architecture—and raises the burden of proof

$3.1bn

Cash acquisition price

>$170m

2025 revenue

~18×

Historical revenue multiple

SCHNEIDER ASSETS → AVEVA APPLICATIONS → COGNITE DATA CONTEXT → ATLAS AI

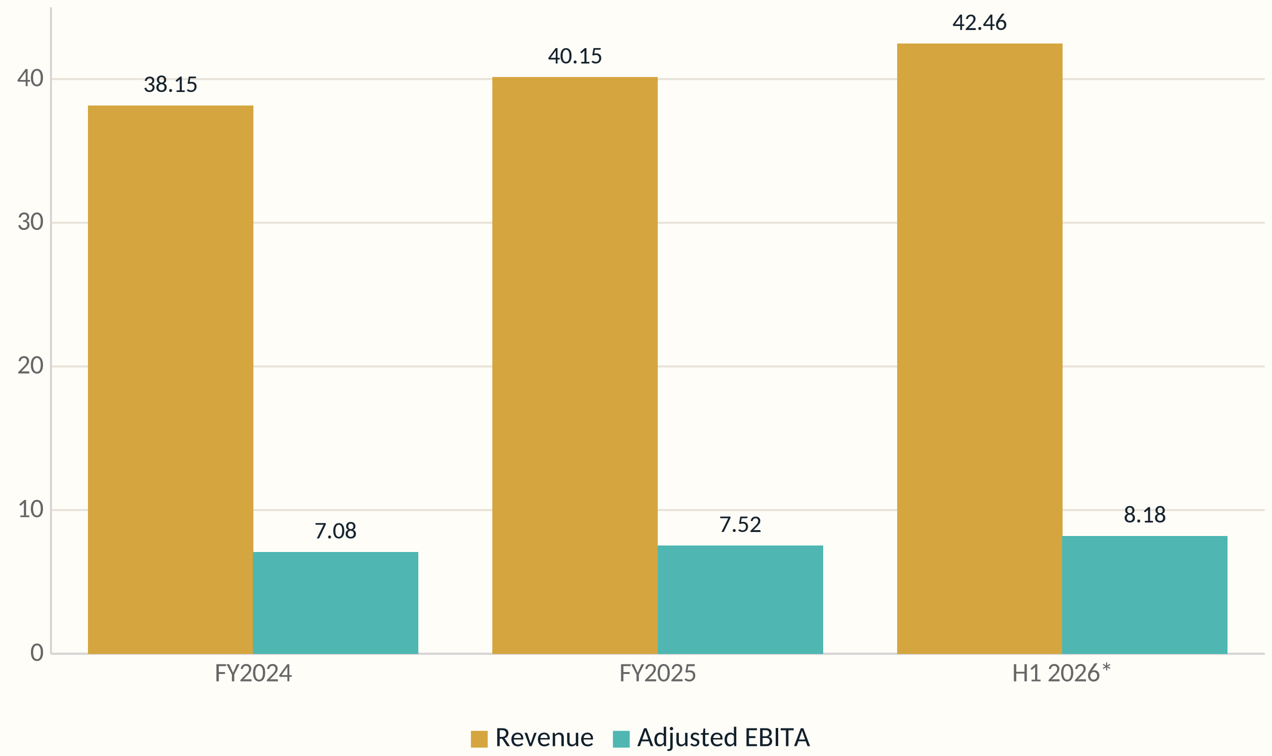
Strategic fit

A coherent industrial-data and AI stack.

Financial treatment

An option—not guaranteed value—until profitability, retention and synergies are disclosed.

