

**Strong performance in FY18: Group revenue of €25.7bn, growth of +7% organic and Adj. EBITA up +10% organic. Record Net Income & EPS**

- **FY18 Adj. EBITA €3.9bn, Margin of 15.1%, up +50 bps org.**
- **Record Net Income to date of €2.3bn, up +9%**
- **Proposed dividend<sup>1</sup> at €2.35/share, up +7%**
- **New share buyback of €1.5bn to €2.0bn launched**
- **Portfolio optimization: up to €2.0bn in revenues earmarked for review**
- **2019 Target: Adj. EBITA org. growth between +4% and +7% driven by +3% to +5% org. revenue growth and +20 to +50 bps org. adj. EBITA margin improvement**
- **3-year margin ambition announced**

Rueil-Malmaison (France), February 14, 2019 - Schneider Electric announced today its fourth quarter revenues and full year results for the period ending December 31, 2018.

Key figures (€ million)	2017 FY	2018 FY	Reported Change	Organic Change
<b>Revenues</b>	24,743	<b>25,720</b>	<b>+3.9%</b>	<b>+6.6%</b>
<b>Adjusted EBITA</b>	3,651	<b>3,874</b>	<b>+6.1%</b>	<b>+10.3%</b>
<i>% of revenues</i>	14.8%	<b>15.1%</b>	<b>+30 bps</b>	<b>+50 bps</b>
<b>Net Income (Group share)</b>	2,150	<b>2,334</b>	<b>+8.6%</b>	
<b>Free Cash Flow</b>	2,253	<b>2,102</b>	<b>-6.7%</b>	
<b>Earnings per share (Basic)</b>	3.85	<b>4.21</b>	<b>+9.3%</b>	

Jean-Pascal Tricoire, Chairman and CEO, commented:

*“2018 is another year of acceleration of our strategy execution. We provide our customers with complete solutions, cross-selling multiple technologies, more products provided through an enlarged network of partners, more services, more software, and a more targeted development of systems, which creates a solid base for*

1. Subject to Shareholder approval on April 25, 2019

growth in 2019. I am also pleased by the continued progress of our Medium Voltage business, which now sells mostly together with Low Voltage.

After years of integration, we finalized the consolidation towards our two core businesses, Energy Management – regrouping Medium Voltage, Low Voltage and Secure Power – and Industrial Automation, that our country organizations combine for our customers into full digital solutions of efficiency and sustainability.

We continue delivering every year on the profitability objectives shared in 2016. In 2018, we improve the margin of both our businesses, and deliver a new high in terms of Net Income and EPS, while building our long-term capabilities and increasing investments in R&D, Services, and Digital Capabilities. Our ambition is to keep stepping up our profitability based on productivity and cost efficiency, portfolio optimization, and focus on the most relevant value propositions.

We remain focused on optimizing the portfolio. In 2018 we strengthen our portfolio with AVEVA and IGE+XAO in software, and ASCO Power. We are also increasing the level of assets under review from €0.5bn, to c. €1.5 to €2.0bn in revenue terms, which we expect to conclude in the next three years.

Additionally, we continue to focus on generating attractive returns to our shareholders, having increased our proposed dividend by +7% and initiating a new €1.5 to €2.0bn share buyback program”.

## I. FOURTH QUARTER REVENUES WERE UP +5.4% ORGANICALLY

2018 Q4 revenues were **€7,026 million**, up **+5.4%** both organically and on a reported basis.

The breakdown of revenue by business was as follows:

€ million		FY 2018		Q4 2018	
		Revenues	Organic Growth	Revenues	Organic Growth
<b>Energy Management</b>	Medium Voltage	4,320	+2.8%	1,335	+2.1%
	Low Voltage	11,572	+8.3%	3,066	+7.6%
	Secure Power	3,628	+4.9%	1,020	+5.4%
	<b>Total</b>	<b>19,520</b>	<b>+6.3%</b>	<b>5,421</b>	<b>+5.8%</b>
<b>Industrial Automation</b>	<b>Total</b>	6,200	+7.6%	1,605	+3.9%
<b>Group</b>		<b>25,720</b>	<b>+6.6%</b>	<b>7,026</b>	<b>+5.4%</b>

