Financial Information

Q3 Revenues of €5.9bn, organic growth up 0.7%

- **Performance in line with H1, driven by China and North America, while Western Europe remained difficult**
- **Partner observed strong growth of 5% outside Western Europe**
- **Services growth momentum continued, outperforming rest of the Group by 13 points**
- **2013 adjusted EBITA margin stable to slightly up on constant FX and scope basis**

Rueil-Malmaison (France), October 25, 2013 - Schneider Electric reported today third quarter revenues of **€5,901 million**, down **3.2%** year-on-year on current structure and exchange rate basis. Organic revenues were up **0.7%.**

The breakdown of revenues by business segment was as follows:

€ million	**Q3 2013**		**9M 2013**	
	Revenues	**Organic growth**	**Revenues**	**Organic growth**
Partner	2,144	+1.4%	6,319	-0.3%
Infrastructure	1,414	+1.8%	4,042	+3.0%
Industry	1,066	+0.2%	3,230	+0.1%
IT	879	-1.8%	2,565	-1.0%
Buildings	398	+0.3%	1,175	-1.1%
Group	**5,901**	**+0.7%**	**17,331**	**+0.3%**

Jean-Pascal Tricoire, Chairman and CEO, commented: *"Third quarter performance is in line with the first half of 2013, with mixed trends in various regions. Partner business keeps improving and Services are growing faster than the rest of the company. As a consequence of unexpected currency swings, we are taking corrective actions which will have most of the impact in 2014.*

We are pleased to see that our offer on Invensys has been overwhelmingly approved by Invensys shareholders. While timing of the Invensys closing is subject to completion of all regulatory approvals, we are preparing for the upcoming integration.

In the future, our priority will be integration of acquisitions, optimization of our portfolio and our footprint and continued effort on operational efficiency to maximize the return on recent investments.

In light of recent trends, the Group now targets for 2013 stable to limited organic revenue growth and a stable to slightly up adjusted EBITA margin on constant FX and scope basis."

Investor Relations :
Schneider Electric
Anthony Song

Phone : +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

Phone : +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

Financial Information (p. 2)

Organic growth analysis by business segment

Partner (36% of Q3 revenues) business grew **1.4%** organically. Performance was solid outside Western Europe at +5%. Product business grew thanks to sustained momentum in North and South America and good construction and industrial end markets in China, where *"Go-West"* strategy remained a growth driver. However, weakness was observed mainly in building and infrastructure end markets in Western Europe and in the residential market in Australia. Some new economies, notably Russia, India and South East Asia, were temporarily impacted by the depreciation of their currencies. The Solution business declined slightly as the good growth due to investment in data centers and oil & gas projects was offset by the impact from high comparables in Middle East and Russia and difficulties in the renewables market in Western Europe.

Infrastructure (24% of Q3 revenues) was up **1.8%** like-for-like. Product business grew thanks to investment in utilities and infrastructure in Africa, Middle East and the US. Solution business was up slightly as the Group generated good growth in infrastructure and data centers in North America and transportation in China. Weak investment in Utilities and Transportation in Spain was a drag on growth. Services continued to be a strong driver, posting double digit growth in both installed base and advanced services. Project delays, due to lack of financing in certain new economies and declining utility spending in Western Europe impacted both products and solutions.

Industry (18% of Q3 revenues) was slightly up at **0.2%** like-for-like, reflecting contrasting trends, with challenges in some end-user segments and solid performance with OEMs, impacting both products and solutions. The slight decline of the product business was attributable to Western Europe, partly due to destocking. Solution business was up on demand for services, MV drives and OEM machine solutions, supported by solid growth in China and key countries in Western Europe. End-user solutions were impacted by weaknesses in mining and water segments in certain countries.

IT (15% of Q3 revenues) was down **1.8%** like-for-like. Product business declined due to a soft market in mature countries and distributor destocking in Russia, while Asia-Pacific recorded growth. Solution business saw good services growth in all geographies and data center investment in Asia, but was weighed down due to slow projects activity in North America and Western Europe.

Buildings (7% of Q3 revenues) was slightly up, posting organic growth of **0.3%**. Product business was stable with mixed trends. In the Solution business, systems were impacted by weakness in construction markets in most mature countries while the business benefited from investment in healthcare in Australia and Northern Europe. Services continued to be strong.

The Solution business was stable organically at **0%** in the third quarter and represented **40%** of revenues.

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 3)

Organic growth analysis by geography

€ million	Q3 2013		9M 2013	
	Revenues	Organic growth	Revenues	Organic growth
Western Europe	1,585	-6%	4,849	-6%
Asia-Pacific	1,625	+4%	4,740	+4%
North America	1,535	+3%	4,447	+3%
Rest of the World	1,156	+2%	3,295	+2%
Group	**5,901**	**+0.7%**	**17,331**	**+0.3%**

Western Europe (27% of Q3 revenues) was down **6%** year-on-year in the third quarter with distributor destocking in some countries. Spain and Italy continued to post double-digit decline due to the ongoing economic crisis. France declined low single digit amid soft business environment. Germany was down as the energy transition issues led to lower utility and renewables capex whereas industrial OEMs were resilient. UK and Ireland were stable while the Nordics declined slightly.

