

Record results thanks to quick adaptation in a challenging environment and balanced exposure to end-markets & regions

- **FY Revenues €26.6bn, up +6.8%, org. -1%, ~flat underlying¹**
- **FY Adj. EBITA +5%. Organically, FY margin ~stable, c.+50bps in H2**
- **Strong growth in adj. earnings per share (Adj. EPS)², up 6%**
- **Another record free cash flow (FCF), reaching €2bn, up 20%**
- **Proposed dividend³ +4%, at €2/share & €1.5bn buyback in 2015-2016**
- **Successful Invensys integration; Good start of Schneider is On**

Rueil-Malmaison (France), February 17, 2016 - Schneider Electric announced today its fourth quarter revenues and full year results for the period ending December 31, 2015.

Key figures (€ million)	2014 FY	2015 FY	Reported Change	Organic Change
Revenues	24,939	26,640	+6.8%	-1.0%
<i>Underlying growth (%)</i>				<i>~ flat¹</i>
SFC ratio (% of revenues)	23.8%	23.3%	-50 bps	
Adjusted EBITA	3,463	3,641	+5.1%	
<i>% of revenues</i>	<i>13.9 %</i>	<i>13.7%</i>	<i>- 20 bps</i>	<i>~stable</i>
Net Income (Group share)	1,941	1,407	-28%	
Free Cash Flow	1,704	2,045	+20%	
Adjusted Net Income²	2,008	2,119	+6%	
Adjusted Earnings per share²	3.51	3.73	+6%	

Jean-Pascal Tricoire, Chairman and CEO, commented: *"In a challenging environment, we deliver record high revenues and profit, a stable margin in organic terms, and a strong growth in cash flow. Looking by business, Buildings & Partner and IT strengthen their global leadership and deliver solid results, Infrastructure is turning the corner, improving its profitability, and Industry is on track to recover its margin and shows great resilience despite weakness in some of its end markets. All this demonstrates the robustness of our business model based on the largest worldwide network of partners further enhanced by our balanced exposure to both end-markets and geographies. Moreover this illustrates our capability to quickly adapt to a volatile and challenging environment.*

1. Adjusted for negative impact from change of fiscal year closing in Invensys and the ramping down of the China nuclear project, the estimated full year impact is about €40m and €66m respectively

2. See appendix Adjusted Net Income & EPS for detailed calculation

3. Subject to Shareholder approval on April 25, 2016

The second year of Invensys integration reaches all synergy targets and is ahead of schedule. Despite significant headwinds, Invensys also delivers a solid performance and successfully ramps down China nuclear project execution. The success of this integration demonstrates our capability to bring on board new entities and drive value creation from acquisitions.

2015 is also a year we strengthen the foundations of our businesses. We dispose of several non-core assets to optimize our portfolio and accelerate our cost optimization, delivering ~€700m in savings.

In line with our commitments to our shareholders, we invest €0.6bn on share buybacks in 2015 and propose a 2015 dividend of €2 per share, an increase of 4% vs. 2014. We now upgrade our targeted buyback to a total of €1.5bn over 2015-2016.

Our priorities for this year are margin improvement by working on our costs, growing our partner's network through the launch of many new integrated offers, accelerating services and software, and increasing selectivity on projects focusing on our sectors of expertise.

In 2016, we expect continued growth in Western Europe and the construction market in the U.S. At the same time we see headwinds from O&G, overall weakness in the U.S. industry markets, difficulties in China though to a lesser degree than in 2015 and mixed trends in the rest of new economies. Additionally, we will face material FX headwinds from several new economies' currencies. Therefore, we target organic revenue growth to be flat to down low single-digit, impacted by higher selectivity on project activities and a margin improvement of +20bps to +60bps before negative FX impact."