The breakdown of revenue by geography was as follows:

€ million	FY 2018		Q4 2018	
	Revenues	Organic growth	Revenues	Organic growth
Western Europe	6,991	+3.0%	1,937	+4.7%
Asia-Pacific	7,338	+10.3%	1,907	+4.9%
North America	7,183	+7.7%	1,984	+7.7%
Rest of the World	4,208	+4.8%	1,198	+3.5%
<b>Group</b>	<b>25,720</b>	<b>+6.6%</b>	<b>7,026</b>	<b>+5.4%</b>

Across the Group in 2018; Products were up +7% org. (+7% org. in Q4), Services growth was +9% org. (+7% org. in Q4), Systems grew mid-single digit org. (up low single-digit org. in Q4), and Software grew double-digit (up double-digit in Q4).

## GOOD GROWTH CONTINUES FOR ENERGY MANAGEMENT, UP +5.8% ORG. IN Q4

### Geographical trends for Energy Management:

**North America** (30% of Q4 Energy Management revenues): Energy Management continued its strong momentum in Q4 in North America. The Group saw continued growth in its offers for Residential and Commercial & Industrial Buildings. In Data Center and IT markets, the Group continued to deliver several small and large projects in the region, benefitting from its complete portfolio of Energy Management technologies. The Group's Energy & Sustainability offers saw double-digit growth.

**Western Europe** (26% of Q4 Energy Management revenues): The Group's offers for Residential and Small Buildings grew in all of the region's largest economies. Commercial and Industrial Buildings demand continued at a good level, with good growth in the Group's offers for building efficiency. The Data Center end-market generated growth for the Group's entire portfolio. Most countries in the region performed well, with good growth in Italy, the U.K., Norway and Germany. France was positive, with good demand in industrial and IT markets. Offers for residential and non-residential markets grew, helped by some distributor restocking while weakness continued in the utilities market.

**Asia-Pacific** (27% of Q4 Energy Management revenues): Energy Management delivered good growth in Q4. As expected, growth in China moderated on a high base of comparison. Performance continued to be strong, up c.+10% organic, with good traction in EcoStruxure offers, and growth in services enabling market share gains in select segments. In China, the Group continues to see good opportunities for growth, focusing notably on targeted segments including transportation, hospitals and water. India continued to perform well, benefiting from channel expansion in residential and small buildings, and from good demand in home secure power, while remaining selective in its project activities. In Australia, Energy Management grew across technologies with good demand in infrastructure markets. South East Asia performed well, with strong growth in several countries including Indonesia, Singapore, and Vietnam.

**Rest of the World** (17% of Q4 Energy Management revenues): Energy Management grew in the region in Q4. South America performed strongly, notably in Brazil and Chile, growing across all Energy Management technologies with Brazil benefitting from good project execution. Africa also performed strongly, with project execution in O&G. Middle East was down, due to lower demand from utilities in Saudi Arabia and weakening construction markets in Gulf, in addition to the impact of the Group's withdrawal from Iran. In CIS, strong growth for Low Voltage products was offset by the decline in Medium Voltage in Russia.

## Performance of Energy Management technologies:

The Group delivered a good performance in Energy Management, leveraging its complete end-to-end technology offering (comprising Medium Voltage, Low Voltage, Secure Power) addressing customer needs across end-markets. The performance by technology was as follows:

**Medium Voltage** (25% of Q4 Energy Management revenues) was up +2.1% organically for the quarter. Transactional product sales (mostly sold together with Low Voltage) continued to grow strongly through partners. Targeted segments such as Oil & Gas (O&G) and Water & Wastewater (WWW) continued to show increased demand and performed strongly. Services were up despite a high base of comparison while Systems continued good traction on orders in targeted segments, such as Data Center. The Group continues to implement its technology roadmap within the framework of EcoStruxure and upgrading product offers with MV/LV convergence for the benefit of customers.

