Strong performance characterized by Sales up +4.6% organic in Q4, +3.2% organic in FY17 with adj. EBITA up +9% organic.
All time high Adj. EBITA, Net Income, Free Cash Flow & EPS in FY17

- ***Q4 Revenues up +4.6% organic with Energy Management and Industrial Automation, growing by +4.3% and +5.6% respectively***
- ***FY Revenues €24.7bn, up +3.2% organic[1] with growth across regions***
- ***Record €3.65bn FY adj. EBITA, +9% org; 14.8% margin up 90bps org.***
- ***All time high Net Income of €2.15bn, up +23%. Record FCF at €2.25bn***
- ***Proposed dividend[2] at €2.20/share, up +8%***

Rueil-Malmaison (France), February 15, 2018 - Schneider Electric announced today its fourth quarter revenues and full year results for the period ending December 31, 2017.

Key figures (€ million)	2016 FY (restated)	2017 FY	Reported Change	Organic Change
Revenues	24,459	24,743	+1.2%	+3.2%
Adjusted EBITA *% of revenues*	3,498 *14.3%*	3,651 *14.8%*	+4.4% *+50 bps*	+9% *+90 bps*
Net Income (Group share)	1,750	2,150	+23%	
Free Cash Flow	2,216	2,253	+2%	
Earnings per share (Basic)	3.12	3.85	+24%	

Jean-Pascal Tricoire, Chairman and CEO, commented:

"In 2017, we drive our revenues up +3.2% organic for the full year, and accelerate in Q4 at +4.6%. The continued execution of our strategy delivers a strong +90bps organic adjusted EBITA margin improvement, confirming the continuous and structural improvement of our operating margin over the past 10 quarters. 2017 is the year of a combined highest ever adjusted EBITA, Net Income and Free Cash Flow. We also improve our ROCE to 12%, by more than 1.3pts.

Our sales accelerate, boosted by the delivery of complete solutions of efficiency and productivity, leveraging the strength of our focused portfolio in Energy Management and Industrial Automation and the adoption of EcoStruxure as the platform of integration and collaboration. We also benefit from the launch of a high number of new products and digital services on the market. We keep working on our portfolio and reinforce our presence

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1. Low Voltage, Secure Power and Industrial Automation grew +4.5% organically over the year, well above the initial target of +1% to +3%.
2. Subject to Shareholder approval on April 24, 2018

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in Energy Management with Asco Power, strengthen in software by launching the acquisition of IGE+XAO and combining our industrial software business with AVEVA. At the same time, we finalize the disposal of DTN. In 2018, we shall keep focusing on our strategy to grow products, services and software, accelerate the adoption of EcoStruxure and continue to capitalize on our unique integrated portfolio. With selectivity being completed, all our businesses are set to grow, and we shall keep working on maximizing the cross-selling for faster growth and leaner execution."

I. FOURTH QUARTER REVENUES WERE UP +4.6% ORGANICALLY

2017 Q4 revenues were **€6,667 million**, up **+4.6%** organically and down -0.5**%** on a reported basis.

The breakdown of revenue by business segment was as follows:

€ million		**FY 2017**		**Q4 2017**	
		Revenues	**Organic Growth**	**Revenues**	**Organic Growth**
Energy Management	Medium Voltage *(Infrastructure)*	4,500	-2.2%	1,342	+2.2%
	Low Voltage *(Building)*	10,812	+4.4%	2,840	+5.4%
	Secure Power *(IT)*	3,615	+2.1%	971	+4.0%
	Total Energy Management	**18,927**	**+2.3%**	**5,153**	**+4.3%**
Industrial Automation	Industrial Automation *(Industry)*	5,816	+5.9%	1,514	+5.6%
Group		**24,743**	**+3.2%**	**6,667**	**+4.6%**

The breakdown of revenue by geography was as follows:

€ million	**FY 2017**		**Q4 2017**	
	Revenues	**Organic growth**	**Revenues**	**Organic growth**
Western Europe	6,731	+2%	1,828	+3%
Asia-Pacific	6,866	+6%	1,837	+6%
North America	6,794	+2%	1,773	+6%
Rest of the World	4,352	+3%	1,229	+3%
Group	**24,743**	**+3.2%**	**6,667**	**+4.6%**