Asia-Pacific (27% of Q3 revenues) was up **4%** year-on-year, posting the strongest growth among the regions. China observed good growth thanks to investment in construction and infrastructure and some recovery in industrial end markets. Other new economies grew at a more moderate pace, momentarily impacted by currency volatility. Japan rebounded on better data center and industrial end markets. Australia was a drag on performance, still impacted by the slowdown in mining and construction.

North America (26% of Q3 revenues) was up **3%** like-for-like, in line with the first half. Growth remained solid in the US residential market, while there was a limited pick up in non-residential buildings. Data centers were a support, thanks to electrical distribution projects, along with infrastructure and oil & gas end markets. Softer segments include electrical utilities and mining.

Rest of the World (20% of Q3 revenues) experienced a slowdown compared to last quarter, with organic growth up **2%** like-for-like. Russia was weighed down by softer construction and IT markets, coupled with some destocking. Middle East was impacted by lower building and infrastructure spending, especially in Saudi Arabia. Africa and South America were boosted by improved market coverage and increased mid-market penetration.

Revenues in new economies were up **5%** organically and represented **44%** of total third quarter 2013 revenues, up **3 points** compared to the same period previous year.

The third quarter observed a positive working day impact of **1.2** points.

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 4)

Consolidation[1] and foreign exchange impacts on revenues

Net acquisitions contributed **€114 million** or **+1.9%**. This includes mainly Electroshield-TM Samara (Infrastructure) and several minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was negative at **€352 million**, primarily the result of the depreciation of the US dollar, Australian dollar, Indian rupee, Japanese yen, Brazilian real and other new economies currencies, against the euro over the period.

In the beginning of the year, the estimated negative impact of foreign exchange on 2013 revenues was around €600 million. In view of the currency evolution seen during the summer in some new economies, the Group now expects a negative impact of €800-900 million, at current rates.

Foreign exchange impact on Adjusted EBITA

Schneider Electric is a global company with a presence in more than 100 countries and balanced revenue generation in its four regions: Western Europe, Asia-Pacific, North America and Rest of the World. The company's 2012 currency exposure can be summarized according to 3 baskets:

- the Euro represented ~25% of Group revenues
- the US dollar, currencies pegged to it and the Chinese Yuan represented ~40% of revenues
- other currencies represented the remaining ~35% (about 45 currencies, no one representing more than 5% of Group revenues)

Schneider Electric has been balancing its revenues and costs in US dollar, currencies pegged to it and the Chinese Yuan in order to minimize the impact of changes in the EUR/USD rate on the Group operating margin.

However, the Group's margin remains sensitive to changes in the exchange rates of other currencies, especially when they depreciate significantly against the Euro. Schneider Electric has experienced this type of unusual currency volatility during the summer, notably with the depreciation of many currencies from new economies eg. depreciation of the Argentine Peso by 19%, Indonesian Rupiah and South African Rand by 17%, Indian Rupee by 14%, Turkish Lira by 13%, since the beginning of the year.

The adverse evolution of foreign currencies, especially in Asia-Pacific (excluding China) and Rest of the World, is expected to have a negative impact in 2013 of 0.3 to 0.5 point on the adjusted EBITA margin, at current rates. The Group is taking actions to compensate this negative impact in 2014 with price adjustments and tactical supply chain optimization.

[1] *Changes in scope of consolidation also include some minor reclassifications of offers among different businesses.*

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 5)

Invensys and near term priorities update

The third quarter has also been marked by the announcement of the offer to acquire Invensys plc. On October 10th, more than 99% of shareholders who voted approved the offer. The transaction remains subject to regulatory approvals mentioned in the Scheme document. Timeline uncertainties imply an impact on results starting in 2013 or in 2014.

The acquisition of Invensys is a key step in the development of Schneider Electric's portfolio of businesses. It allows the Group to complete its technological offering and global footprint in its end markets: buildings, infrastructure, industry and data centers.

The company now expects to focus on the integration of Invensys. In the future, priority will be integration of acquisitions, optimization of the portfolio and the footprint that the Group has built and continued effort on operational efficiency. Hence, the Group will strongly focus on maximizing the return on investments that have been made recently.

The above will be further detailed during the Investor Day scheduled on February 20th 2014.

Corporate governance

At its meeting on October 24th 2013, the board of directors decided to co-opt Mr Jeong Kim as board member.

Mr Jeong Kim, who had been named as non-voting director by the board of directors in April, is an independent member.

2013 Outlook

Recent trends show continued growth in North America and China and persistent weakness in Western Europe. Certain countries, such as India, Russia and Indonesia, are temporarily impacted by the volatility of their currencies.

