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Improvement in Q3, revenues reached €6.3bn, up +7.0% in total and +1.6% organically. Invensys is on track

- **Early cycle businesses continued to lead the growth, with Industry and Buildings & Partner revenues up +5.4% and +4.2% organically respectively**
- **IT revenues turned positive, Infrastructure orders were up high single digit driven by long-cycle projects**
- **Western Europe showed signs of stabilization, though fragile. All other regions grew**
- **Invensys synergies execution is on track and FX headwinds are easing**
- **Full year targets maintained**

Rueil-Malmaison (France), October 29, 2014 - Schneider Electric reported third quarter revenues of **€6,285 million**, up **+7%** year-on-year on a reported basis[1]. On an organic basis, revenues were up **+1.6%** and up **+3.9%** excluding Infrastructure.

The breakdown of revenues by business segment was as follows:

€ million	Q3 2014			9M 2014		
	Revenues	Organic growth	Reported growth	Revenues	Organic growth	Reported growth
Buildings & Partner	2,762	+4.2%	+5.3%	7,864	+3.8%	+2.0%
Industry	1,381	+5.4%	+44.2%	4,085	+5.2%	+41.1%
Infrastructure	1,273	-5.8%	-10.0%	3,637	-6.4%	-10.0%
IT	869	+1.2%	-1.1%	2,399	-0.9%	-6.5%
Group	**6,285**	**+1.6%**	**+7.0%**	**17,985**	**+0.9%**	**+4.5%**

Jean-Pascal Tricoire, Chairman and CEO, commented: *"Third quarter revenues are up +7% in total and +1.6% organically. Our early cycle businesses deliver organic growth across all regions and IT turns positive. Infrastructure revenues are down organically, yet the business shows signs of improvement, with orders up high single digit driven by long-cycle projects. By geography and over the quarter, we see Western Europe stabilizing, U.S. improving and China slowing down as expected, while other new economies show a mixed picture.*

Invensys integration is on track and we confirm our 2014 targeted cost synergies. Additionally, the currency impact on revenues is less negative than expected thanks to the recent weakening of the euro.

Looking ahead, we expect the environment to continue to be challenging. Our priorities remain organic growth, efficiency and integration of acquisitions and we maintain our full year 2014 targets."

[1] *Q3 2013 revenues restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes.*

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Organic growth analysis by business segment

Buildings & Partner (44% of Q3 revenues) kept its momentum, up **+4.2%** organically in the third quarter. North America was up, driven by the U.S. thanks to continued investment in the residential market and data centers and a slow recovery of non-residential construction, while Mexico remained difficult. Most countries grew in Asia-Pacific, with Australia turning positive thanks to a slight improvement in residential construction and project execution. China slowed down as construction market remained soft. Western Europe was slightly positive, as growth in Germany and the U.K. offset the softness in other countries. Rest of the World was solid, driven by growth in South America and continued investment in Russia and the Middle East.

Industry (22% of Q3 revenues) led the growth, up **+5.4%** in the quarter. Western Europe achieved strong growth thanks to demand from export-oriented OEMs and commercial initiatives, despite slowing industry indicators. North America continued to benefit from OEM demand in some segments and investments in Oil & gas projects. Asia-Pacific continued to grow, with China growing at a lower pace due to weak industrial activity while India and Japan performed well. Rest of the World performed well, thanks to strong OEM demand in Turkey and growth in South America and Russia.

Infrastructure (20% of Q3 revenues) was down **-5.8%** organically yet orders were up high single digit in the quarter, driven by long-cycle projects. The Group also sees some project delivery delays by customers due to the uncertain economic environment. Revenues in Western Europe continued to decline, reflecting persistent weakness in the utility market. North America was up. The U.S. benefited from data center and oil & gas investments. Canada was driven by oil & gas investments. Asia-Pacific grew thanks to project execution in Australia and South Korea. China was slightly down. Rest of the World declined, due to investment delays in Africa, slowdown in South America and high base in Saudi Arabia. Services were up double-digit.