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GOOD DYNAMIC IN ENERGY MANAGEMENT UP +4.3% IN Q4

Geographical trends for Energy Management:

Western Europe: Energy Management grew in the quarter. Residential markets developed well overall in the quarter, with good traction for the offers of the Group. Commercial and Industrial Buildings demand grew with strong focus on energy efficiency and sustainability. The Group leveraged its unique offering for Datacenters combining its entire energy management portfolio to win multiple projects in a good market. In the Industry & Infrastructure market, the Group saw good demand in the Food & Beverage segment, benefiting from its complete portfolio. Utilities investments continue to be challenged by the evolution of a distributed and decentralized grid providing opportunities for deployment of digital technologies in a more prosumer world. France, Germany, Spain, Nordics grew in Energy Management in the quarter. The U.K. was stable with some signs of slowdown in the construction market and some delays in projects.

Asia-Pacific: Energy Management grew strongly in the quarter. Residential markets as well as Commercial and Industrial buildings developed well across new economies in the region notably with strong growth in China and India, where the Group leverages its strong distribution network and innovative offers. Australia was down in a less favorable residential market. In Datacenters, the Group benefitted from its unique value proposition to win multiple projects. The Group's offer for Home Secure Power grew strongly in new economies. Industry & Infrastructure benefited from investments and from a specific focus in transportation and need for greater efficiency across the region. Utilities investments continued in parts of the region and the Group delivered several projects. China was up mid-single digit in Energy Management while India grew double-digit. The rest of Asia pacific grew in most geographies outside Australia.

North America. Energy Management growth accelerated in Q4. The Group continued to develop strongly, supported by the rollout of recent launches, in positive residential markets. The market for Commercial and Industrial buildings improved. The Group benefited from investments in Datacenters and Edge computing, leveraging its complete portfolio to win several large projects. In Industry & Infrastructure markets, the Group saw demand in markets such as in Water & Waste Water and Food & Beverage. The Group continues to contribute to the roll-out of distributed energy through deployment of Microgrids. Both the U.S. and Canada posted growth while Mexico was about stable.

Rest of the World. Energy Management grew in the region. Construction markets (both residential and commercial/ industrial buildings) were overall positive in the region, driven by urbanization in new economies. Datacenter activity was good and the Group delivered several projects for Cloud & Services providers across energy management. Industry and Infrastructure saw some improvement in Metals and Mining demand while O&G remains on low levels. Utilities investments were lower notably in the Middle-East. CIS grew, benefitting from growth in Russia and good project execution in the rest of the region. The Middle-East was up thanks to good growth in Turkey while Saudi Arabia remained difficult. South America was down impacted by Brazil.

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Performance of Energy Management technologies:

Consequently, the Group delivered a strong performance in Energy Management leveraging its complete end-to-end offering (Medium Voltage, Low Voltage, Secure Power) addressing customer needs across end-markets. The performance by technologies was as follow:

Medium Voltage (Infrastructure, 20% of Q4 revenues) was up +2.2% organically (c.+5% excluding selectivity of c.€40 million). The division saw good demand and strong order growth in Datacenters, improvement in some process end-markets outside Oil & Gas, and growth in services and equipment. The business saw continued progress in ADMS (Advanced Distribution Management System) during the year. For an update on the Group's Medium Voltage Rebound program, see page 5.

Low Voltage (Building, 43% of Q4 revenues) was up +5.4% organically in Q4, with growth across all regions, supported by new product launches and commercial actions. Final Distribution & Wiring Devices continued its solid mid-single digit growth in Q4, 4+ years of consecutive quarterly growth. The Group's offers for Commercial & Industrial Buildings markets grew across all regions. In addition, the Group offers on apps, analytics and digital services saw a good orders growth.

Secure Power (IT, 14% of Q4 revenues) was up +4.0% organically in Q4, driven by high single-digit growth in services showing good momentum across most regions, growth in Distributed Secure Power and in EcoStruxure digital and 3-phase UPS offers for Datacenter. The Group also saw strong order growth in non-IT end-markets. The Datacenter end-market, led by the Secure Power channel, continues to be a driver for growth for the Group with LV and MV up double-digits in Q4. New economies were up double-digit.