Operating quality is high; financial complexity is rising



15.1%

FY2025 ROCE

€15.4bn

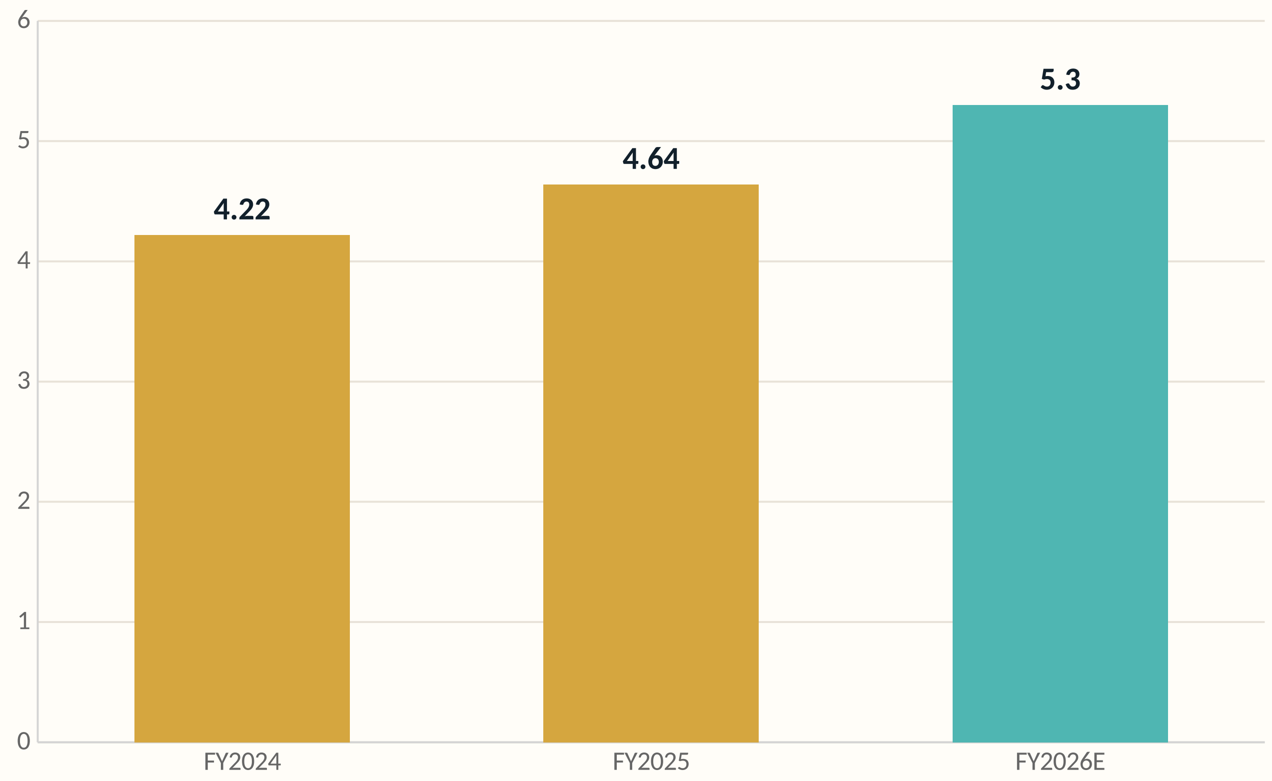
June 2026 net debt

19.3%

H1 2026 EBITA margin

*H1 annualised for visual comparison only.

Cash conversion must confirm the quality of project-led growth



CONFIRMATION

- FCF grows with EBITA
- Working capital remains controlled
- Services improve cash durability

WARNING

- Repeated cash-conversion misses
- Inventory grows faster than sales
- Restructuring becomes recurring

The next phase will be judged per share—not by revenue added

Schneider Electric India — €5.5bn

Acquisition of the remaining 35% stake. Double-digit growth and major capacity expansion must justify the implied valuation.

Dividend — €4.20

Sixteen years of progression; approximately half of FY2025 FCF distributed.

Buyback — €2.5–3.5bn

Value-accretive only when executed below intrinsic value.

THE TEST

Can Schneider convert premium-priced strategic assets into higher free cash flow per share?

The largest balance-sheet risk is overpayment, not solvency

€25.65bn
Goodwill

€5.74bn
Intangible assets

~€18bn
Pro-forma net debt*

Goodwill is a claim on future execution.