I. FOURTH QUARTER REVENUES WERE DOWN -0.6% ORGANICALLY

2015 Q4 revenues were **€7,198 million**, down **-0.6%** organically and up **+3.5%** on a reported basis.

Organic growth by business

€ million	FY 2015		Q4 2015	
	Revenues	Organic growth	Revenues	Organic growth
Buildings & Partner	11,859	+0.4%	3,113	+2.0%
Industry	5,696	-4.9%	1,464	-4.3%
Infrastructure	5,428	+0.3%	1,639	-0.1%
IT	3,657	-0.9%	982	-3.5%
Group	26,640	-1.0%	7,198	-0.6%

Buildings & Partner (43% of Q4 revenues) grew **+2%** organically in the fourth quarter, growing in all regions except Asia-Pacific. North America was up. In the U.S, new offer launches, strong growth in the construction market and solid execution of commercial initiatives in solar markets supported the growth. The region also benefitted from growth in Mexico. In Western Europe, Spain, Italy and the U.K. were up, France performed

well thanks to strong execution in a stagnant market and Germany was penalized by a high comparison base despite good performance in the construction market thanks to targeted initiatives. Asia-Pacific declined due to weakness in China while performance outside China remained positive. Rest of the world was up thanks to continued growth in the Middle East and Africa.

Industry (20% of Q4 revenues) was down **-4.3%** organically year-on-year, impacted by further deterioration in O&G and continued weak industrial activities in China. Western Europe grew as Italy, Spain, and the U.K. were up thanks to positive OEM demand and successful OEM customer conversion. France and Germany also grew benefiting from growth initiatives. The U.S. was down due to further decreased industrial investments, notably in O&G, and a weak export-OEM demand impacted by a strong U.S. dollar. In this context the Group continues to focus on growing services and expanding coverage. Asia Pacific was penalized by weakness in China, while the rest of the world performed well.

Invensys revenues were down mid-single digit, excluding the impact from the China nuclear project ramp down. Field Devices and Systems businesses were impacted by a deteriorated O&G market while the Software business grew.

Infrastructure (23% of Q4 revenues) was about flat at **-0.1%** organically in the fourth quarter. North America was up benefitting from project execution in Canada in a challenging market. Despite headwinds from O&G and delays in data center investments, the U.S. was about flat thanks to the execution of growth initiatives in targeted segments. Western Europe grew, driven by France, Nordics and the U.K. while Germany declined due to greater project selectivity. The performance in Asia Pacific was penalized by weakness in Australia and China. Rest of the world performed well, driven by Africa and project execution in the Middle East, while Russia remained difficult.

IT (14% of Q4 revenues) was down **-3.5%** organically, penalized by a high comparison base. The U.S. was down due to soft IT investment and a high base of comparison, while services grew strongly. Western Europe was up thanks to good execution of the Group's channel strategy. Asia Pacific was dragged down by China, while the rest of the region was about stable. Rest of the world declined mainly driven by weakness in Russia. Services growth was strong, up double-digits.

Organically, the solution business was down **-1%** of which services were up **+8%**. The solutions business represented **47%** of revenues in Q4.

Organic growth by geography

€ million	FY 2015		Q4 2015	
	Revenues	Organic growth	Revenues	Organic growth
Western Europe	6,929	+1%	1,903	+3%
Asia-Pacific	7,599	-5%	1,998	-6%
North America	7,268	-2%	1,947	-3%
Rest of the World	4,844	+5%	1,350	+5%
Group	26,640	-1.0%	7,198	-0.6%

Western Europe (26% of Q4 revenues) observed good growth in the quarter, up **+3%** organically. France was up thanks to good execution of growth initiatives in a sluggish environment. Spain and Italy continued to grow. The U.K. was positive thanks to better positioning of the business in a favorable economic environment. Germany experienced mixed trends.

Asia-Pacific (28% of Q4 revenues), was down **-6%** organically, as China continued to suffer from weak construction and industrial activities. New economies outside China grew, driven by an improving economic environment in India and project execution in South-East Asia. Australia was down as the business growth in residential construction and OEMs could not offset a decline in resource-based segments.

North America (27% of Q4 revenues) was down **-3%** organically, impacted by a high comparison base in the U.S. In the U.S, the Group continued to grow in construction markets through targeted initiatives while focusing on the recovery of its industry business. But the Group's performance was penalized by a deteriorated O&G market and strong U.S dollar. Canada was up thanks to project execution and Mexico grew.

