Q3 revenues +5% driven by FX, organically -1.1% working day adjusted[1], as China & low industrial investment weigh on growth

- **A mixed picture in organic performance across businesses**
- **Western Europe stabilizing; New economies outside China up strongly**
- **U.S. saw growth in construction but weakened industrial & IT investments**
- **Invensys underlying revenues slightly down in a deteriorated O&G market**
- **Services up strongly**
- **Full year targets updated**

Rueil-Malmaison (France), October 29, 2015 - Schneider Electric reported third quarter revenues of **€6,594 million**, up **+4.9%** in total and down **-1.1%** organically after adjusting for a working day impact of **-0.5pt.**

The breakdown of revenues by business segment was as follows:

€ million	Q3 2015		
	Revenues	Organic Growth	Reported Growth
Buildings & Partner	2,983	-1.2%	+8.0%
Industry	1,398	-4.6%	+1.2%
Infrastructure	1,273	+0.2%	0.0%
IT	940	-0.6%	+8.2%
Group	**6,594**	**-1.6%**	**+4.9%**

Jean-Pascal Tricoire, Chairman and CEO, commented: *“Our third quarter performance shows a sustained stabilization in Western Europe and good growth in new economies outside China, where markets further deteriorated. The U.S. performance is impacted by weakened markets outside construction, notably in Oil & Gas and IT. Additionally our services achieve strong growth and we continue to work hard to adapt our cost base.*

In this quarter, we face a volatile currency environment with the euro appreciating against the US dollar, Chinese yuan and several new economies’ currencies since the summer.

Looking ahead, we expect a mixed environment. China should remain difficult, the U.S. should remain weak on the industrial and IT sides, while Western Europe and other new economies should support our performance. In this challenging environment, we will continue to focus on our growth initiatives, cost efficiency and cash generation while updating our full year 2015 targets to reflect the trends observed in the third quarter and the evolution of currencies.”

1 Working Day Impact: -0.5pt in Q3

Investor Relations
Schneider Electric
Anthony Song
Tel: +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon
Tel : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 88 14

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

I. ORGANIC GROWTH ANALYSIS BY BUSINESS SEGMENT

Buildings & Partner (46% of Q3 revenues) declined **-1.2%** organically in the third quarter. North America was down. In the U.S., the construction market continued to grow while performance was penalized by weaker industrial activity and a high comparison base in a soft data center market. Mexico was up, benefitting from a continued economic recovery. Western Europe was up, with growth in Spain and Italy, stability in France, and softness in project activities in Germany. Asia Pacific grew outside China where the market remained difficult. Rest of the world was up driven by growth in Africa and new economies in Central Eastern Europe.

Industry (21% of Q3 revenues) was down **-4.6%** organically year-on-year reflecting weak industrial investments and a slowdown in China. Western Europe was slightly down but sales to OEMs continued to grow. Spain and Italy continued to benefit from export oriented OEMs, Germany grew thanks to execution of growth initiatives, while the industrial markets in France and the Nordics were weak. North America declined due to further weakening Oil & Gas investments and sluggish OEM demand impacted by a strong dollar. Asia Pacific was dragged down by China where industrial investments and OEM demand weakened. Rest of the World was strong, driven by investment in the Middle East and Africa.

Excluding the China nuclear project, Invensys was down low single-digit in a deteriorated O&G market. Field devices were impacted by O&G weakness while project business was stable, supported by good execution.

Infrastructure (19% of Q3 revenues) grew slightly at **+0.2%** in the third quarter with good growth in new economies despite weakness in China. Rest of the World posted strong growth, mainly benefitting from utilities and infrastructure investments in the Middle East. Western Europe was negative as growth in Spain could not fully offset declines in France due to project delays and in Germany due to greater selectivity of projects. North America was down as the U.S. was impacted by lower Oil & Gas investments and data center project delays, while Canada benefitted from project execution. Asia Pacific saw mixed trends with weakness in China and Australia but East Asia and India posted growth. Services growth continued to be strong.

IT (14% of Q3 revenues) was about flat at **-0.6%** organically. The U.S. was flat, despite a soft market. Growth in data center, driven by project execution, offset weakness in Home & Business Networks. Additionally the Group focused on project selectivity. Western Europe was impacted by a high base of comparison, while the market remained favorable. Asia Pacific was down, due to a softer market in China and weak inverter demand in India, however East Asia grew. Rest of the world was up with growth in Middle East & Africa, while Russia remained weak.

