Financial Information

Record third quarter sales of €6.1 billion, up 7.1%

- **North America and Rest of World continued to post positive growth**
- **Mixed business trends in Asia-Pacific while China stabilised sequentially**
- **Market conditions deteriorated in Western Europe, driven by France**
- **Group organic sales were down 1.9%**
- **Positive contribution from acquisitions and favourable currency effect**
- **Well on track to meet the full-year adjusted EBITA margin target**

Rueil-Malmaison (France), October 25, 2012 – Schneider Electric reported today third-quarter sales of **€6,099 million**, up **7.1%** year-on-year on current structure and exchange rate basis. Organic sales were down **1.9%**, of which fewer working days accounted for about 1% of decline.

Sales for the first nine months of 2012 reached **€17,507 million**, an increase of **9.2%** year-on-year.

The breakdown of sales by business segment was as follows:

€ million	Q3 2012			9M 2012		
	Sales	Organic growth	Reported growth	Sales	Organic growth	Reported growth
Power	2,233	-3.3%	+3.3%	6,511	+0.7%	+6.8%
Infrastructure	1,308	-1.9%	+11.4%	3,680	-1.1%	+14.9%
Industry	1,153	-2.7%	+5.8%	3,372	-5.1%	+1.7%
IT	971	+2.8%	+10.1%	2,707	+4.2%	+18.0%
Buildings	434	-3.1%	+11.6%	1,237	-2.5%	+10.3%
Group	**6,099**	**-1.9%**	**+7.1%**	**17,507**	**-0.6%**	**+9.2%**

Jean-Pascal Tricoire, President and CEO, commented: *"We generated more than €6 billion of sales in the third quarter and are on track to deliver record sales this year, as we continue to integrate recent acquisitions, including Telvent, Leader & Harvest and Luminous. Our third quarter organic growth reflects the contrasted regional trends, marked particularly by a more pronounced deterioration in some of our key markets in Western Europe, but our new economies platform showed resilience and our China operations have stabilised.*

In this environment, our key priorities are on pricing, cost discipline and the continuous focus on supply chain efficiency. We can therefore confirm that we are well on track to reach the adjusted EBITA margin target of 14% to 15% of sales in 2012.

Going forward, we will continue to deploy the growth initiatives of our three-year program "Connect". In parallel, we will keep using all our operational levers to protect margins and cash generation."

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Organic growth analysis by business segment

Power (37% of Q3 sales) sales were down **3.3%** like-for-like, reflecting the slowdown in both products and solutions. The product business saw solid demand in the Rest of World region, driven by public and oil & gas investments, and sustained momentum in North America. However, it was hit by the weak business environment in France and Southern Europe, the slowing residential market in Australia and still sluggish construction and industry markets in China. The trend was amplified by some distributor destocking. The solution business was impacted by the decline of the solar conversion and connection activity which reported strong performance in the same period of 2011, particularly in Italy, France and Thailand. Other Power solutions continued to grow on investment in oil & gas, mining and infrastructure in the Middle East, South America and Russia.

Infrastructure (21% of Q3 sales) dropped **1.9%** like-for-like. Product business weakened as secondary distribution products and transformers declined, reflecting primarily the reduced private investment in Southern Europe and France, weaker utilities demand in China and financial constraints of customers in India. The solution business was flat, benefiting from good growth in Russia in infrastructure projects, and mining and oil & gas investment in South East Asia, the Middle East and Australia. This was offset by the decline in substation and equipment sales, impacted by subdued demand in Southern Europe and North Africa, limited solar energy investment, higher project selectivity as well as lower services sales.

Industry (19% of Q3 sales) decline was less than in the second quarter, at **-2.7%** like-for-like. While the manufacturing contraction in key markets still weighed on the performance of the Group's best-in-class products, the solution business continued to expand at double-digit in this quarter. It was aided by the robust trend of the mining and oil & gas segments, especially in Asia-Pacific, Brazil, North America and Russia, and growing success of the OEM machine solutions in the new economies. The growth of the still small services activity accelerated, especially energy management services enabled by the launch of PlantStruxure software suite. The product business remained negative across the board as reduced capacity utilization in Western Europe, China and Japan impacted machine builders and general manufacturing segments.

IT (16% of Q3 sales) posted another positive quarter, up **2.8%** like-for-like, driven by solid growth of the product business. The success of the Luminous offer in India and demand for secured power products in North America and Russia offset the challenging trading conditions in Western Europe and distributor destocking in Japan. The solution business growth paused in this quarter, reflecting customer cautiousness towards new datacenter investment, especially in the Middle East, South America and to a lesser extent the US, but also fewer opportunities in the UK and France. Within solutions, services continued on solid trend, supported by growth in advanced services for datacenters design and operation in North America and installed-base services in Asia-Pacific.

Buildings (7% of Q3 sales) was down **3.1%** organically. Solution business was in slight decline. The good performance of security systems and energy efficiency solutions provided to airports, educational buildings and hospitals in North America and the UK largely offset declining services, in particular advanced energy management services which were impacted by government spending cuts in the UK, the US and the Nordic countries. Products sales declined due to tough market conditions for security products while demand for building management products remained positive.

Solutions business was flat organically at **0%** in the third quarter and represented **38%** of sales.