Rest of the World (19% of Q4 revenues) grew **+5%** organically in the fourth quarter, driven by infrastructure investments in Africa and execution of projects in the Middle East. South America was up with a mixed picture. Russia was down reflecting a continued weak economic environment.

Revenues in new economies were down -1% and represented **44%** of total fourth quarter 2015 revenues. FY 2015 revenue growth in new economies outside China was up +4%, vs. +2% in FY 2014.

Consolidation⁴ and foreign exchange impacts

Net acquisitions had an impact of **-€10 million** or **-0.2%**. This includes mainly the disposal of Telvent Global services (consolidated under Infrastructure business), Juno Lighting (consolidated under the Buildings & Partner business), the acquisition of Günsan Elektrik (consolidated under Buildings & Partner business) and some minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was positive at **€295 million⁵** or **+4.3%**, primarily due to the appreciation of the US dollar and Chinese yuan against the euro.

Based on current rates, the negative FX impact on FY 2016 revenues is estimated to be **~-€1.0bn**. This is mainly due to the decline of several economies' currencies against the euro since summer 2015 and the decline accelerated in the end of 2015.

II. FULL YEAR 2015 KEY RESULTS

€ million	2014 FY	2015 FY	Change
Gross Profit	9,407	9,845	+5%
Support Function Costs	(5,944)	(6,204)	+4%
Adjusted EBITA	3,463	3,641	+5%
Restructuring costs	(202)	(318)	
Other operating income & expenses	(106)	(522)	
- of which losses on business disposals	(1)	(324)	
- of which acquisitions & integration costs	(114)	(118)	
EBITA	3,155	2,801	-11%
Amortization & impairment of purchase accounting intangibles	(259)	(572)	
Net income (Group share)	1,941	1,407	-28%
Adjusted Net Income⁶	2,008	2,119	+6%
Adjusted EPS (€)⁶	3.51	3.73	+6%
Free Cash Flow	1,704	2,045	+20%

4. Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.

5. Excludes the positive impact of ~€9 million related to the price increase adjusting for the depreciation of the Rouble against the U.S. dollar for IT business in Russia.

6. See appendix Adjusted Net Income & EPS

- **ADJUSTED EBITA MARGIN AT 13.7%, DOWN -0.2 POINT VERSUS FY 2014, STABLE ORGANICALLY⁷ AND UP c.+0.5 POINT IN H2 THANKS TO ACCELERATED SFC REDUCTION**

Gross profit was up +4.7%.

Gross margin declined **-0.7pt** to **37.0%** in FY 2015 as positive net pricing⁸ and productivity partially offset negative mix, increased R&D depreciation and cost inflation:

- Net price contributed **+0.5pt** and productivity contributed **+1.3pt**
- Negative mix of **-1.3pt** comprised of (1) **-0.7pt** due to large project pricing (impacted by competitive pressure & investment for future services) and a few project one-offs. H2 showed improvement at -0.6pt vs. -1.0pt in H1; (2) **-0.6 pt** due to geography, business & product / solution mix
- New product launches drove up R&D depreciation, impacting margin by **-0.3pt**
- Production Labor inflation & others had a negative impact of **-0.5pt**
- Currency had a negative impact of **-0.4pt**
- Volume had **0.0pt** impact

Support function costs decreased **-2.7%** organically, and grew **+4.4%** on a reported basis, 2.4pts less than revenue growth.

2015 Adjusted EBITA reached **€3,641** million, up **+5.1%**.

The key drivers contributing to the earnings change were the following:

- Volume impact was negative **€97** million in the full year
- Solid execution of tailored supply chain initiatives contributed **€359** million in the year thanks to good contribution from supplier negotiation and industrial footprint optimization
- The net price impact was positive at **€89** million, as the favorable raw materials tailwind of **€182** million more than offset a price decline of **€93** million, mainly due to China. Pricing was positive outside China. In China, strong efficiency gains offset negative price
- Cost of Goods Sold inflation increased by **€154** million, of which the production labor cost and other cost inflation was **€70** million, and an increase in R&D depreciation in Cost of Goods Sold was **€84** million, due to a higher number of new product launches in 2015