IT (14% of Q3 revenues) turned positive this quarter, up **+1.2%** organically, as distributor destocking eased in Russia. Western Europe observed solid growth, driven by IT investments. In North America, revenues were down but order intake was up high single digit. The negative impact due to investments in extra-large data centers, benefiting the Group's low and medium voltage offer, was increasingly offset by the improvement in small to mid-sized data centers. Asia-Pacific was flat, as the slowdown in China was offset by the growth in India and East Asia. Installed base services continued to grow.

The Product business was the growth driver, up **+3%** in the third quarter, while the Solution business was flat organically and represented **42%** of revenues.

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Organic growth analysis by geography

€ million	Q3 2014			9M 2014		
	Revenues	**Organic growth**	**Reported growth**	**Revenues**	**Organic growth**	**Reported growth**
Western Europe	1,656	0%	+8%	4,930	-2%	+5%
Asia-Pacific	1,818	+3%	+7%	5,100	+4%	+3%
North America	1,625	+2%	+10%	4,533	+0%	+6%
Rest of World	1,186	+1%	+3%	3,422	+2%	+4%
Group	**6,285**	**+1.6%**	**+7.0%**	**17,985**	**+0.9%**	**+4.5%**

Western Europe (26% of Q3 revenues) showed signs of stabilization, though fragile, up marginally for the first time since Q3 2011 despite the continued weakness of the utility market. Italy posted good growth, driven by demand from OEM export. In France, Industry performed well, while other businesses remained weak. Germany was flat despite softening economic indicators. All other countries were about flat year-over-year.

Asia-Pacific (29% of Q3 revenues), the largest region for the Group this quarter, was up **+3%** like-for-like. The region grew at a similar pace as in the previous quarter, yet seeing mixed trends. China posted low single digit growth, experiencing a slowdown notably due to the continued soft construction market, weakness in some industry markets and a decrease of the IT business due to high comparison basis. India and South East Asia saw a pick-up in growth, reflecting an improvement in the business confidence. Australia continued to grow thanks to a slight improvement in the residential construction market and project execution in commercial buildings and oil & gas. Japan posted good growth.

North America (26% of Q3 revenues) was up **+2%** like-for-like. The U.S. accelerated thanks to continued investments in residential construction, Oil & gas, data centers and OEM demand. Non-residential construction continued to recover at a slow pace. Canada was up, driven by investment in oil & gas offsetting the weaknesses in the residential market. Mexico was down double digit as government policy concerns continued to weigh down business confidence.

Rest of the World (19% of Q3 revenues) reported **+1%** growth. The region presented a mixed picture. South America posted growth thanks to successful mid-markets offers. Middle East grew benefiting from OEM and construction demand in Turkey and investment in UAE and Qatar. Russia was flat as the easing of IT distributor destocking and resilient construction markets were offset by large utility project delays due to limited financing. Africa was still impacted by investment delays in Infrastructure.

Revenues in mature countries were up **+2%**, while new economies were up **+1%** organically and represented **44%** of total third quarter 2014 revenues.

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Consolidation[2] and foreign exchange impacts on revenues

Net acquisitions contributed **€397 million** or **+6.8%**. This includes mainly Invensys (mainly consolidated in Industry) and several minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was negative at **€81 million** or **-1.4%**, primarily due to the depreciation of the Russian Rouble, Chinese Yuan, Argentinean Peso, US Dollar and Indonesian Rupiah, against the Euro over the period.

Given the recent depreciation of the Euro against the US Dollar, the Group now expects a neutral to marginally positive impact on H2 2014 revenues and adjusted EBITA.

Invensys update

Orders were flat in Q3 2014 adjusted for unusual large orders (related to Chinese nuclear change order and Indian large project in Q3 2013). Industrial Automation orders were up, driven by North America and Asia-Pacific.

Invensys revenues were slightly up in the third quarter adjusted for the phasing of revenue recognition of the China nuclear project. The Software business continued to perform well.

Additionally, the China nuclear project is progressing well as the first reactor is now connected to the grid and has started producing electricity.

Synergies execution is on track. 2014 targeted cost synergies are confirmed.

III. SHARE BUY BACK

In line with the plan to neutralize the increase in share count due to management and employee share plans, the Group has repurchased 5,989,578 shares for a total amount of 370,415,397 Euros as of October 13th 2014.