- Organic growth after acquisition effects
- ROCE relative to the 15–20% objective
- Cash returns versus purchase prices
- Debt reduction after major transactions
- Transparency of acquired-business performance

BEYOND THE OBVIOUS

The strategic logic of an acquisition can be clearer than its eventual cash return.

*MITUXA inference after Cognite, before closing adjustments and subsequent cash generation.

Schneider is the cleaner electrification thesis; Siemens has deeper software

SCHNEIDER ADVANTAGE

- Clearer electrical architecture
- Stronger data-centre identity
- Less conglomerate complexity

SIEMENS ADVANTAGE

- Deeper industrial software
- €132bn order backlog
- Broader automation installed base

Schneider is the cleaner electrification thesis; Siemens has deeper software

Schneider owns the broader platform; ABB shows the cleaner returns

SCHNEIDER ADVANTAGE

- Integrated power + cooling
- Greater software optionality
- Broader data-centre scope

ABB ADVANTAGE

- 28.4% H1 ROCE
- Decentralised operating model
- Excellent margin discipline

Schneider owns the broader platform; ABB shows the cleaner returns

Schneider offers breadth; Legrand offers simplicity

SCHNEIDER ADVANTAGE

- Much greater scale
- Medium voltage + automation
- Full data-centre architecture

LEGRAND ADVANTAGE

- Simpler focused model
- 20.8% H1 operating margin
- Efficient bolt-on strategy

Schneider offers breadth; Legrand offers simplicity

Schneider offers growth; Iberdrola offers regulated visibility

SCHNEIDER ADVANTAGE

- More asset-light
- Global customer exposure
- Automation and AI content

IBERDROLA ADVANTAGE

- Regulated networks
- Greater earnings visibility
- Ownership of scarce grid assets

Schneider offers growth; Iberdrola offers regulated visibility

No European champion leads on every dimension

	SCHNEIDER	SIEMENS	ABB	LEGRAND	IBERDROLA
Integrated architecture	●●●●●	●●●●○	●●●●○	●●●○○	●●○○○
Industrial software	●●●●○	●●●●●	●●●○○	●●○○○	●○○○○
Capital efficiency	●●●●○	●●●○○	●●●●●	●●●●○	●●●○○
Business simplicity	●●●○○	●●○○○	●●●●○	●●●●●	●●●○○
Earnings visibility	●●●●○	●●●●○	●●●●○	●●●●○	●●●●●

Schneider earns the integration premium. ABB currently earns the capital-efficiency crown.

At €300, the valuation already discounts substantial success

~€169bn	31–33×	21–22×	~3.1%
Equity value	FY2026E FCF	FY2026E EV / adj. EBITA	Forward FCF yield

WHAT THE PRICE REQUIRES

- Sustained data-centre investment
- Margin expansion towards ~22%
- AVEVA + Cognite create value
- Systems convert into recurring revenue
- No material cash-conversion failure