7. 13.8% FY 2015 vs. 13.9% FY 2014

8. Price less raw material impact

- Support function costs reduced organically by **€174 million** in the year, with acceleration in the second half, reflecting progress in simplification initiatives. Total gross SFC reduction in 2015 is **c.€300m** and the Group **now targets to reduce gross SFC by c.€600m between 2015-2017**
- Currency increased the adjusted EBITA by **€254 million**, mainly due to the depreciation of the euro against the U.S. dollar and Chinese yuan
- Mix was negative at **€382 million**, while H2 showed a lower impact than H1
- Acquisitions, net of divestments, were minimal at a positive **€6 million** for the year

By business, adjusted EBITA of **Buildings & Partner** 2015 amounted to €2,132 million, or **18.0%** of revenues, slightly up +0.2 point year-on-year thanks to better support function cost control. **Industry** generated an adjusted EBITA of €975 million, or **17.1%** of revenues, slightly up in H2, but down -1.3 points from 2014, penalized by volume decline, negative FX impact and higher R&D amortization costs. **Infrastructure** adjusted EBITA was €495 million, or **9.1%** of revenues, up +0.5 point year-on-year, benefiting from project gross margin improvement in H2 and a good SFC control. The business is targeting to reach double-digit adjusted EBITA margin by the end of 2016. **IT** business reported an adjusted EBITA of €644 million, **17.6%** of revenues, down -1.2 points compared to 2014, penalized by negative mix and FX impact.

Corporate costs in 2015 amounted to **€605 million** or 2.3% of revenues, about the same level as in the previous year.

▪ ADJUSTED NET INCOME⁹ UP +6%

The restructuring charges were **€318 million** in 2015. Restructuring Costs are expected to be towards the high-end of €700m-€900m in 2015-2017 to drive efficiency and simplification initiatives.

Other operating income and expenses had a negative impact of **€522 million**, vs. €106 million in 2014. The increase is mainly due to capital losses / asset impairments from the disposals of Juno, Telvent Transportation & Global Services.

The amortization and depreciation of intangibles was **€572 million** compared to €259 million last year, mainly due to a c.€300m impairment related to Pelco.

Net financial expenses were **€446 million**. Cost of debt (net) decreased by **€17 million**.

9. See appendix Adjusted Net Income & EPS

Income tax amounted to **€389 million**, reflecting a normalized¹⁰ tax rate c.21%, benefiting from Invensys tax synergy.

Share of profit on associates & discontinued ops amounted to **€109m** mainly reflecting a gain from the Group's stake in CST holding.

The Adjusted Net Income¹¹ was **€2,119 million** in FY 2015, up +6% from 2014. The Adjusted Earnings Per Share (EPS) was **€3.73**, up +6% from 2014.

▪ **FREE CASH FLOW OF €2,045 million, up 20% from FY 2014**

Free cash flow was reported at **€2,045 million**, in another year of strong cash generation. It included net capital expenditure of **€787 million**, representing ~3.0% of revenues. The trade working capital improved by **€91 million** thanks to strong control over payables and receivables.

▪ **BALANCE SHEET REMAINS SOLID**

Schneider Electric's net debt at December 31, 2015 amounted to **€4,631 million** (€5,022 million in December 2014). The decrease was mainly driven by strong free cash flow generation and c.€470m generated from the disposals of Juno, Telvent Global Services, and CST. As a result, the Net Debt / Adj. EBITDA ratio declined to 1.0 from 1.2 in 2014.

▪ **CASH CONVERSION & PROPOSED DIVIDEND**

Cash conversion was 113%¹² in 2015, above the Group target of ~100%.

The proposed dividend¹³ is €2 per share, an increase of 4%, reflecting a growth in the Group's adjusted net income.

III. INVENSYS UPDATE

Invensys underlying¹⁴ organic revenue growth was down mid-single digit in 2015, impacted by strong headwinds from O&G. Field Devices were down ~20%. Software was stable in H2 with orders up strongly in FY, while Services were around flat, with strong growth in H2.

Invensys Adj. EBITA margin was slightly up in 2015 thanks to positive mix, software margin expansion, good control of administrative costs and cost synergies. These benefits were partially offset by lower volume and a ~€40m increase in R&D investments as planned.