INDUSTRIAL AUTOMATION GREW STRONGLY IN Q4

Geographical trends for Industrial Automation:

Western Europe grew across the region as OEM demand remain favorable. In Germany, Industrial Automation posted strong growth thanks to product sales through partners and good project execution. France grew in favorable markets and from a focused OEM strategy. Italy, the U.K. and the Nordics were up.

Asia-Pacific Industrial Automation was up due to continued strength in industrial demand from machine manufacturers and end-users, and growth in targeted end-user segments. China performed strongly on continued growth in OEM demand and good performance in targeted markets such as Transportation, Water & Waste Water. India was up. The rest of East Asia was up driven by South Korea and Indonesia, while Thailand Australia declined.

North America growth accelerated in Industrial Automation. Industrial Automation benefitted from its strategy to develop its OEM offers and targeted end-users segments in favorable markets. There was some

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improvement in O&G from low levels. The U.S saw good growth in both discrete and process industries. Canada was up while Mexico declined.

Rest of the World was up with growth in Middle-East and South America. The Middle-East was up thanks to project execution in process industries and good growth in Turkey while Saudi Arabia remained difficult. South America was up, mainly thanks to some project execution.

Performance of Industrial Automation:

Industrial Automation (Industry, 23% of Q4 revenues) was up +5.6% organically in Q4, with growth in all four regions supported by continued strength in OEM demand and successful implementation of the Group's strategy for this segment. Process Automation grew low single-digit in a still sluggish O&G market. EcoStruxure offers continued to see good growth and Software revenues were up slightly.

Products were up **+5%** organically in Q4. Solutions were up **+4%** organically in Q4. Within Solutions, Services were up **+6%.** The Solutions business represented **44%** of revenues in Q4.

CONSOLIDATION[3] AND FOREIGN EXCHANGE IMPACTS IN Q4

Net acquisitions had an impact of **€16 million** or +**0.2%**. This includes mainly the consolidation for 2 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 -**€341 million** or **-5.3%**, primarily due to the weakening of the U.S Dollar, Chinese yuan, British Pound 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 to -€1.1bn. The FX impact at current rates on adjusted EBITA margin is expected to be c.-20bps.

II. UPDATE ON MEDIUM VOLTAGE REBOUND PROGRAM

The Medium Voltage division's selectivity initiative is mostly complete in the fourth quarter and the Group will not report the impact of any small carry-over in 2018 separately. This selectivity initiative was mainly applied on a part of the Medium Voltage business - "Power System" activity focused on projects & equipment primarily for utilities and electro-intensive end-users representing c.€2bn of revenues in 2017.

The changes undertaken over the past 2 years allowed a greater focus on the transactional, service and grid automation portfolio while also increasing efficiency through tendering, execution and cost management in

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

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Power System. As a result, Medium Voltage has improved its adjusted EBITA margin by c.+2.6pts organically since 2015. Medium Voltage adj. EBITA margin was up c.+1.3pt in 2017[4] and c.+1.4pt in H2 2017 organically, largely due to the improvement in the Power System activity margin.

The specialized organization for Power System announced in July 2017 is expected to be fully operational at the end of H1 2018 and to deliver further margin improvement in 2018. The rest of the Medium Voltage business will continue to focus on opportunities in its transactional business, mostly sold in packages with Low Voltage, as well as its services and Grid Automation portfolio which are benefiting from the transformations occurring within the energy landscape. Overall, Medium Voltage targets to further improve its adjusted EBITA margin by +1pt to +1.5pt organically in 2018.

