

Strong start to 2018: Q1 Group org. revenue growth of +6.2% driven by strong growth in both Energy Management & Industrial Automation

- **Energy Management up +5.2% (c.+6% incl. Delixi), with strong growth in residential, CIB¹, industry, infrastructure and data center end-markets**
- **Industrial Automation up +9.2% with great performance in discrete and machine automation**
- **AVEVA deal closes in Q1; Good top line growth momentum**
- **Strong growth across regions with Asia-Pacific up +14% org. with a great Q1 in China. North America and Rest of World both up +5% org.**
- **EcoStruxure orders growth outpacing Group as digital initiatives gain momentum**
- **Full year objectives re-affirmed**

Rueil-Malmaison (France), April 19, 2018 - Schneider Electric announced today its first quarter revenues for the period ending March 31, 2018.

Jean-Pascal Tricoire, Chairman and CEO, commented: *“We begin the year 2018 with strong performance in Q1, confirming accelerated momentum across 2017. Our two businesses, Energy Management and Industrial Automation, deliver strong organic growth with +6% and +9% respectively. We progress well on our initiatives of more products through our partners, more software, more services, and EcoStruxure deployments accelerate. We see growing traction for our efficiency solutions integrating energy management and automation. We also benefit from our multiregional model, at a time when some tensions tend to regionalize markets. We complete in due time the transaction with AVEVA as well as IGE+XAO in Q1, strengthening our software portfolio in both of our businesses.”*

I. FIRST QUARTER REVENUES WERE UP +6.2% ORGANICALLY

2018 Q1 revenues were **€5,800 million**, up **+6.2%** organically, **+7.7%** working day adjusted and down **-0.7%** on a reported basis.

The Group's complete end-to-end offering continued to drive strong cross-selling across segments, with pull through technologies orders growing faster than the lead technology.

The breakdown of revenue by technology was as follows:

1. Commercial and Industrial Buildings

€ million		Q1 2018		
		Revenues	Organic Growth	Reported Growth
Energy Management	Medium Voltage	883	-2.7%	-14.7%
	Low Voltage	2,667	+9.1%	+4.4%
	Secure Power	775	+2.7%	-6.9%
	Total Energy Management	4,325	+5.2%	-2.2%
Industrial Automation	Industrial Automation	1,475	+9.2%	+4.1%
Group		5,800	+6.2%	-0.7%

The breakdown of revenue by geography was as follows:

€ million		Q1 2018		
		Revenues	Organic growth	Reported growth
Western Europe		1,633	0%	0%
Asia-Pacific		1,630	+14%	+6%
North America		1,576	+5%	-5%
Rest of the World		961	+5%	-5%
Group		5,800	+6.2%	-0.7%

GOOD DYNAMIC IN ENERGY MANAGEMENT UP +5.2% ORG., UP C.+6% INCLUDING DELIXI

Geographical trends for Energy Management:

North America. Energy Management grew mid-single digit in North America. The Group continued to benefit from the rollout of recent launches in positive residential markets. The market for Commercial and Industrial buildings saw growth and the Group benefited from investments in Datacenters leveraging its complete portfolio to win several large projects. In Industry & Infrastructure markets, the Group saw increasing demand in several segments such as Metals & Mining and Transportation and had a strong performance in services. Both the U.S. and Canada posted growth while Mexico was down.

Western Europe: Energy Management was impacted by working days, with a mixed picture across countries. Spain posted strong growth, with channel initiatives delivering results in favorable markets across residential and commercial buildings, infrastructure and data centers. Italy continued to deliver solid growth. France and Germany were down mainly due to a low backlog in Medium Voltage and working days, partially offset by growth in the residential and non-residential markets. The U.K. was down on low backlog with utilities and general slowdown of the economy. Overall in Europe, residential markets developed well, with good results for the Group's offers in Final Distribution & Wiring Devices. Commercial and Industrial Buildings demand

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continued to be positive, as did the Data center end-market which generated strong growth for the Group's entire portfolio.

Asia-Pacific: Energy Management was up double-digits in Q1. Residential and Commercial & Industrial Buildings segments saw continued growth across the region. China was up strongly across all Energy Management technologies, with good growth in targeted segments and supported by distributor restocking. China residential markets continued to perform well, though are expected to grow more slowly through 2018. Elsewhere in Asia, Australia was up with good demand from Cloud & Service Providers and growth in non-residential construction while India was up due to Data Centers and residential construction markets. Indonesia benefited from growth in residential markets while Singapore was up due to project execution.

Rest of the World. Energy Management grew in the region. Construction markets (both residential and commercial/ industrial buildings) continued to be positive in the region. Datacenter activity was good and the Group delivered several projects for Cloud & Services Providers across Energy Management. Utilities investments continued to be weak in the Middle-East. CIS declined due to lower O&G related activities in Russia. The Middle-East was up thanks to good growth in Turkey while Saudi Arabia remained difficult. Africa grew and South America was about flat.