10. Tax rate adjusted for impacts from business disposals and Pelco impairment

11. See appendix Adjusted Net Income & EPS

12. Based on net income adjusted for business disposals impact and Pelco impairment

13. Subject to Shareholder approval on April 25, 2016

14. Adjusted for negative impact from change of fiscal year closing in Invensys and ramping down China nuclear project, the estimated full year impact is about €40m and €66m respectively

Overall Invensys synergy execution is on track with ~€55m cost synergies delivered in 2015 (total ~€130m in 2014 & 2015) and revenue synergies delivered on 2015 target. Tax synergies achieved in 2014 & 2015 were ~€300m. Total integration costs incurred in 2015 were ~€70m (total ~€150m in 2014 & 2015).

IV. SCHNEIDER IS ON UPDATE

2015 marked the first year of the Group's *Schneider Is On* company program, which will run through 2020. We executed well on our initiatives:

Within our Do More initiative:

- Services revenues up ~+7%
- Orders from industrial software grew +6%
- Project hit rate & gross margin at booking improved; Gross Margin deviation between booking and during execution reduced

Within our Simplify initiative:

- Industrial productivity of ~€0.36bn achieved
- Gross SFC savings of ~€0.3bn delivered, with targets upgraded

Within our Digitize initiative:

- The number of connected assets increased +45%

Within our Innovate initiative:

- Successful launch of many new offers in our Buildings & Partner business across all divisions
- Continued to increase OEM conversions by leveraging our innovative OEM solution offer
- Planet & Society barometer reached 6.33/10

V. SHARE BUY BACK

The Group has repurchased **1,834,944** shares for a total amount of **c. €100 million** in the fourth quarter. In full year 2015 the Group has repurchased **10,623,464** shares for a total amount of **c. €600 million**. As of December 31, 2015, the total number of shares outstanding was **588,734,472**. During the first month of 2016 the Group has repurchased **2,023,370** shares for a total amount of **c.€100m**. The Group now targets a **cumulative ~€1.5bn** share buyback between 2015 and 2016.

VI. CORPORATE GOVERNANCE

The Group's board of directors, at its meeting on February 16, 2016, noted the decisions of Messrs. Noel Forgeard, Henri Lachmann and Richard Thoman to not renew their terms of office approaching expiry. It also noted the resignations of Mr. Jeong Kim and Ms. Lone Fonss Schroeder.

The Group's board of directors was keen to highlight all the recognition that the company owes these individuals who have supported the Group through every stage of its remarkable development. It paid tribute

in particular to Mr. Henri Lachmann who was its Chairman before becoming Chairman of the Supervisory Board.

The Group's board of directors decided, at the recommendation of its Governance and remunerations committee, to propose at its Shareholders' Meeting on April 25, 2016 the following appointments and re-elections of directors:

- The appointment of Ms. Cecile Cabanis and Mr. Fred Kindle who shall qualify as independent directors; and
- The re-election of Messrs. Leo Apotheker, Xavier Fontanet, Antoine Gosset-Grainville and Willy Kissling.

These recommendations are part of the efforts to "regenerate" the Group's board of directors, the aims of which are as follows:

- To increase its internationalization while maintaining a certain geographical balance,
- To increase the female quota with a view to achieving female representation of over 40% by 2017.
- To bring new skills on board, which also rejuvenate its composition,
- To achieve a tighter format.

Ms. Cabanis, Chief Financial Officer and member of the executive committee of Danone, was appointed by the board of directors as a non-voting member on October 28, 2015. She will bring to the board her excellent understanding of financial matters, her knowledge of marketing technologies and her experience, gained both in France and abroad, within a major multinational group.

Mr. Kindle, aged 56 and a citizen of Liechtenstein, is an independent consultant and director for companies. He joined the Board as a non-voting director on February 16, 2016. He was CEO of the ABB Group and of Sulzer. He will bring to the Board his deep knowledge of the businesses and markets of the Group, his international experience and his strong operational and financial expertise.

Moreover, the Board of directors plans to continue to benefit from the experience and wisdom of Henri Lachmann, by appointing him as a non-voting member following his term as director.