**Low Voltage** (56% of Q4 Energy Management revenues) continued to grow strongly in Q4, up +7.6% organically, with a balanced contribution across the regions. The Group's Residential and Small building offers continued to deliver strong growth, up +8% globally, with double-digit growth in the U.S., China and France. The Group continued to see good success in its offers to Commercial and Industrial Building markets. The Critical Buildings end market (including Data Center, financial institutions, hospitals, etc.) continued to thrive, driving demand for low voltage systems, sold in conjunction with other elements of the Group's Energy Management offer. The Group's Energy & Sustainability offers grew double-digit, accelerating on the help provided to customers in furthering their sustainability ambitions. The EcoStruxure offer for Building performed well, with good traction for the Group's connected offers.

**Secure Power** (19% of Q4 Energy Management revenues) was up 5.4% organically, with growth in all four regions, and across its segments - Distributed Secure Power, Data Center, and Non-IT markets. Distributed Secure Power generated good growth on the back of successful launches of new offers for global deployment, with a focus on Edge computing. The division continued to benefit from growth in Data Centers as well as its strategic push in non-IT markets. Services were up mid-single digit for the quarter.

## GOOD GROWTH CONTINUES FOR INDUSTRIAL AUTOMATION, UP +3.9% ORG. IN Q4

### Geographical trends for Industrial Automation:

**North America** (22% of Q4 Industrial Automation revenues): The U.S. saw high single-digit growth in process and hybrid industries, notably in O&G and Food & Beverage. Offers for OEM grew mid-single digit, excluding the phase down of the non-core and lower margin panels offer. Canada declined against a high base while Mexico suffered from some project delays.

**Western Europe** (32% of Q4 Industrial Automation revenues): Industrial Automation showed good growth in the region, up in all large markets. Discrete offers developed well across the region, benefiting from a targeted OEM approach and from the good momentum in EcoStruxure offers for these customers. The Group also saw good project activity in process and hybrid end-markets in the region.

**Asia-Pacific** (29% of Q4 Industrial Automation revenues): Industrial Automation grew in the region in Q4. China grew low single-digit, with demand moderating as expected from the high levels in H1 2018. In China, the Group continued to see good opportunities in infrastructure and process markets, while activity from OEM customers was impacted especially for customers focused on the export market due to the current trade disputes. Australia was up with strong sales growth with OEM customers and good traction in process industries. India also grew, with good demand in targeted segments such as WWW and Mining, Metals and Minerals (MMM). Japan was down against a high base. The rest of Asia performed well, with good contribution from South Korea and Singapore.

**Rest of the World** (17% of Q4 Industrial Automation revenues): was up strongly in Q4, with growth in all regions. South America saw good growth helped by project execution in Chile and Colombia. Africa saw strong growth in process industries and from OEM customers. The Middle East was up, supported by strong project execution in some Gulf countries, including Qatar and Saudi Arabia, which more than offset the impact of the Group's withdrawal from Iran. CIS and Central Europe were up.

## Performance of Industrial Automation:

**Industrial Automation** (23% of Q4 Group revenues) continued to grow, up +3.9% organic in Q4 and up c.+5% excluding the phase-down in the U.S. of the non-core and lower margin panels offer (expected to continue in 2019 with c.-1% impact on organic growth for the business). The business benefitted from its balanced portfolio, across Discrete, Process & Hybrid industries. Process Automation offers saw high single-digit growth with good demand from investments in brownfield projects as well as efficiency driven investments. In Discrete, the Group continues to grow its offers tailored to OEMs. Services grew strongly. The Group continued to grow its EcoStruxure offers for Plant & Machine.