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Organic growth analysis by geography

€ million	Q3 2012			9M 2012		
	Sales	Organic growth	Reported growth	Sales	Organic growth	Reported growth
Western Europe	1,711	-8%	-3%	5,192	-6%	-1%
Asia-Pacific	1,707	-2%	+8%	4,751	-2%	+12%
North America	1,574	+1%	+16%	4,441	+3%	+19%
Rest of the World	1,107	+4%	+9%	3,123	+5%	+11%
Group	**6,099**	**-1.9%**	**+7.1%**	**17,507**	**-0.6%**	**+9.2%**

Western Europe (28% of Q3 sales) dropped **8%** year-on-year in the third quarter. Spain and Italy declined at a pace similar to the previous quarters but France experienced broad based deterioration since summer due to erosion in business confidence impacting investment decisions in all end markets. The UK also turned negative. Germany was stable. Nordic countries continued to post positive growth.

Asia Pacific (28% of Q3 sales) was down **2%** like-for-like. The trend in China remained negative at mid single-digit year-on-year but stabilization was confirmed. South East Asia and India continued to grow in the region, supported by investment in natural resources and demand for data-centers and power reliability, offsetting the slowdown in construction market in Australia and overall weak business conditions in Japan.

North America (26% of Q3 sales) reported **1%** growth like-for-like. The region benefited from improving trend of the residential construction market in the US, continued investment in secured power, oil & gas and industrial segments, offsetting weakness in utilities and some non-residential construction segments, in particular those that depend on government spending.

Rest of the World (18% of Q3 sales) grew **4%** like-for-like. Russia and Saudi Arabia posted solid double-digit growth with continued investment in oil & gas and infrastructure projects. Central Europe and South America reported small growth whereas Africa was in decline.

Sales in new economies were up **2%** organically and represented **41%** of total reported sales in the third quarter.

Consolidation and foreign exchange impacts

Net acquisitions contributed **€146 million** or **+2.6%**. This includes mainly Telvent (in Infrastructure) and Leader & Harvest (in Industry).

The impact of foreign exchange fluctuations was positive at **€372 million**, primarily the result of the appreciation of the US dollar, Chinese yuan and Australian dollar against the euro over the period.

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Potential one-time charge related to the Buildings business segment

The Buildings business segment faced challenging trading environment in the past few years following the construction downturn in its key mature markets, affecting its financial performance. When conducting the annual impairment tests at year-end, the Group may have to book a one-time non-cash charge on the assets of Buildings. The amount of this charge remains to be confirmed but could fall in the range of **€100 million** and **€200 million**.

The Group's dividend policy is based on 50% payout of the net income. However, the 2012 dividend to be proposed for approval in the next annual shareholders meeting would be adjusted to neutralise the impact of this potential charge on the net income.

2012 Outlook

Despite the global economic uncertainties, the Group's topline development was overall in line with the scenarios contemplated in early 2012 with the exception of a more pronounced slowdown in part of Western Europe and a later than expected rebound in China. Therefore, Schneider Electric now expects its organic sales growth for the full year 2012 to be flat to slightly negative.

However, the Group reaffirms its full year adjusted EBITA margin target of 14% to 15% of sales reflecting the positive price actions and continued focus on productivity and cost discipline.

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The Q3 2012 sales presentation is available at www.schneider-electric.com.

2012 full year results will be released on February 21, 2013.

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Disclaimer

All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. For a detailed description of these factors and uncertainties, please refer to the section "Risk Factors" in our Annual Reference Document (which is available on www.schneider-electric.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

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Appendix – Sales breakdown by business

Third-quarter 2012 sales by business were as follows:

€ million	Q3 2012 sales	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Power	2,233	-3.3%	-0.1%	+6.7%	+3.3%
Infrastructure	1,308	-1.9%	+9.3%	+4.0%	+11.4%
Industry	1,153	-2.7%	+2.2%	+6.3%	+5.8%
IT	971	+2.8%	-0.5%	+7.8%	+10.1%
Buildings	434	-3.1%	+5.4%	+9.3%	+11.6%
Total	**6,099**	**-1.9%**	**+2.6%**	**+6.4%**	**+7.1%**

Nine-month 2012 sales by business were as follows:

€ million	9M 2012 sales	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Power	6,511	+0.7%	+0.7%	+5.4%	+6.8%
Infrastructure	3,680	-1.1%	+13.1%	+2.9%	+14.9%
Industry	3,372	-5.1%	+2.1%	+4.7%	+1.7%
IT	2,707	+4.2%	+7.0%	+6.8%	+18.0%
Buildings	1,237	-2.5%	+6.1%	+6.7%	+10.3%
Total	**17,507**	**-0.6%**	**+4.7%**	**+5.1%**	**+9.2%**

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Appendix – Consolidation impact on sales and EBITA

In number of months	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4
Lee Technologies IT business 2010 sales $140 million		3m	3m	3m	3m			
Summit Energy Buildings business 2011e sales $65 million		3m	3m	3m	3m			
Digilink Power business 2010 sales c. €25 million			4m	3m	3m	3m	-1m	
APW President IT business FY 31/10/10 sales €18 million			4m	3m	3m	3m	-1m	
Luminous IT business FY 31/3/11 sales c. €170 million			4m	3m	3m	3m	-1m	
Steck Group Power business 2011e sales €80 million			2m	3m	3m	3m	1m	
Telvent Infrastructure business 2010 sales €753 million			1m	3m	3m	3m	2m	
Leader & Harvest Industry business 2011e sales $150 million				3m	3m	3m	3m	
M&C Energy Buildings business FY 30/6/12e sales £35 million							3m	3m

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