VII. 2016 TARGETS

In 2016 the Group sees continued growth in Western Europe and the construction market in the U.S. At the same time, headwinds from O&G, overall weakness in the U.S. industry markets, difficulties in China though to a lesser degree than in 2015 and mixed trends in the rest of new economies are expected. Additionally, given the accelerated decline of several new economies' currencies against the euro in the end of 2015, the Group should also face a material FX headwind in 2016.

In this context the Group's priorities are margin improvement by working on costs, growing its partner's network through the launch of many new integrated offers, accelerating services and software, and increasing selectivity on projects focusing on its sectors of expertise.

Therefore, for 2016 the Group targets:

- Organic revenue growth to be flat to down low single-digit, impacted by the Group's higher selectivity on project activities.
- +20bps to +60bps improvement on adjusted EBITA margin before FX. The negative FX impact on margin is estimated at -40bps to -50bps at current rates.

The financial statements of the period ending December 31, 2015 were established by the Board of Directors on February 16, 2016 and certified by the Group auditors on February 16, 2016

The Q4 2015 & FY 2015 Annual Results presentation is available at www.schneider-electric.com

Q1 2016 Revenues will be presented on 21 April, 2016

The 2015 Annual General Meeting will take place on 25 April, 2016

About Schneider Electric: Schneider Electric is the global specialist in energy management and automation. With revenues of €27 billion in FY2015, our 160,000 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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Appendix – Revenues breakdown by business

Fourth quarter 2015 revenues by business were as follows:

€ million	Q4 2015				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Buildings & Partner	3,113	+2.0%	+0.8%	+4.9%	+7.7%
Industry	1,464	-4.3%	+0.1%	+4.1%	-0.1%
Infrastructure	1,639	-0.1%	-2.3%	+2.3%	-0.1%
IT	982	-3.5%	+0.2%	+5.8%	+2.5%
Group	7,198	-0.6%	-0.2%	+4.3%	+3.5%

H2 2015 revenues by business were as follows:

€ million	H2 2015	
	Revenues	Organic growth
Buildings & Partner	6,096	+0.4%
Industry	2,862	-4.5%
Infrastructure	2,912	0.0%
IT	1,922	-2.1%
Group	13,792	-1.1%

Full year 2015 revenues by business were as follows:

€ million	FY 2015				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Buildings & Partner	11,859	+0.4%	+0.8%	+9.1%	+10.3%
Industry	5,696	-4.9%	-0.1%	+7.6%	+2.6%
Infrastructure	5,428	+0.3%	-1.4%	+4.0%	+2.9%
IT	3,657	-0.9%	+0.1%	+9.7%	+8.9%
Group	26,640	-1.0%	+0.0%	+7.8%	+6.8%

Appendix – Revenues breakdown by geography

Fourth quarter 2015 revenues by geographical region were as follows:

€ million	Q4 2015		
	Revenues	Organic growth	Reported growth
Western Europe	1,903	+3%	+4%
Asia-Pacific	1,998	-6%	+1%
North America	1,947	-3%	+9%
Rest of the World	1,350	+5%	-1%
Group	7,198	-0.6%	+3.5%

Full year 2015 revenues by geographical region were as follows:

€ million	FY 2015		
	Revenues	Organic growth	Reported growth
Western Europe	6,929	+1%	+3%
Asia-Pacific	7,599	-5%	+7%
North America	7,268	-2%	+15%
Rest of the World	4,844	+5%	+1%
Group	26,640	-1.0%	+7%

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
Disposal of Juno Lighting Buildings & Partner Business FY2014 revenue \$230m FY2014 EBITDA \$32m								1m