III. FULL YEAR 2017 KEY RESULTS

€ million	2016 FY (restated)	2017 FY	Change	Organic change
Revenues	**24,459**	**24,743**	**+1.2%**	**+3.2%**
Gross Profit	**9,358**	**9,498**	**+1.5%**	**+4.2%**
Gross profit margin	*38.3%*	*38.4%*	*+10bps*	*+40bps*
Support Function Costs	**(5,861)**	**(5,847)**	**-0.2%**	**+1.3%**
Adjusted EBITA	**3,498**	**3,651**	**+4.4%**	**+9.2%**
Adjusted EBITA margin	*14.3%*	*14.8%*	*+50bps*	*+90bps*
Restructuring costs	(309)	(286)		
Other operating income & expenses	(63)	(15)		
EBITA	**3,126**	**3,350**	**+7%**	
Amortization & impairment of purchase accounting intangibles	(151)	(140)		
Net income (Group share)	**1,750**	**2,150**	**+23%**	
Adjusted Net Income[5]	**2,134**	**2,378**	**+11%**	
Adjusted EPS (€)[5]	**3.80**	**4.26**	**+12%**	
Free Cash Flow	**2,216**	**2,253**	**+2%**	

4. +30bps reported after impact from scope (mainly DTN disposal) and strong FX headwind
5. See appendix Adjusted Net Income & EPS

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- **ADJUSTED EBITA MARGIN AT 14.8%, UP +90 BPS ORGANIC AND +50 BPS VERSUS FY 2016 (RESTATED) THANKS TO STRONG PRODUCTIVITY, IMPROVING PRICE AND GOOD COST MANAGEMENT**

Gross profit was up +4.2% organically with Gross margin improving by **40bps organically** to **38.4%** in FY 2017 thanks to strong industrial productivity, improving net price trend in H2 and close to flat mix.

2017 Adjusted EBITA reached a record **€3,651** million, increasing organically by +9.2% and the Adjusted EBITA margin improved +90 bps organically to 14.8%, exceeding the high end of the revised FY2017 objective.

In H2 2017, the Adjusted EBITA reached **€1,933** million, increasing by +11% organically. The key drivers contributing to the earnings change were the following:

- Volume impact was a positive **€139** million in the full year

- Solid execution of tailored supply chain initiatives coupled with improving volumes contributed to an H2 industrial productivity level of **+€224** million, leading to the highest level of industrial productivity generated in the past 7 years at **+€430** million for FY2017. Over the course of 2015-2017, the total industrial productivity generated has been c.€1.2bn, exceeding the initial €1bn target. Sustained efforts should enable a good level of industrial productivity again in 2018.

- The net price[6] impact was negative at **-€44** million in H2 17, impacted by the raw materials headwind of c. -€116 million. Pricing was positive +€72m in H2 17. The raw material increase on products was more than covered outside of China. In China, volume growth, strong productivity and cost efficiency enabled good evolution of the margin, despite price investments. Raw material impact in 2018 is expected to be around -€200m at current prices. Pricing actions will continue in order to compensate for raw material inflation in 2018.

- Cost of Goods Sold inflation was **-€53** million in H2 17, of which the production labor cost and other cost inflation was **-€31** million, and an increase in R&D in Cost of Goods Sold was -**€22** million.

- Support function costs increased organically by **€35** million in H2 17 and **€77** million in the year. Total gross SFC reduction in 2017 is **c. €220** million, enabling reinvestments in excess of €100 million in strategic initiatives. Gross SFC reduction amounted to **c. €760** million for the past 3 fiscal years, in line with the Group's target to reduce gross SFC by **c. €700** million to **€800** million between 2015-2017. In 2018, though the Group targets continued productivity and efficiency on its SFC, it will continue to invest in core priorities such as digital, marketing and services. The Group maintains its target of organic improvement in the SFC to sales ratio.

6. Price less raw material impact

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- Currency decreased the adjusted EBITA by **-€143** million in H2 17, mainly due to the depreciation of the US Dollar, Chinese Yuan, British Pound and other currencies against the euro.

- Mix was about neutral at **-€3** million in H2 17, showing an improvement compared to last year.

- Acquisitions, net of divestments were negative at **-€30** million in H2 17 due mainly to the disposal of DTN, partly compensated by the inclusion of Asco Power for 2 months as well as minor acquisitions and disposals.

By business, the 2017 adjusted EBITA for **Low Voltage** reached a record level at €2,232 million, or **20.6%** of adjusted EBITA margin, up +0.4 points (c. +0.8pt organic) year-on-year. **Medium Voltage** adjusted EBITA was €449 million, or **10.0%** of revenues, up +0.3 points year-on-year (c. +1.3pt organic) thanks to higher system gross margin and strong cost control. **Secure Power** business reported an adjusted EBITA of €600 million, **16.6%** of revenues, resilient at a high level and c. flat organic compared to 2016 (down -0.2 point reported), with a strong margin recovery in H2. **Industrial Automation** generated an adjusted EBITA of €1,021 million, or **17.6%** of revenues, up +0.9 point (c. +0.9pt organic) from 2016, benefitting from improved volumes.

