Financial Information

Solid growth in Q1 2014 with revenues reaching €5.7bn, up 7.7% in total and 2.5% organically. Good start of Invensys

- **Industry and Buildings & Partner businesses led the organic growth, up 6.0% and 5.8% respectively**
- **Western Europe improved sequentially, though still declining year over year, while new economies remained a growth engine**
- **Services saw growth across all businesses, up 14% organically**
- **Good results for Invensys fiscal year 2013-2014, order intake up 9% and profitability improvement**
- **Full year 2014 guidance confirmed**

Rueil-Malmaison (France), April 24, 2014 - Schneider Electric reported today first-quarter revenues of **€5,671 million**, up **7.7%** year-on-year on current structure and exchange rate basis. Organic revenues were up **2.5%,** benefiting from a positive working day impact of 0.4pt.

The breakdown of revenues by business segment was as follows:

€ million	Q1 2013	Q1 2014				
	Restated revenues[1]	Revenues	Organic growth	Changes in scope	Currency effect	Reported growth
Buildings & Partner	2,354	2,422	+5.8%	+2.3%	-5.2%	+2.9%
Industry	1,011	1,444	+6.0%	+41.9%	-5.1%	+42.8%
Infrastructure	1,110	1,089	-3.7%	+6.8%	-5.0%	-1.9%
IT	793	716	-3.4%	-1.0%	-5.3%	-9.7%
Group	**5,268**	**5,671**	**+2.5%**	**+10.4%**	**-5.2%**	**+7.7%**

Jean-Pascal Tricoire, Chairman and CEO, commented: *"We start the year with solid growth. Q1 revenues are up 7.7% on a reported basis and 2.5% organically. Our early cycle businesses are the drivers for the quarter. Buildings & Partner business sees strong growth while Industry business keeps its momentum. From a geographic perspective, Western Europe observes sequential improvements and New Economies remain a growth engine for the Group.*

We are pleased with the solid performance of Invensys in fiscal year 2013-2014 and a good start of 2014. Integration is well on track and teams are aligned to execute on synergies.

The trends in Q1 are in line with our expectation at the beginning of the year, we therefore confirm our full year 2014 guidance. Looking ahead, we will continue to focus on organic growth and efficiency to increase returns, while delivering strong cash."

[1] *Restated due to the full consolidation of Delixi (previously consolidated proportionally at 50%), adding €57m to Q1 2013 revenues of Buildings & Partner*

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Organic growth analysis by business segment

Buildings & Partner (43% of Q1 revenues) was up **+5.8%** like-for-like, showing growth across all regions. Western Europe was supported by some investments in non-residential construction in Spain, an improving construction market in the Nordics and successful commercial initiatives in Germany. Although impacted by severe weather early in the quarter, the US benefited from investments in residential construction and data centers and a slight improvement of the non-residential market. China continued to experience solid growth in an environment with contrasted economic indicators. Australia saw some recovery in the residential market. Rest of the World posted double-digit growth, driven by large infrastructure projects in the Middle East and South America. Services grew thanks to installed base services for buildings and performance contracting projects.

Industry (25% of Q1 revenues) posted solid organic growth of **+6.0%,** performing well in all geographies. OEM demand was the main driver for growth across most regions, while end-user demand remained weak overall except in the US. North America showed positive underlying trends, driven by Oil & gas and successful commercial initiatives, but was penalized by a high base of comparison in Canada. Asia-Pacific remained strong with a solid performance in China and Japan, while mining remained down in Australia. Western Europe saw a good momentum thanks to commercial initiatives and the improvement in OEMs, principally in Spain, Italy, the Nordics and Germany. Rest of the World was up, thanks to Turkey, Brazil and Africa. Installed base services continued to perform strongly, growing double-digit in the quarter.

Infrastructure (19% of Q1 revenues) was down **-3.7%** organically this quarter, driven by a double-digit decline in Western Europe, due to particularly weak utility markets in Germany, Spain and France. Outside Western Europe, the business grew low single-digit. North America was strong on continued investment in data centers and good execution of oil & gas and transportation projects in the United States. Asia-Pacific declined slightly, mainly due to a weak Indian utility market, impacted by pre-election cautiousness in investment. Rest of the World grew on continued investment in the Middle East, Africa and South America. Services grew in all regions, posting double-digit growth.

IT (13% of Q1 revenues) declined by **-3.4%** organically in the first quarter. IT revenues in the data center market showed mixed trends by region. In the US, revenues were down as investments in large and extra-large data centers shifted demand towards the Group's low and medium voltage offerings. Western Europe grew this quarter, reflecting strong project execution in the region. Home and Business Networks revenues declined due to continued distributor destocking in Russia. Services continued to perform strongly, growing across all regions.

Solutions business was flat organically in the first quarter and represented **41%** of revenues.