AVEVA<sup>2</sup> continued to deliver a double-digit organic growth in Q4 on its Industrial Software portfolio. The integration between the former Schneider Software business and the heritage AVEVA business is progressing well. The company benefitted from sales in conjunction with Schneider Electric's automation

---

2. Included as scope movement in the Group results

offers through a coordinated go-to-market approach highlighting the good traction for its end-to-end digital solutions and integration into EcoStruxure.

## CONSOLIDATION<sup>3</sup> AND FOREIGN EXCHANGE IMPACTS IN Q4

Net acquisitions had an impact of **+€92 million** or **+1.4%** of Group revenues in Q4. This includes mainly the consolidation of AVEVA (Industrial Automation), IGE+XAO (Low Voltage), ASCO Power (Low Voltage) and some minor acquisitions / disposals.

The impact of foreign exchange fluctuations was negative at **-€77 million** or **-1.4%** of Group revenues in Q4, primarily due to the weakening of several new economies' currencies against the Euro.

Based on current rates, the FX impact on FY 2019 revenues is estimated to be between c.+€ 200 million to c.+€ 300 million. The FX impact at current rates on FY 2019 adjusted EBITA margin is expected to be about neutral.

## II. PORTFOLIO OPTIMIZATION CONTINUES

The Group has identified several assets generating revenues of c.€1.5-€2.0bn as less strategic and in some cases lower performing, to be reviewed with potential actions ranging, among others, from partnerships to disposals over the coming 3 years. This includes the c.€0.5bn of revenues identified previously in Medium Voltage and announced in H1 2018. This process may result in net capital losses or asset impairment of up to several hundred million euros. Given their non-cash nature, such potential net capital losses or asset impairments would be excluded from the net income used as a base of calculation for the progressive dividend.

## III. 2019 REPORTING CHANGE

Starting in Q1 2019, the Group will report its financial results based on two businesses – Energy Management and Industrial Automation. The Group has previously been reporting separately the three Energy Management technologies of Medium Voltage, Low Voltage and Secure Power as a consequence of the way the Group has evolved through acquisitions based on these technologies.

In line with the existing business reality of integrated offerings, customer value proposition, Schneider's go-to-market strategy and its internal set-up, it is more appropriate to report Energy Management as a single business. Going forward, the Group intends to provide revenue disclosures on a regional basis for the two businesses of Energy Management and Industrial Automation; disclosures on the basis of the three Energy Management technologies will no-longer be provided. The Group will also share qualitative commentary based

---

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

on end-markets and segments/channels. The strategy and focus of the combined Energy Management business will form part of an Investor Day to be held on June 26, 2019 in Paris.

## IV. FULL YEAR 2018 KEY RESULTS

€ million	2017 FY	2018 FY	Reported Change	Organic change
<b>Revenues</b>	24,743	<b>25,720</b>	<b>+3.9%</b>	<b>+6.6%</b>
<b>Gross Profit</b>	9,498	<b>10,043</b>	<b>+5.7%</b>	<b>+6.7%</b>
<i>Gross profit margin</i>	38.4%	39.0%	+60bps	~0bps
<b>Support Function Costs</b>	(5,847)	<b>(6,169)</b>	<b>+5.5%</b>	<b>+4.6%</b>
<i>SFC ratio</i>	23.6%	24.0%	+40bps	<b>improved 50bps</b>
<b>Adjusted EBITA</b>	3,651	<b>3,874</b>	<b>+6.1%</b>	<b>+10.3%</b>
<i>Adjusted EBITA margin</i>	14.8%	15.1%	+30bps	+50bps
Restructuring costs	(286)	(198)		
Other operating income & expenses	(15)	(103)		
<b>EBITA</b>	3,350	<b>3,573</b>	<b>+7%</b>	
Amortization & impairment of purchase accounting intangibles	(140)	(177)		
<b>Net Income (Group share)</b>	2,150	<b>2,334</b>	<b>+9%</b>	
<b>Adjusted Net Income<sup>4</sup></b>	2,378	<b>2,560</b>	<b>+8%</b>	
<b>Adjusted EPS (€)<sup>4</sup></b>	4.26	<b>4.62</b>	<b>+8%</b>	
<b>Free Cash Flow</b>	2,253	<b>2,102</b>	<b>-7%</b>	