Corporate costs in 2017 amounted to **€651 million** or 2.6% of revenues.

- **NET INCOME UP +23%**

The restructuring charges were **-€286 million** in 2017 concluding the program for efficiency and simplification launched in 2015. 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.

Other operating income and expenses had a negative impact of -**€15 million**, vs. -€63 million in 2016.

The amortization and depreciation of intangibles linked to acquisitions was -**€140 million** compared to -€151 million last year. The decrease in amortization comes mainly due to the end of the depreciation of several previously acquired intangibles.

Net financial expenses were -**€367** million**, €95** million lower than in 2016**.** Cost of debt (net) decreased by **€53** million as the average cost of debt improved thanks to new issuance at favourable rates. FX effect were **-€24** million compared to -€59 million the year before.

Income tax amounted to -**€600** million. The normative tax rate for the year was down to 21.5%, due to higher synergies related to Invensys and a favorable profit mix. The changes in tax regulations in few countries (including the U.S) during the year contributed to lowering FY17 ETR to **21.1%.** Thanks to the

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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.

Share of profit on associates nearly doubled to +**€61** million. It included the strong development in Delixi operational performance. Delixi revenues increased by c. +19% organic in FY17 and Group share of Delixi Net income was **€39m**, up c.€14m year-on-year.

The Adjusted Net Income[7] was **€2,378** million in FY 2017, up +11% vs. FY 2016. The Adjusted Earnings Per Share (EPS) was **€4.26**, up **+12%** from 2016.

The Net Income reached a record level of **€2,150** million in FY 2017, up +23% from FY 2016.

- **ALL-TIME HIGH FREE CASH FLOW OF €2,25bn, up +2% from FY 2016**

Free cash flow was reported at a record **€2,253** million, thanks to strong operating cash flow and despite topline growth requiring increased working capital. It included net capital expenditure of **€688** million, representing ~2.8% of revenues. The trade working capital increased by **€126** million driven by the growth of the group.

- **BALANCE SHEET REMAINS SOLID**

Schneider Electric's net debt at December 31, 2017 amounted to **€4,296** million (€4,824 million in December 2016) after payment of **€1.1** billion in dividend, a share buyback of c. **€170** million in 2017 and net acquisitions of **€557** million (mainly Asco acquisition and Luminous minority interest acquisition, balanced by DTN disposal).

- **CASH CONVERSION & PROPOSED DIVIDEND**

Cash conversion was 105% in 2017, above the Group target of ~100% across the economic cycle.

The proposed dividend[8] is €2.20 per share, up 8% vs. 2016.

IV. COMPANY PROGRAM UPDATE

The Group has completed the third year of its Company Program.

Within our Do More initiative:

- More Products: Products revenues up +4.3% organic in FY17, with 100+ launches in 2017
- More Software: Industrial software sales about flat with Q4 slightly up. Transaction with AVEVA announced, providing unique software portfolio across asset lifecycle for continuous & hybrid processes. Good development in apps, analytics and digital services powered by EcoStruxure.
- More Services: High single digit growth in FY17 orders; +6% org. growth in Q4 revenues;

7. See appendix Adjusted Net Income & EPS
8. Subject to Shareholder approval on April 24, 2018

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Within our Simplify initiative:

- c.€650m Gross savings (Support Function Cost reduction and industrial productivity) in 2017 (c.€1.9bn since 2015)
- System margin improved by c.1pts in 2017

Within our Digitize initiative:

- The number of connected assets increased +25% vs. 2016
- Unique connected customers +36% vs. 2016

Within our Innovate initiative:

- Numerous key launches of products, advisors and software within Ecostruxure.io
- Planet & Society barometer reached 9.58/10

Within our Step Up initiative:

- Launch of Global Family Leave policy
- Strong traction of the Gender Pay Equity program

V. SHARE BUY BACK / CANCELLATION OF SHARES

The Group has repurchased 2,405,091 shares for a total amount of c. €170 million in the fourth quarter, with an average price of c.€71 per share. As of December 31, 2017, the total number of shares outstanding was 596,916,242. The weighted average share count excluding treasury shares stood at 558 million in 2017 compared with 561 million in 2016.