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Organic growth analysis by geography

€ million	Q1 2013	Q1 2014		
	Restated revenues[2]	Revenues	Organic growth	Reported growth
Western Europe	1,590	1,672	-2%	+5%
Asia-Pacific	1,452	1,512	+6%	+4%
North America	1,331	1,428	+2%	+7%
Rest of the World	895	1,059	+8%	+18%
Group	**5,268**	**5,671**	**+2.5%**	**+7.7%**

Western Europe (29% of Q1 revenues) improved sequentially, though revenues declined **-2%** year-on-year. However, excluding Infrastructure, all businesses grew in the region, which would have been up low single-digit. Southern Europe declined, seeing continued weakness in the utility market, but improvements in industrial markets, driven by some investment in export oriented industries in Italy and Spain. France continued to decline, impacted by weak construction and utilities markets, despite good execution in Industry. Germany declined on the back of weak utility investments, while other businesses grew. The Nordics and UK posted positive growth, reflecting an improvement in the economic environment.

Asia-Pacific (27% of Q1 revenues) was up **+6**% year-on-year. China was the main growth engine this quarter, in an environment of contrasted economic indicators, thanks to a good momentum in industrial OEMs and benefits from strong construction activities in H2 2013. Australia was down slightly as the good performance in the residential construction market was weighed down by the continued weakness in mining investments. South East Asia and India were stable despite the impact of currency volatility and cautiousness over political uncertainty. Japan posted good growth driven by industrial demand.

North America (25% of Q1 revenues) was up **+2**% like-for-like. The US continued to grow, supported by an improvement in construction, continued investments in Oil & gas and data centers. This growth was partially offset by the severe weather impact early in the quarter. Canada declined due to weaknesses in the residential market and a high basis of comparison, despite good project execution in oil & gas and mining. Mexico was down on a depressed construction market due to a change in local public policy, despite strong service growth in the Infrastructure business.

Rest of the World (19% of Q1 revenues) reported **+8%** growth, driven by Middle East and South America. Middle East benefited from continuous investment and price increases in Turkey as well as infrastructure and Oil & gas investments in UAE and Qatar. South America grew, supported by infrastructure investments for the World Cup in Brazil and some price increases. Africa continued to grow. CIS declined due to IT distributor destocking and the uncertain political environment.

[2] Restated due to the full consolidation of Delixi (previously consolidated proportionally at 50%), adding €57m to Q1 2013 revenues in Asia-Pacific

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Electroshield-Samara (not consolidated in organic growth this quarter but incorporated in scope) however posted good growth this quarter.

Revenues in new economies were up **7%** organically and represented **42%** of total first quarter 2014 revenues, up **3 points** compared to same period previous year.

Strong fiscal year 2013-2014 for Invensys (excluding Appliance)

Invensys recorded strong order growth in fiscal year 2013-2014 (+9% at constant exchange rate), driven by double-digit growth in Software and high single-digit growth in Industrial Automation. From a geographic perspective, orders grew in all regions driven by Asia-Pacific and North America. Profitability improved and Operating Profit Before Interests and Taxes (OPBIT) before exceptional items grew double-digit in fiscal year 2013-2014 despite flat revenues.

Consolidation[3] and foreign exchange impacts

Net acquisitions contributed **€546 million** or **+10.4%**. This includes mainly Invensys (predominantly in Industry), Electroshield – Samara (Infrastructure) and minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was negative at **€268 million**, primarily the result of the depreciation of the US dollar, Australian dollar, Indian rupee, Brazilian real and Russian rouble against the euro over the period.

Based on current exchange rates, including the recent weakness of the Chinese yuan, the Group expects a negative currency impact on revenues within the range of €900 million to €1 billion for 2014.

Portfolio optimization

Schneider Electric has been recently active in optimizing its offer portfolio: The divesture of the IT consulting activities of Telvent Global Services has been completed. The divesture of the Appliance division of Invensys is awaiting final regulatory approval. The Group has entered exclusive negotiations with The Carlyle Group and PAI Partners for the sale of Custom Sensors & Technologies.

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

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2014 Outlook confirmed

First quarter performance is in line with expectations. As anticipated, Q2 will be impacted by high comparison basis and slightly negative working day effect of ~0.6pt, while growth is expected to accelerate in H2. Therefore the Group confirms its 2014 outlook:

- low single-digit organic growth in revenue
- 0.4 pt to 0.8 pt improvement of the adjusted EBITA margin vs. the 2013 proforma level[4] excluding the currency impact. The negative currency impact is currently estimated at ~0.4 pt, with most of the impact concentrated in H1.

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The Q1 2014 revenues presentation is available at www.schneider-electric.com/finance.

2014 half year results and second quarter revenues will be released on July 30, 2014.

[4] *The 2013 proforma adjusted EBITA margin including the last 12 months of Invensys (without Appliance) to September 2013 and the full consolidation of Electroshield - TM Samara is ~14.0%.*

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Appendix – Consolidation impact on revenues and EBITA

In number of months	2013 Q1	Q2	Q3	Q4	2014 Q1	Q2	Q3	Q4
Electroshield-TM Samara Infrastructure business Average annual revenue of more than RUB 20 billion since acquisition of 50% stake in 2010		3m	3m	3m	3m			
Invensys Industry business (+ partly Buildings & Partner business) FY 30/9/13 revenue £1,450 million excluding Appliance					3m	3m	3m	3m

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