- **H2 2018 ADJUSTED EBITA MARGIN AT 15.7%, UP +50 BPS ORGANIC AND +30 BPS VERSUS H2 2017 THANKS TO CONTINUED STRONG VOLUMES, GOOD PRODUCTIVITY, AND POSITIVE NET PRICE**

In H2 2018, the Adjusted EBITA reached **€2,105** million, increasing +9% organically. The key drivers contributing to the earnings change were the following:

- Volume impact was a positive **+€243** million.

4. See appendix Adjusted Net Income & EPS

- Solid execution of a Tailored, Sustainable & Connected supply chain, contributed to an H2 industrial productivity level of **+€180** million, leading to industrial productivity generated in total for FY2018 of **+€354** million, below the historic high of FY2017 but remaining strong. The challenges faced in the first part of the year in relation to tension in the market for electronic components resulting in shortages were significantly reduced during H2 18, though the Group saw impacts from tariffs. While the increased level of inflation and tariffs will weigh on productivity in 2019, the Group continues to expect a strong level of gross industrial productivity.
- The net price<sup>5</sup> impact was positive at **+€23** million in H2 18. Pricing on products was positive at **+€131m** in H2 18, twice as large as the raw material headwinds on products. In total, RMI was **-€109** million. Raw material impact is expected to be around flat in H1 2019, turning slightly positive in H2 2019 assuming current prices are maintained. In 2019 the Group will continue to focus on pricing, taking into consideration the expected inflationary environment and other market dynamics.
- Cost of Goods Sold inflation was **-€70** million in H2 18, of which the production labor cost and other cost inflation was **-€47** million, and an increase in R&D in Cost of Goods Sold was **-€23** million.
- Support function costs increased organically by **-€112** million in H2 18 and **-€249** million in the full year, as the Group took advantage of the strong topline to continue to make investments in enhancing the Group's Digital offer, marketing of new product launches and expanding its Service footprint. In the full year, overall SFC to Sales ratio went from 23.6% to 24.0% improving organically by 50bps, but higher by 40bps reported due to scope and currency impacts. The Group will continue to target target organic improvement on the SFC to sales ratio in 2019.
- Currency decreased the adjusted EBITA by **-€51** million in H2 18, mainly due to the depreciation of the currency of some new economies against the euro, partly offset by appreciation of the US Dollar against the euro.
- Stronger growth in mid- and late-cycle businesses in H2 resulted in unfavorable mix with **-€55** million in H2 18.
- Acquisitions, net of divestments were positive at **+€52** million in H2 18 due mainly to the consolidation of AVEVA and ASCO Power as well as minor acquisitions and disposals.



- **FY2018 ADJUSTED EBITA MARGIN AT 15.1%, UP +50 BPS ORGANIC AND +30 BPS VERSUS FY 2017 THANKS TO STRONG VOLUMES, GOOD PRODUCTIVITY AND A BALANCED APPROACH BETWEEN INVESTMENT AND COST CONTROL**

**Gross profit** was up +6.7% organically with Gross margin improving by +60bps on a reported basis (around flat organically) to **39.0%** in FY 2018. This represents the third consecutive year of Gross margin expansion, increasing by +200bps over the period due to a focus on high value-added business, portfolio optimization and industrial productivity.

**2018 Adjusted EBITA** reached a record **€3,874 million**, increasing organically by +10.3%, exceeding the high end of the revised FY 2018 target, and the Adjusted EBITA margin improved +50 bps organically to 15.1%. This represents the third consecutive year of Adjusted EBITA margin expansion, increasing by +210 bps organic over the period covering both lower growth and higher growth years.