At its meeting of February 14, 2018, the Board of directors decided to proceed with the cancellation of 22,000,000 treasury shares, representing 3.69% of the share capital as of December 31, 2017, in pursuance with the authorization granted to it at the annual shareholders' meeting of April 25, 2017 in its twenty-seventh resolution.

Further to this cancellation, Schneider Electric holds 17,349,507 of treasury shares, representing 3.02% of the share capital as of December 31, 2017 after capital reduction.

VI. GOVERNANCE

The Board of Directors, at its meeting of February 14, 2018, took note of the decisions of Mr. Xavier Fontanet and Ms. Cathy Kopp not to present themselves as candidates for the renewal of their terms that are due to expire after the annual shareholders' meeting of April 24, 2018.

The Board of Directors was keen to highlight all the recognition that the company owes to these individuals who have supported the Group through its development. It paid tribute to Mr. Xavier Fontanet who was the Chairman of the Strategy committee.

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The Board of Directors decided, upon recommendation of its Governance and Remuneration committee, to propose at the annual shareholders' meeting of April 24, 2018 the following renewals and appointments of directors:

- the renewal of Mr. Willy Kissling and Ms Linda Knoll; and
- the appointment of Ms. Fleur Pellerin and Mr. Anders Runevad who shall qualify as independent directors.

These recommendations are in line with the regeneration plan of the Board which aims at rejuvenating its composition and reinforcing knowledge of the Group's key markets.

Ms. Fleur Pellerin, 44 years old, French citizen, was a magistrate at the Court of Auditors for 13 years before her appointment as a Minister by the government from 2012 to 2016. After she resigned from public service in 2016, she launched the investment fund Korelya Capital with a 200 million Euros funding, investing in technology start-ups in France and in Europe. She will bring to the Board her economic and financial skills in the technology sector, her business experience and her knowledge in the French and Asian business environment.

Mr. Anders Runevad, 57 years old, Swedish citizen, has been Chief Executive Officer of Vestas Wind Systems A/S since 2013. He previously held various positions within Ericsson Group, in Europe, USA, Brazil and Singapore. He will bring to the Board his experience in companies' growth and turnaround strategies, a deep knowledge of the new energy landscape, and Schneider Electric's business and its business environment in Europe, in the U.S. as well as in new economies.

At the end of the annual shareholders' meeting of April 24, 2018, should Mr. Willy Kissling and Ms. Linda Knoll be re-elected and Ms. Fleur Pellerin and Mr. Anders Runevad be appointed, the Board members' average age will be 57.5 years. The Board of Directors will comprise of 42% of women and 61.5% of non-French origin directors.

VII. 2018 TARGETS

In a positive environment, the Group targets 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 balance both levers of organic top line growth and adj. EBITA margin expansion. Therefore, for 2018, the Group will target:

- An organic top line growth between +3% to +5%; 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

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The financial statements of the period ending December 31, 2017 were established by the Board of Directors on February 14, 2018. At the date of this press release, the audit procedures were carried out and the report of the statutory auditors is in the process of being issued.

The Q4 2017 & FY 2017 Annual Results presentation is available at www.schneider-electric.com

Q1 2018 Revenues will be presented on April 19, 2018.

The Annual General Meeting will take place on April 24, 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

- **Exchange rates impact:** Based on current rates, the FX impact on FY 2018 revenues is estimated to be between -€1.0bn to -€1.1bn. The FX impact at current rates on adjusted EBITA margin is expected to be around -20bps.
- **Scope:** Based on FY17 financials for acquisitions, scope impact is currently estimated around +€200 million in revenues and expected to be about neutral at the level of the Group Adj. EBITA margin. This does not include AVEVA which would be fully consolidated in the financial statements at completion. For FY2017 (March year-end), AVEVA revenues and operating profit amounted to £216m and £55m respectively.
- **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.
- **Working days:** The Group expects a negative working day impact of c. -1.5pts in Q1 2018 that will reverse during the balance of the year.

