Products, Software & Services grew about 2% organically, driving Q1 Group revenues up +0.1% organically in a mixed environment

- ***Buildings & Partner continued to grow, driven by Retail business. IT was up thanks to growth in North America***
- ***Higher project selectivity began to impact Infrastructure. Industry was down less in weak markets thanks to Software & Process Automation***
- ***North America and Western Europe grew. China declined at a slower pace. Rest of the World was mixed***
- ***Strategic initiatives progressing well: growth in Products, Services & Software, continued focus on costs and increased project selectivity***
- ***Focus remains on execution of strategic initiatives. Full year targets confirmed***

Rueil-Malmaison (France), April 21, 2016 - Schneider Electric reported first quarter revenues of **€5,773** million, up **+0.1%** organically.

The breakdown of revenues by business segment was as follows:

€ million	Q1 2016		
	Revenues	Organic Growth	Reported Growth
Buildings & Partner	2,615	+1.4%	-3.2%
Industry	1,301	-2.6%	-5.1%
Infrastructure	1,083	-0.1%	-5.7%
IT	774	+0.7%	-0.1%
Group	**5,773**	**+0.1%**	**-3.7%**

Jean-Pascal Tricoire, Chairman and CEO, commented: *"We execute along our strategic initiatives in Q1 and deliver about 2% organic growth in Products, Software & Services. This drives our revenues up +0.1% organically in a mixed environment. We see growth in Western Europe and in the construction market in the U.S., continued weakness in O&G and its related segments, and a mixed picture in new economies outside China. China declined at a slower pace with early signs of improvement in tier 1 city construction markets, however these signs of improvement need to be further confirmed.*

As the trends in the first quarter are broadly in line with our expectations, we confirm our 2016 targets. Moving forward we remain focused on our strategic initiatives around cost optimization, growth in Products, Software and Services, and improvement in Solutions margin."

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I. ORGANIC GROWTH ANALYSIS BY BUSINESS

Buildings & Partner (45% of Q1 revenues) grew **+1.4%** organically in the first quarter. North America was up thanks to strong growth in Mexico and the U.S. The U.S. performance was driven by new offer launches in a favorable construction market. In Western Europe, Spain, Italy and Germany were up benefiting from channel initiatives and project execution. France was down, but grew in the residential construction market. Asia Pacific was about flat as growth in India offset declines in China. China was down moderately with some early, to be confirmed, signs of improvement within the construction markets in tier 1 cities. Rest of the World was up benefiting from success in the medium range offer and price increases in certain countries.

Industry (23% of Q1 revenues) declined **-2.6%** organically, at a slower pace thanks to Software and Process Automation growth, while industrial markets remained weak. The U.S. continued to be impacted by lower O&G investment and the focus remains on leveraging channels and new offer launches. In Western Europe, Spain and Italy continued to benefit from export-OEM demand and OEM business grew in Germany thanks to channel initiatives in a soft market. French markets were difficult. In China, weakness in traditional industrial segments persisted due to capacity adjustments and rebalancing end-market exposure remains a priority. Process Automation was up thanks to solid project execution and Services in difficult markets.

Infrastructure (19% of Q1 revenues) was flat at **-0.1%** organically thanks to strong growth in Western Europe. The impact on revenues from increased project selectivity was estimated to be around €20m-€30m. In Western Europe, France, U.K. and Germany were up thanks to project execution while Spain was impacted by a high base of comparison. In North America, Canada benefited from project execution while the U.S. was impacted by weak industrial investments. Asia Pacific was penalized by a high base of comparison in Australia and project selectivity in India. Rest of the World observed a slowdown in the Middle East and continued market weakness in Russia. Services were up double-digits.

IT (13% of Q1 revenues) was up **+0.7%** organically, as the growth in North America more than offset the decline in Western Europe. The U.S. was up thanks to a favorable baseline. Additionally there were signs of improvement in some data center segments. Western Europe was down, as IT markets softened. Asia Pacific was about flat, as the growth in India almost offset the declines in China and Japan. Products and Services showed solid growth.

Organically, the Solutions business was **about flat** of which Services were up **+8%** and Industry software grew **mid-single digit.** The Solutions business represented **42%** of revenues in Q1.

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II. ORGANIC GROWTH ANALYSIS BY GEOGRAPHY

€ million	Q1 2016		
	Revenues	**Organic Growth**	**Reported Growth**
Western Europe	1,643	+1%	-1%
Asia-Pacific	1,577	-2%	-5%
North America	1,597	+1%	-1%
Rest of World	956	+1%	-9%
Group	**5,773**	**+0.1%**	**-3.7%**

Western Europe (28% of Q1 revenues) was up **+1%** organically in the first quarter. Italy continued to grow while Spain was down impacted by a high base of comparison and several projects' phasing. Germany performed strongly benefiting from growth initiatives in a favorable construction market and project execution. France was down in stagnant markets, though residential construction showed some early signs of recovery. The focus in France remains on gaining new customers and strengthening core businesses.