Investor Relations
Schneider Electric
Anthony Song
Tel: +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
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Schneider Electric
Véronique Roquet-Montégon
Tel : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 88 14

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
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Fax : +33 (0)1 40 70 90 46

The solution business was down **-1%** of which services were up +**7%**. The solutions business represented **42%** of revenues in Q3.

II. ORGANIC GROWTH ANALYSIS BY GEOGRAPHY

€ million	Q3 2015		
	Revenues	**Organic Growth**	**Reported Growth**
Western Europe	1,648	-1%	0%
Asia-Pacific	1,923	-5%	+6%
North America	1,830	-4%	+13%
Rest of World	1,193	+9%	+1%
Group	**6,594**	**-1.6%**	**+4.9%**

Western Europe (25% of Q3 revenues) was stabilizing, posting slightly negative growth at **-1%** in the third quarter. Spain and Italy continued to grow thanks to the continued recovery in their economies. France was slightly down as the overall market remained weak, however the residential construction market showed some early signs of improvement. Germany was down mainly due to greater selectivity of infrastructure projects.

Asia-Pacific (29% of Q3 revenues), was down **-5%** organically, but grew outside China. China further deteriorated as the markets weakened notably in industry and IT. Growth in India was driven by improvements in the general business environment. Despite weak investments in commodities, Australia was positive thanks to a continued recovery in the residential construction market. East Asia grew through the execution of growth initiatives.

North America (28% of Q3 revenues) was down **-4%** organically with a mixed picture. The U.S. saw continued growth in the construction market but was penalized by further weakening Oil & Gas investments, a high comparison base in a soft data center market and a strong dollar. Canada grew thanks to project execution. Mexico observed strong growth as its economy continued to recover.

Rest of the World (18% of Q3 revenues) was up strongly at **+9%** organically in the third quarter. Continued infrastructure investments in the Middle East and project execution in Africa drove strong growth in the region. South America was down as a strong slowdown in Brazil could not be fully offset by growth in the rest of the region.

Overall the Group's third quarter performance was up slightly outside China. Revenues in new economies were stable (up about 8% outside China) and represented **44%** of total third quarter 2015 revenues.

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III. CONSOLIDATION[2] AND FOREIGN EXCHANGE IMPACTS ON REVENUES

Net acquisitions had an impact of **-€6 million** or **-0.1%**. This includes mainly the disposal of Telvent ITC (consolidated under Infrastructure business), the acquisition of Günsan Elektrik (consolidated under Building & Partner business) and some minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was positive at **€420 million**[3] or **+6.6%**, primarily due to the appreciation of the US dollar and Chinese yuan against the euro. Given the euro's appreciation against the US dollar, Chinese yuan, and several new economies' currencies since the summer, the Group now expects, at current rates, the positive FX impact on FY2015 revenues to be reduced by **c. €0.2 billion** to **c. €1.8 billion** with a **c. -20bps** impact on 2015 adjusted EBITA margin rate compared to a neutral impact estimated previously.

IV. SHARE BUY BACK

In line with the plan to buy back between €1 billion and €1.5 billion worth of shares by 2016, the Group has repurchased **7,423,591** shares for a total amount of **c. €410 million** in the third quarter. Year to date the Group has repurchased **8,788,520** shares for a total amount of **c. €500 million.** As of September 30, 2015, the total number of shares outstanding was **587,613,113.**

V. CORPORATE GOVERNANCE

The Schneider Electric SE Board of Directors, on October 28, 2015, decided to appoint Ms. Cécile Cabanis as a non-voting director effective immediately and Mr. Fred Kindle, effective in February 2016. These appointments are in line with the objective to broaden the board's expertise, enhance gender diversity and internationalize the board.

Ms. Cécile Cabanis, 43 years old, a French citizen, is currently CFO of Danone. She joined Danone in 2004 and has served in a range of key positions in finance, including Head of Business Development and VP Finance for the Dairy Division Worldwide. Ms. Cabanis was previously working at Orange as M&A Deputy Director. She will bring to the board her international experience, her strong finance and audit expertise as well as a deep knowledge of the Food and Beverage sector and Telecommunications industry.