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

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IV. CORPORATE GOVERNANCE

The Schneider Electric SE Board of Directors met on October 28th 2014 and decided to appoint Mr. Gregory SPIERKEL as a non-voting director.

This appointment is in line with the objective to internationalize the board and to broaden its expertise. M. Gregory SPIERKEL, 57 years old, a Canadian citizen, former CEO of Ingram Micro Inc (USA), will bring to the board his international experience, supply chain expertise in a digital world and a deep knowledge of the electronic sector and IT sector.

His appointment as a director will be proposed at the 2015 Annual Shareholders' Meeting. Mr. SPIERKEL is independent according to French law *(Code de gouvernement d'entreprise AFEP/MEDEF).* He will be a member of the Strategy Committee and the Audit and Risk Committee.

V. 2014 TARGETS

In the third quarter, the Group saw a fragile stabilization in Western Europe, improvement in North America compensating the slowdown in China and a mixed picture in other new economies. In a globally challenging environment, the Group's early cycle businesses continued to grow, IT turned slightly positive and Infrastructure remained difficult.

In this environment, the Group continues to focus on its priorities and maintains its 2014 targets:

- low single-digit organic growth in revenue
- 0.4 pt to 0.8 pt improvement of the adjusted EBITA margin vs. the 2013 pro-forma[3] level of 13.9%, excluding the currency impact. The negative currency impact is currently estimated at approximately 0.4 pt

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The Q3 2014 revenues presentation is available at www.schneider-electric.com.

2014 full year results and 2015 Investor Day will be presented on February 19, 2015.

[3] The Proforma includes the calendarized 2013 results of Invensys, the restatement due to the reclassification of CST in discontinued operations, the full consolidation of Delixi (previously consolidated proportionally at 50%) and some additional scope adjustments

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Appendix – Revenues breakdown by business[4]

€ million	Q3 2014				
	Revenues	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Buildings & Partner	2,762	+4.2%	+2.4%	-1.3%	+5.3%
Industry	1,381	+5.4%	+40.3%	-1.5%	+44.2%
Infrastructure	1,273	-5.8%	-2.5%	-1.7%	-10.0%
IT	869	+1.2%	-2.0%	-0.3%	-1.1%
Group	**6,285**	**+1.6%**	**+6.8%**	**-1.4%**	**+7.0%**

€ million	9M 2014				
	Revenues	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Buildings & Partner	7,864	+3.8%	+2.3%	-4.1%	+2.0%
Industry	4,085	+5.2%	+40.1%	-4.2%	+41.1%
Infrastructure	3,637	-6.4%	+0.3%	-3.9%	-10.0%
IT	2,399	-0.9%	-2.1%	-3.5%	-6.5%
Group	**17,985**	**+0.9%**	**+7.6%**	**-4.0%**	**+4.5%**

[4] *Growth versus restated figures: Q3 2013 and 9M 2013 revenues restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes.*

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Appendix – Revenues breakdown by geography [5]

€ million	Q3 2014		
	Revenues	**Organic growth**	**Reported growth**
Western Europe	1,656	0%	+8%
Asia-Pacific	1,818	+3%	+7%
North America	1,625	+2%	+10%
Rest of the World	1,186	+1%	+3%
Group	**6,285**	**+1.6%**	**+7.0%**

€ million	9M 2014		
	Revenues	**Organic growth**	**Reported growth**
Western Europe	4,930	-2%	+5%
Asia-Pacific	5,100	+4%	+3%
North America	4,533	0%	+6%
Rest of the World	3,422	+2%	+4%
Group	**17,985**	**+0.9%**	**+4.5%**

[5] *Growth versus restated figures: Q3 2013 and 9M 2013 revenues restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes.*

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Appendix – H2 2013 restated[6] figures by division

	Buildings & Partner	Industry	Infrastructure	IT	Corporate costs	Total
Revenues	5,270	1,931	3,100	1,756		**12,057**
Adjusted EBITA	1,002	368	369	361	-247	**1,853**
%	*19.0%*	*19.1%*	*11.9%*	*20.6%*		***15.4%***

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

[6] *H2 2013 revenues restated for Delixi full consolidation, CST reclassification in discontinued operations and other minor changes.*

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