Appendix – Revenues breakdown by business

Fourth quarter 2017 revenues by business were as follows:

€ million		**Q4 2017**				
		Revenues	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Energy Management	Medium Voltage (Infrastructure)	1,342	+2.2%	-6.2%	-4.5%	-8.5%
	Low Voltage (Building)	2,840	+5.4%	+2.7%	-5.5%	+2.6%
	Secure Power (IT)	971	+4.0%	0.0%	-6.1%	-2.1%
Industrial Automation	Industrial Automation (Industry)	1,514	+5.6%	+2.1%	-5.1%	+2.6%
Group		**6,667**	**+4.6%**	**+0.2%**	**-5.3%**	**-0.5%**

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H2 2017 organic growth by business was as follows:

€ million		H2 2017 Organic growth
Energy Management	Medium Voltage (Infrastructure)	-0.7%
	Low Voltage (Building)	+4.9%
	Secure Power (IT)	+2.2%
Industrial Automation	Industrial Automation (Industry)	+6.2%
Group		**+3.7%**

Full year 2017 revenues by business were as follows:

€ million		FY 2017				
		Revenues	**Organic growth**	**Changes in scope of consolidation**	**Currency effect**	**Reported growth**
Energy Management	Medium Voltage (Infrastructure)	4,500	-2.2%	-5.3%	-1.0%	-8.5%
	Low Voltage (Building)	10,812	+4.4%	+0.7%	-1.8%	+3.3%
	Secure Power (IT)	3,615	+2.1%	0.0%	-1.4%	+0.7%
Industrial Automation	Industrial Automation (Industry)	5,816	+5.9%	+1.7%	-1.6%	+6.0%
Group		**24,743**	**+3.2%**	**-0.4%**	**-1.6%**	**+1.2%**

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Appendix – Revenues breakdown by geography

€ million	Q4 2017			H2	FY 2017		
	Revenues	Organic growth	Reported growth	Organic growth	Revenues	Organic growth	Reported growth
Western Europe	1,828	+3%	+2%	+3%	6,731	+2%	+1%
Asia-Pacific	1,837	+6%	+1%	+6%	6,866	+6%	+4%
North America	1,773	+6%	-1%	+3%	6,794	+2%	0%
Rest of the World	1,229	+3%	-4%	+3%	4,352	+3%	+1%
Group	**6,667**	**+4.6%**	**-0.5%**	**+3.7%**	**24,743**	**+3.2%**	**+1.2%**

Appendix – Consolidation

In number of months	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Telvent Transportation Medium Voltage Business €125 million revenues in 2015	3m							
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

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Appendix - Gross Margin, Analysis of Change

	H1	H2	FY
	Gross Margin	**Gross Margin**	**Gross Margin**
2016 restated GM	38.5%	38.1%	38.3%
Volume	0.0 pt	0.0 pt	0.0 pt
Net Price	(0.8) pt	(0.6) pt	(0.7) pt
Productivity	1.7 pt	1.8 pt	1.8 pt
Mix	(0.1) pt	(0.1) pt	(0.1) pt
R&D & Production Labor Inflation	(0.4) pt	(0.4) pt	(0.4) pt
FX	(0.1) pt	(0.2) pt	(0.1) pt
Scope & Others	(0.1) pt	(0.5) pt	(0.4) pt
2017 GM	**38.7%**	**38.1%**	**38.4%**

Appendix – P&L

	H2 2017	Org. Change	2016 restated	2017	Reported change	Org. Change
Revenues	12,570	+3.7%	24,459	24,473	+1.2%	+3.2%
Gross profit	4,783	+5.1%	9,358	9,498	+1.5%	+4.2%
Gross margin (%)	38.1%	+50 bps	38.3%	38.4%	+10 bps	+40 bps
Support Function Cost	(2,850)	+1.3%	(5,860)	(5,847)	-0.2%	+1.3%
SFC ratio	22.7%	+60 bps	24.0%	23.6%	+40 bps	+40 bps
Adj. EBITA	1,933	+11.2%	3,498	3,651	+4.4%	+9.2%
Margin %	15.4%	+100 bps	14.3%	14.8%	+50 bps	+90 bps