Mr. Fred Kindle, 56 years old, a citizen of Switzerland, is currently a Partner at the private equity firm Clayton Dubilier & Rice and prior to this, held the position of CEO at ABB and at Sulzer. He will bring

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2 *Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.*
3 *Excludes the positive impact of €14 million related to the price increase adjusting for the depreciation of the Rouble against the U.S. Dollar for IT business in Russia.*

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to the board his deep knowledge of the Group's businesses and markets, his international experience and his strong operational and financial expertise.

The appointment of Ms. Cabanis and Mr. Kindle as directors will be proposed at the 2016 Annual Shareholders' Meeting. Ms. Cabanis and Mr. Kindle are independent directors according to French law *(Code de gouvernement d'entreprise AFEP/MEDEF).*

VI. 2015 TARGETS

In the third quarter, the Group's performance showed a sustained stabilization in Western Europe and good growth in new economies outside China, where markets further deteriorated. U.S. performance was impacted by weakened markets outside construction, notably in Oil & Gas and IT, and will face a high base of comparison in Q4.

In this challenging environment, the Group continues to focus on growth initiatives, cost efficiency and cash generation while updating its 2015 targets:

- Slightly negative organic growth in revenues.
- A moderate decline in adjusted EBITA margin versus 2014, which could be further impacted by the evolution of currencies. This currency impact on the margin rate is now estimated at **c.-20bps** at current FX rates versus a neutral impact previously expected.

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The Q3 2015 revenues presentation is available at www.schneider-electric.com

2015 annual results will be presented on 17 February, 2016.

About Schneider Electric: Schneider Electric is the global specialist in energy management and automation. With revenues of €25 billion in FY2014, our 170,000 employees serve customers in over 100 countries, helping them to manage their energy and processes in ways that are safe, reliable, efficient and sustainable. From the simplest of switches to complex operational systems, our technology, software and services improve the way our customers manage and automate their operations. Our connected technologies will reshape industries, transform cities and enrich lives. At Schneider Electric, we call this **Life Is On**.

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Investor Relations
Schneider Electric
Anthony Song
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Appendix – Revenues breakdown by business

€ million	Q3 2015				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Buildings & Partner	2,983	-1.2%	+1.2%	+8.0%	+8.0%
Industry	1,398	-4.6%	-0.4%	+6.2%	+1.2%
Infrastructure	1,273	+0.2%	-2.7%	+2.5%	+0.0%
IT	940	-0.6%	0.0%	+8.8%	+8.2%
Group	**6,594**	**-1.6%**	**-0.1%**	**+6.6%**	**+4.9%**
€ million	**9m 2015**				
	Revenues	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Buildings & Partner	8,746	-0.2%	+0.8%	+10.6%	+11.2%
Industry	4,232	-5.1%	-0.2%	+8.9%	+3.6%
Infrastructure	3,789	+0.5%	-1.0%	+4.7%	+4.2%
IT	2,675	+0.1%	0.0%	+11.4%	+11.5%
Group	**19,442**	**-1.1%**	**+0.1%**	**+9.1%**	**+8.1%**

Appendix – Revenues breakdown by geography

€ million	Q3 2015		
	Revenues	Organic growth	Reported growth
Western Europe	1,648	-1%	0%
Asia-Pacific	1,923	-5%	+6%
North America	1,830	-4%	+13%
Rest of World	1,193	+9%	+1%
Group	**6,594**	**-1.6%**	**+4.9%**
€ million	**9m 2015**		
	Revenues	**Organic growth**	**Reported growth**
Western Europe	5,026	0%	+2%
Asia-Pacific	5,601	-5%	+10%
North America	5,321	-2%	+17%
Rest of World	3,494	+5%	+2%
Group	**19,442**	**-1.1%**	**+8.1%**

Investor Relations
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Appendix – Consolidation impact on revenues and EBITA

In number of months	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Invensys Industry business (+ partly Buildings & Partner business) FY 30/9/13 revenue £1,450 million excluding Appliance	3m	3m	3m	3m				
Günsan Elektrik Buildings & Partner business TRY 100 million in 2013					3m	3m	3m	3m

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