Asia-Pacific (27% of Q1 revenues), was down **-2%** organically, while stable outside China. China declined at a slower pace. The overall market continued to be difficult and the priority remains rebalancing the Group's end-market exposure. New economies outside China were up, driven by growth in India and in South-East Asia. Australia was penalized by a high base of comparison and weakness in commodity-based segments, while the residential market remained positive.

North America (28% of Q1 revenues) grew **+1%** organically. The U.S. was up thanks to strong growth in the construction market while industry markets were impacted by low O&G investment. Additionally the IT markets were soft, with signs of improvement in some data center segments. Canada was up benefiting from project execution and Mexico continued to grow.

Rest of the World (17% of Q1 revenues) was up **+1%** organically in the first quarter. The Middle East showed slower growth as investments were impacted by continued weakness in the price of oil. South America was about flat as the growth in Argentina, Colombia, and Chile offset weakness in Brazil. CIS was up driven by project execution outside Russia, where conditions remained difficult.

Organic revenues growth in new economies was **about flat** and new economies represented **41%** of total first quarter 2016 revenues.

III. CONSOLIDATION[1] AND FOREIGN EXCHANGE IMPACTS

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

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Net acquisitions had an impact of **-€85 million** or **–1.4%** on the revenues. This includes mainly the disposal of Juno Lighting (consolidated under the Buildings & Partner business) and some minor acquisitions and disposals in other businesses.

The impact of foreign exchange fluctuations was negative at -**€144 million** or **-2.4%**, primarily due to the depreciation of several new economies' currencies against the euro.

Based on current rates, the negative FX impact on FY 2016 revenues is estimated to be **~-€1.0bn**, due to the strengthening of the euro against several currencies.

IV. SHARE BUY BACK

In line with the Group's plan to buy back **~€1.5 billion** worth of shares by 2016, the group repurchased **2,123,370** shares for a total amount of **c. €105 million** in the first quarter, bringing the cumulative amount of shares bought back between 2015-2016 to **12,746,834** shares for a total amount of **c. €705 million** (at an average share price of €55 per share). At the end of March 2016, the total number of shares outstanding was **588,757,922.**

V. 2016 TARGETS

As expected, the Group observed growth in Western Europe and in the construction market in the U.S., continued weakness in O&G and its related segments, and a mixed picture in new economies outside China. China declined at a slower pace with early signs of improvement in tier 1 city construction markets, however these signs of improvement need to be further confirmed.

Increased project selectivity started to impact revenues in Q1 as planned and the Group anticipates this impact will accelerate through the year.

Moving forward, the Group's priorities remain cost optimization, growth in Products, Software and Services, and improvement in Solutions margin.

Based on these trends, the Group confirms its 2016 targets of:

- Organic revenue growth to be flat to down low single-digit, impacted by the Group's higher selectivity on project activities.
- +20bps to +60bps improvement on adjusted EBITA margin before FX. The negative FX impact on margin is estimated at -40bps to -50bps at current rates.

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The Q1 2016 revenues presentation is available at www.schneider-electric.com

The Annual General Meeting will take place on 25 April, 2016

2016 half year results will be presented on 28 July, 2016

About Schneider Electric: Schneider Electric is the global specialist in energy management and automation. With revenues of €27 billion in FY2015, our 160,000 employees serve customers in over 100 countries, helping them to manage their energy and processes in ways that are safe, reliable, efficient and sustainable. From the simplest of switches to complex operational systems, our technology, software and services improve the way our customers manage and automate their operations. Our connected technologies will reshape industries, transform cities and enrich lives. At Schneider Electric, we call this **Life Is On**.

Discover Life is On

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Appendix – Revenues breakdown by business

€ million	Q1 2016				
	Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Buildings & Partner	2,615	+1.4%	-2.0%	-2.6%	-3.2%
Industry	1,301	-2.6%	-0.4%	-2.1%	-5.1%
Infrastructure	1,083	-0.1%	-2.3%	-3.3%	-5.7%
IT	774	+0.7%	0.0%	-0.8%	-0.1%
Group	**5,773**	**+0.1%**	**-1.4%**	**-2.4%**	**-3.7%**

Appendix – Consolidation impact on revenues and EBITA

In number of months	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Günsan Elektrik Buildings & Partner Business TRY100 million revenues in 2013	3m	3m	3m	3m				
Juno Lighting Buildings & Partner Business $230 million revenues in 2014				1m	3m	3m	3m	2m
Telvent Transportation Infrastructure Business €125 million revenues in 2015						3m	3m	3m

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