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Appendix - Results breakdown by division

€ million		2016 FY restated	2017 FY
Revenues		**24,459**	**24,743**
Energy Management	Medium Voltage (Infrastructure)	4,919	4,500
	Low Voltage (Building)	10,466	10,812
	Secure Power (IT)	3,589	3,615
Industrial Automation	Industrial Automation (Industry)	5,485	5,816
Adjusted EBITA		**3,498**	**3,651**
Energy Management	Medium Voltage (Infrastructure)	477	449
	Low Voltage (Building)	2,117	2,232
	Secure Power (IT)	604	600
Industrial Automation	Industrial Automation (Industry)	918	1,021
Corporate	Corporate costs	(618)	(651)

Adjusted EBITA margin, in % of revenues		2016 H2 restated	2017 H2	Organic
Energy Management	*Medium Voltage (Infrastructure)*	12.2%	11.5%	~+140 bps
	Low Voltage (Building)	20.0%	20.5%	~+120 bps
	Secure Power (IT)	17.8%	18.6%	~+ 100 bps
Industrial Automation	*Industrial Automation (Industry)*	17.5%	18.4%	+~100 bps

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Appendix – Adjusted Net Income & EPS

Key figures (€ million)	2016 FY restated	2017 FY	Change
EBITA	**3,126**	**3,350**	**+7%**
Amortization & impairment of purchase accounting intangibles	(151)	(140)	
Financial Costs	(462)	(367)	
Income tax	(719)	(600)	
Discontinued ops	(17)	(94)	
Equity investment & Minority Interests	(27)	1	
Net income (Group share)	**1,750**	**2,150**	**+23%**
Impact of business disposals (in OOIE, share of profit on associates & discontinued ops)	27	(7)	
Integration costs post-tax[9]	0	23	
Restructuring charges post-tax (calculated at Group effective tax rate)[9]	238	224	
Tax rate: deferred tax net assets depreciation[10]	119	(12)	
Adjusted Net income	**2,134**	**2,378**	**+11%**
Adjusted EPS (€)	**3.80**	**4.26**	**+12%**

9. Calculated post-tax at the year effective tax rate
10. See Press release from January 9, 2017

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Appendix – Free Cash Flow

Analysis of debt change in €m	FY 2016 restated	FY 2017
Net debt at opening at Dec. 31	**(4,631)**	**(4,824)**
Operating cash flow	2,956	3,020
Capital expenditure – net	(741)	(688)
Change in trade working capital	55	(126)
Change in non-trade working capital	(54)	47
Free cash flow	**2,216**	**2,253**
Dividends	(1,227)	(1,197)
Acquisitions – net	47	(557)
Net capital increase	(689)	(10)
FX & other	(540)	39
(Increase) / Decrease in net debt	**(193)**	**528**
Net debt at Dec. 31	**(4,824)**	**(4,296)**

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Appendix – ROCE

P&L items				2017 Reported
EBITA			(1)	3 350
Restructuring costs			(2)	-286
Other operating income & expenses			(3)	-15
= Adjusted EBITA			(4) = (1)-(2)-(3)	3 651
x Effective tax rate of the period[1]			(5)	21.5%
= After-tax Adjusted EBITA			(A) = (4) x (1-(5))	2 865

Balance sheet items	2016 Adjusted	2017 reported		2017 Avg of 4 quarters
Shareholders' equity	20 653	19 941	(B)	19 994
Net financial debt[2]	4 824	4 295	(C)	4 598
Adjustment for Associates and Financial assets (fair value)	-762	-709	(D)	-733
- Sunten Electric Equipment (25% stake)	52	48		50
- Fuji Electric FA Components & Systems (36.8% stake)	115	116		116
- NVC Lighting (8.9% stake)	35	23		29
- Delixi (50% stake)	279	278		279
- CST Holding (30% stake)	77	35		56
- Other non-current financial investments	204	209		203
= Capital Employed	24 715	23 527	(E) = (B)+(C)+(D)	23 859
= ROCE[2]			(A) / (E)	**12.0%**

1. Effective tax rate before exceptional items
2. Average Net debt adjusted from the carrying value of ASCO for 1 month as acquisition consolidated for 2 months

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