Given the uncertain timeline of the completion of Invensys transaction, the impact of the acquisition on financial reporting could be either in 2013 or in 2014.

Based on these trends, the Group now targets for 2013 stable to limited organic revenue growth and a stable to slightly up adjusted EBITA margin on constant FX and scope basis.

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Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 6)

The Q3 2013 revenues presentation is available at www.schneider-electric.com.

2013 full year results and fourth quarter revenues will be released on February 20, 2014.

Disclaimer

*The Prospectus issued in connection with the Offer for the acquisition of Invensys plc was granted its visa by the Autorité des marchés financiers (“**AMF**”) on September 9, 2013 under number 13-481. Copies of the Prospectus are available free of charge at Schneider Electric SA’s registered office, 35 rue Joseph Monier, 92500 Rueil Malmaison, on the website of the company (www.schneider-electric.com), on the website of Invensys plc (www.invensys.com), as well as on the AMF website (www.amf-france.org).*

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in Utilities & Infrastructure, Industries & Machines Manufacturers, Non-residential Building, Data Centers & Networks and in Residential. Focused on making energy safe, reliable, efficient, productive and green, the Group's 140,000 plus employees achieved revenues of 24 billion euros in 2012, through an active commitment to help individuals and organizations make the most of their energy.
www.schneider-electric.com

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 7)

Appendix – Revenues breakdown by business

€ million	Q3 2013				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Partner	2,144	+1.4%	+0.2%	-5.6%	-4.0%
Infrastructure	1,414	+1.8%	+11.4%	-5.1%	+8.1%
Industry	1,066	+0.2%	-2.0%	-5.7%	-7.5%
IT	879	-1.8%	-0.4%	-7.3%	-9.5%
Buildings	398	+0.3%	-2.9%	-5.7%	-8.3%
Group	**5,901**	**+0.7%**	**+1.9%**	**-5.8%**	**-3.2%**

€ million	9M 2013				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Partner	6,319	-0.3%	0.0%	-2.6%	-2.9%
Infrastructure	4,042	+3.0%	+9.4%	-2.6%	+9.8%
Industry	3,230	+0.1%	-1.2%	-3.1%	-4.2%
IT	2,565	-1.0%	-0.1%	-4.1%	-5.2%
Buildings	1,175	-1.1%	-1.3%	-2.6%	-5.0%
Group	**17,331**	**+0.3%**	**+1.6%**	**-2.9%**	**-1.0%**

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Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 8)

Appendix – Revenues breakdown by geography

€ million	Q3 2013		
	Revenues	Organic growth	Reported growth
Western Europe	1,585	-6%	-7%
Asia-Pacific	1,625	+4%	-5%
North America	1,535	+3%	-2%
Rest of the World	1,156	+2%	+5%
Group	**5,901**	**+0.7%**	**-3.2%**

€ million	9M 2013		
	Revenues	Organic growth	Reported growth
Western Europe	4,849	-6%	-7%
Asia-Pacific	4,740	+4%	0%
North America	4,447	+3%	0%
Rest of the World	3,295	+2%	+6%
Group	**17,331**	**+0.3%**	**-1.0%**

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 9)

Appendix – Consolidation impact on revenues and EBITA

In number of months	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
Lee Technologies IT business 2010 revenues $140 million	3m							
Summit Energy Buildings business 2011e revenues $65 million	3m							
Digilink Partner business 2010 revenues c. €25 million	3m	3m	-1m					
APW President IT business FY 31/10/10 revenues €18 million	3m	3m	-1m					
Luminous IT business FY 31/3/11 revenues c. €170 million	3m	3m	-1m					
Steck Group Partner business 2011e revenues €80 million	3m	3m	1m					
Telvent Infrastructure business 2010 revenues €753 million	3m	3m	2m					
Leader & Harvest Industry business 2011e revenues $150 million	3m	3m	3m					
M&C Energy Group Buildings business FY 30/6/12e revenues £35 million			3m	3m	3m	3m		
Electroshield-TM Samara Infrastructure business Average annual revenues of more than RUB 20 billion since acquisition of 50% stake in 2010						3m	3m	3m

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Schneider Electric
Anthony Song

Tél. : +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

Phone : +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

Financial Information (p. 10)

Appendix – H1 2013 adjusted EBITA margin change on constant FX and scope basis

€ million	**H1 2013**		
	Revenues	**Adj. EBITA**	**% of Revenues**
H1 2012 reported	11,408	1,556	13.6%
H1 2013 organic *Chg vs.H12012*	**11,418** *+0.1%*	**1,556** =	**13.6%** *Stable*
FX	(157)	(38)	
Scope	169	14	
H1 2013 reported	11,430	1,532	13.4%

Investor Relations :
Schneider Electric
Anthony Song

Tél. : +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

Phone : +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