Reported facts

2025 FCF €4.64bn • June debt €15.4bn

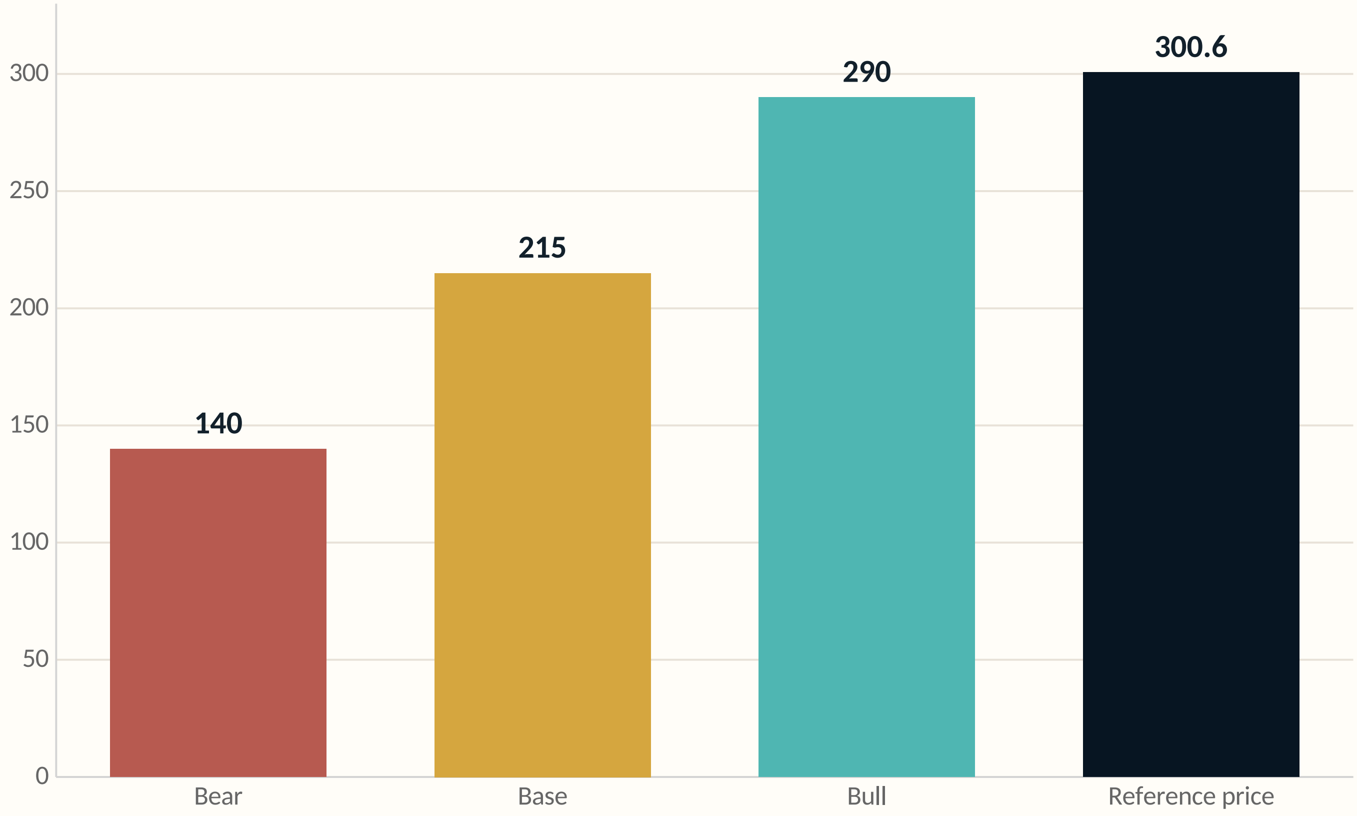
MITUXA estimates

2026 FCF €5.1–5.5bn • pro-forma debt ~€18bn

External consensus

Not independently verified; excluded from this analysis.

The current price requires an outcome close to the bull case



BEAR

3.5–5% FCF growth
9% cost of equity

BASE

6–8% FCF growth
8% cost of equity

BULL

7–10.5% FCF growth
7.5% cost of equity

Valuation compression may matter more than operational failure

01	**Data-centre slowdown**	Orders and backlog conversion
02	**Systems mix**	Gross margin and working capital
03	**Software integration**	ARR, retention and cross-selling
04	**Acquisition returns**	ROCE and debt reduction
05	**Multiple compression**	Shareholder return despite growth

INVALIDATION: persistent FCF weakness, structural ROCE below 15%, or Systems growth that never becomes recurring value.

Exceptional company. Demanding action. Patience required.

WATCH

Reference price	Base fair value	Interest zone	High conviction
€300.60*	**€210–220**	**€235–250**	**Below €210**

Why not BUY?

The current price offers insufficient protection against merely good execution.

Why not AVOID?

Structural growth, strong economics and an integrated platform can keep compounding intrinsic value.

Europe’s most complete electrification platform—but a future that still has to be executed.

*Reference price: €300.60, closing price on 17 August 2026. Independent research. Not financial advice.