Performance of Energy Management technologies:

The Group delivered strong performance in Energy Management leveraging its complete end-to-end offering (Medium Voltage, Low Voltage, Secure Power). The Group's go-to-market is oriented to address customer needs across end-markets and therefore incorporates the full Energy Management technology portfolio. The performance by technology was as follows:

Medium Voltage (15% of Q1 revenues) was down -2.7% organically, with strong order growth over the last six months. Q1 Sales performance was impacted by low backlog built from the beginning of 2017, especially in Western Europe. The performance of the division was particularly challenged in India and Russia. The division is expected to be back to growth in Q2 2018. The division saw good results from its strategic initiatives: more products through partners, more services and more digital, with additional wins in ADMS (Advanced Distribution Management System). Investment in the traditional utility segment and Oil & Gas sector remained difficult, but the division seized opportunities in growing in segments such as data centers, infrastructure and commercial & industrial buildings.

With regard to the Power Systems business, the Group continues to implement the new organization which would be fully operational at the end of H1 2018, and to strategically evaluate the performance across geographies.

Low Voltage (47% of Q1 revenues) was up +9.1% organically in Q1. (+c.10.3% including Delixi), with good results across all regions, with double-digit growth in Asia Pacific and Rest of World. Western Europe grew mid-single digit, working days adjusted, with good results in both residential and non-residential markets. The Group continued to build on the strengths of its portfolio with new offer launches and its strong focus on digital initiatives through its EcoStruxure value proposition. The division saw broad-based growth across its low voltage offers and benefitted from the Group's large geographical presence. The strategic initiatives also contributed to delivering growth in favorable end-markets. Final Distribution & Wiring Devices saw an acceleration in growth, up high-single digit, supported by new product launches and channel initiatives. The Group's offers for Commercial & Industrial Buildings grew across all regions, and across multiple segments.

Secure Power (13% of Q1 revenues) was up +2.7% organically in Q1 with growth in all regions. Secure Power offers sold through the IT channel and non-IT channel posted growth, despite the impact of negative working days. Secure Power offers for data centers grew and continued to be the catalyst for strong growth of the entire Energy Management portfolio. Data centers were one of the fastest growing end-markets for the Group with double-digit growth over the quarter.

INDUSTRIAL AUTOMATION GREW STRONGLY IN Q1

Geographical trends for Industrial Automation:

North America was up mid-single digit. Industrial Automation in the U.S. continued to grow in discrete and machine manufacturers markets and targeted end-users segments. O&G saw some improvement from low levels, mainly in capital expenditures for efficiency. Canada and Mexico were up.

Western Europe was up as OEM demand remained favorable. France benefited from continued growth in industrial investment, while Germany and Italy grew thanks to Machine Solutions initiatives. The Group saw good momentum in EcoStruxure in the region.

Asia-Pacific was up with double-digit growth in the region. Industrial demand was strong in China, with continued success in the Group's OEM offers including automation solutions and machine advisor. In the rest of Asia, Australia was up due to successful implementation of growth initiatives in targeted segments and South East Asia grew due to OEM demand and good successes in some hybrid & process industries. India grew in OEM while process automation was down, but with orders growing in Q1.

Rest of the World was up with all regions outside CIS posting growth. Russia was down on lower execution of projects, notably in O&G. Middle-East was up benefiting from good growth in discrete industries, notably in Turkey and from the execution of some projects in process industries in the region. South America was up.

Performance of Industrial Automation:

Industrial Automation (25% of Q1 revenues) was up +9.2% organically in Q1, with growth in all four regions driven by strong OEM demand and continued success in the execution of the Group's strategy. Process Automation was slightly down with mixed results: North America and Asia Pacific saw growth, while Europe continued to be impacted by a sluggish O&G market. Industrial software revenues were up mid-single digit in the quarter². In addition, sales for the legacy AVEVA group were strong, up double-digit in Q1 on a currency neutral basis. Further details will be provided when AVEVA announces its results for the financial year on 14 June 2018.

Products were up **+8%** organically in Q1. Solutions were up **+4%** organically in Q1. Within Solutions, Services were up **+6%**. The Solutions business represented **39%** of revenues in Q1.

CONSOLIDATION³ AND FOREIGN EXCHANGE IMPACTS IN Q1

Net acquisitions had an impact of **€88 million** or **+1.5%**. This includes mainly the consolidation for 1 month of AVEVA (Industrial Automation), 2 months of IGE-XAO (Low Voltage), 3 months of ASCO Power (Low Voltage), the disposal of DTN (Medium Voltage) and some minor acquisitions/ disposals.

The impact of foreign exchange fluctuations was negative at **-€453 million** or **-8.4%**, primarily due to the weakening of the U.S Dollar, Chinese yuan and several new economies' currencies against the Euro.