Appendix - Results breakdown by division

€ million	2014 FY	2015 FY
Revenues	24,939	26,640
Buildings & Partner	10,754	11,859
Industry	5,551	5,696
Infrastructure	5,277	5,428
IT	3,357	3,657
Adjusted EBITA	3,463	3,641
Buildings & Partner	1,913	2,132
Industry	1,023	975
Infrastructure	454	495
IT	630	644
Corporate	(557)	(605)
- Other operating income and expenses	(106)	(522)
Buildings & Partner	7	(240)
Industry	(34)	(22)
Infrastructure	(86)	(240)
IT	1	(5)
Corporate	6	(15)
- Restructuring	(202)	(318)
Buildings & Partner	(93)	(169)
Industry	(26)	(22)
Infrastructure	(76)	(89)
IT	(4)	(8)
Corporate	(3)	(30)
EBITA	3,155	2,801
Buildings & Partner	1,827	1,723
Industry	963	931
Infrastructure	292	166
IT	627	631
Corporate	(554)	(650)

Appendix – Adjusted Net Income & EPS

Key figures (€ million)	2014 FY	2015 FY	Change
EBITA	3,155	2,801	-11%
Amortization & impairment of purchase accounting intangibles	(259)	(572)	
Cost of net debt	(467)	(446)	
Income tax	(551)	(389)	
Share of profit on associates & Discontinued ops	183	109	
Minority Interests	(120)	(96)	
Net income (Group share)	1,941	1,407	-28%
Invensys integration cost post-tax (calculated at Group effective tax rate)	63	57	
Gain/losses on business disposals (from OOIE & discontinued operations)	(152)	226	
Impairment of Pelco net of tax		180	
Restructuring charges post-tax (calculated at Group effective tax rate)	156	249	
Adjusted Net income	2,008	2,119	+6%
Adjusted EPS (€)	3.51	3.73	+6%

Appendix – Free Cash Flow

Analysis of debt change in €m	FY 2014	FY 2015
Net debt at opening at Dec. 31	(3,326)	(5,022)
Operating cash flow	2,640	2,715
Capital expenditure – net	(829)	(787)
Change in trade working capital	(162)	91
Change in non-trade working capital	55	26
Free cash flow	1,704	2,045
Dividends	(1,205)	(1,219)
Acquisitions – net ¹⁵	(1,743)	322
Net capital increase	(134)	(448)
FX & other	(318)	(309)
(Increase) / Decrease in net debt	(1,696)	391
Net debt at Dec. 31	(5,022)	(4,631)

15. Including dividend from CST holding in 2015

Appendix – ROCE

ROCE calculation

P&L items			2015 Reported
EBITA	(1)		2 801
Restructuring costs	(2)		-318
Other operating income & expenses	(3)		-522
= Adjusted EBITA	(4) = (1)-(2)-(3)		3 641
x Effective tax rate of the period ¹	(5)		21,0%
= After-tax Adjusted EBITA	(A) = (4) x (1-(5))		2 875

Balance sheet items	2014 reported	2015 reported		2015 Avg of 4 quarters
Shareholders' equity	20 151	21 289	(B)	20 969
Net financial debt	5 022	4 631	(C)	5 805
Adjustment for Associates and Financial assets (fair value)	-651	-492	(D)	-532
- Sunten Electric Equipment (40% stake)	88	98		98
- Fuji Electric FA Components & Systems (36.8% stake)	91	108		107
- NVC Lighting (9.2% stake)	54	33		52
- CST Holding (30% stake)	81	93		82
- Other non-current financial investments	337	159		193
= Capital Employed	24 573	25 428	(E) = (B)+(C)+(D)	26 243
= ROCE			(A) / (E)	11,0%

1. Effective Tax rate adjusted for impacts from business disposals and Pelco impairment

Appendix – H2 Performance

€ million	H2 2014	H2 2015	<i>Reported Change</i>	FY 2014	FY 2015	<i>Reported Change</i>
Revenues	13,239	13,792	+4.2%	24,939	26,640	+6.8%
Gross Profit	4,950	5,093	+2.9%	9,407	9,845	+4.7%
Support Function Costs	(2,991)	(3,053)	+2.1%	(5,944)	(6,204)	+4.4%
Adjusted EBITA	1,959	2,040	+4.1%	3,463	3,641	+5.1%
Margin %	14.8%	14.8%	<i>Stable</i>	13.9%	13.7%	<i>-20bps</i>
Margin (organically) %	14.8%	15.3%	<i>~50 bps</i>	13.9%	13.8%	<i>~stable</i>