Based on current rates, the FX impact on FY 2018 revenues is estimated to be between -€ 1.0bn and -€ 1.1bn. The FX impact at current rates on adjusted EBITA margin is expected to be c.-20bps. Based on current rates, the Group expects c.80% of the full year impact to both topline and margin to occur in the first half of the year.

II. SHARE BUY BACK / CANCELLATION OF SHARES

The Group has repurchased 1.5 million shares for a total amount of c. €100 million in the first quarter, with an average price of c.€69.5 per share. At the end of Q1, the Group has bought back c. €270m of the about €1bn buyback announced in mid-2017 and to be completed by mid-2019.

Following the Board's decision to proceed with the cancellation of 22,000,000 treasury shares⁴, the total number of shares outstanding was 574,955,979 as of March 31, 2018. Further to this cancellation, Schneider Electric holds 18,807,108 of treasury shares, representing 3.3% of the share capital as of March 31, 2018 after capital reduction.

2. Following the combination of the Group's Industrial Software Business with AVEVA on March 1st, Industrial Software performance is reported in organic growth for January and February, and in Scope from March 1st.

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

4. See FY2017 press release, on February 15, 2018

III. 2018 TARGETS

The Group continues to successfully implement its strategy in a positive market environment in Q1 with strong growth in Products, Services and Digital offers, leveraging cross-selling of the full portfolio. The strong performance in Q1 bodes well for the organic top line growth for the year.

In this context, the Group re-affirms its target to deliver strong organic growth of adjusted EBITA in 2018, around the high-end of the +4% to +7% bracket earlier communicated as the average yearly objective for 2017-2019.

To deliver this strong performance the Group will maximize its organic top line growth and will make the necessary investments to capture growth in developing digital markets. Therefore, for 2018, the Group will target:

- An organic top line growth towards the higher half of the +3% to +5% range; and
- An organic adj. EBITA margin expansion towards the upper end of the +20bps to +50bps range targeted as yearly average improvement for 2017-2019.

Further notes on 2018 available in appendix

The 2018 Q1 revenues presentation is available at www.schneider-electric.com

The Annual General Meeting will take place on April 24, 2018.

The 2018 Half-Year Results will be presented on July 26, 2018.

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 Registration 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.

About Schneider Electric: Schneider Electric is leading the Digital Transformation of Energy Management and Automation in Homes, Buildings, Data Centers, Infrastructure and Industries. With global presence in over 100 countries, Schneider is the undisputable leader in Power Management – Medium Voltage, Low Voltage and Secure Power, and in Automation Systems. We provide integrated efficiency solutions, combining energy, automation and software. In our global Ecosystem, we collaborate with the largest Partner, Integrator and Developer Community on our Open Platform to deliver real-time control and operational efficiency. We believe that great people and partners make Schneider a great company and that our commitment to Innovation, Diversity and Sustainability ensures that **Life Is On** everywhere, for everyone and at every moment.

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Appendix – Further notes on 2018

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2018 revenues is estimated to be between -€ 1.0bn and -€ 1.1bn. The FX impact at current rates on adjusted EBITA margin is expected to be c. -20bps. Based on current rates, the Group expects c. 80% of the full year impact to both topline and margin to occur in the first half of the year.
- **Scope:** Based on the most recent fiscal years for acquisitions, scope impact is currently estimated around +€400 million in revenues and expected to be around +10bps at the level of the Group adj. EBITA margin. This includes AVEVA which would be fully consolidated for 10 months starting with March 2018.
- **Tax rate:** Thanks to the positive evolution of the corporate income tax rates in several countries where the Group operates, the ETR is expected to be in a 22-24% range in 2018 and in the medium term.
- **Restructuring:** Restructuring costs are expected in the foreseeable future to be back to a normative recurring amount of €150m to €200m corresponding in majority to the costs required to generate the manufacturing productivity and to continue to drive simplification.

Appendix – Q1 Revenues breakdown by business

€ million		Q1 2018				
		Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Energy Management	Medium Voltage	883	-2.7%	-5.6%	-6.4%	-14.7%
	Low Voltage	2,667	+9.1%	+4.1%	-8.8%	+4.4%
	Secure Power	775	+2.7%	0%	-9.6%	-6.9%
Industrial Automation	Industrial Automation	1,475	+9.2%	+2.9%	-8.0%	+4.1%
Group		5,800	+6.2%	+1.5%	-8.4%	-0.7%

Appendix – Consolidation

In number of months	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
DTN Medium Voltage Business \$213 million revenues in 2016		1m	3m	3m	3m	2m		
Asco Low Voltage Business \$468 million revenues in 2016				2m	3m	3m	3m	1m
AVEVA Industrial Automation Business £216 million revenues in FY2017 (ending March 2017)					1m	3m	3m	3m
IGE-XAO Low Voltage Business €29 million revenues in FY2017 (ending July 2017)					2m	3m	3m	3m