By business, the 2018 adjusted EBITA for

- **Energy Management** was €3,479 million with a margin of **17.8%**, **up c.+60bps organic** (+50bps reported). By Technology:

**Medium Voltage** was €481 million, a margin of **11.1%**, **up c.+130bps organic** (+110bps reported), delivering on our objective to expand MV margin by 100-150 bps organically in 2018 and in keeping with the overall objectives of the Infrastructure Rebound program announced during 2016 (with c.+400 bps organic improvement achieved in 2015-2018).

**Low Voltage** reached a record level of adjusted EBITA at €2,382 million, with a margin of **20.6%**, **up c.+20bps organic** (flat reported).

**Secure Power** reported an adjusted EBITA of €616 million, with a **17.0%** margin, **up +40bps** (organic and reported) showing improvement with good topline growth.

- **Industrial Automation** generated an adjusted EBITA of €1,118 million, with a margin of **18.0%**, **up c.+70bps organic** (+40bps reported), benefitting from improved volumes which comfortably offset higher investments made in digital offers.
- **Central Functions & Digital costs**, increased to **€723 million** in 2018, or 2.8% of revenues. These costs include investments into the Group's shared Digital platform and I.T. infrastructure, transversal investments supporting the development of the two businesses and the cost of global functions.

- **NET INCOME UP +9%**

Restructuring charges were **-€198 million** in 2018, €88 million lower than in 2017, in line with the expected level of between €150 million to €200 million. This level represents the costs required to generate manufacturing productivity and drive simplification in the normal course of business restructuring.

Other operating income and expenses had a negative impact of **-€103 million**, vs. -€15 million in 2017. In 2018, the main costs were due to M&A and integration costs, while 2017 benefitted from the capital

gain generated on the disposal of the Telvent DTN business and certain pension plan curtailments and settlements.

The amortization and depreciation of intangibles linked to acquisitions was **-€177 million** compared to -€140 million last year. The increase in amortization is mainly due to intangible assets recognized in association with the AVEVA and ASCO acquisitions.

Net financial expenses were **-€310 million**, **€57 million** lower than in 2017, driven by a continued reduction in the cost of debt, decreasing by **€37 million** vs. 2017. FX effects were **-€5 million** compared to -€24 million the year before.

Income tax amounted to **-€693 million**. The effective tax rate for the year was 22.5%, up from 21.1% last year, in line with expectations. Considering the most recent evolution of the corporate income tax rates in several countries where the Group operates, the ETR is expected to be in the 22-24% range in 2019.

The result of Discontinued operations was **-€23 million**, including the capital gain on disposal of Xantrex Mobile Power and the net result after tax of Solar activities. The Group continues to work on the Solar Commercial and Industrial Building (CIB) business.

Share of profit on associates remained stable at **+€61 million**. The Group share of Delixi net income was **€50m**, up c.€11m year-on-year, offset by a reduction in net income from other smaller associates.

The Net Income (Group Share) reached a record level of **€2,334 million** in FY 2018, up +9% from FY 2017.

The Adjusted Net Income<sup>6</sup> was **€2,560 million** in FY 2018, up +8% vs. FY 2017. The Adjusted Earnings Per Share (EPS) was **€4.62**, up +8% from 2017.

- **STRONG OPERATING CASH FLOW NET OF CAPEX OF €2.6BN, UP +13% FROM FY 2017, FREE CASH FLOW OF €2.1BN AFTER INCREASED WORKING CAPITAL REQUIREMENTS**

The good topline growth of the Group resulted in an increased consumption of working capital, up €454 million in 2018. Operating Cash Flow, net of CAPEX, was reported at **€2,635 million**, up +€303 million in 2018, due to strong net income growth. This was offset by an increase in net capital expenditure which reached €770 million, representing ~3% of revenues, due in part to supply chain capacity investment and capitalized R&D linked to new products. Overall, free cash flow was **€2,102 million**.

- **BALANCE SHEET REMAINS STRONG**

Schneider Electric's net debt at December 31, 2018 amounted to **€5,136 million** (€4,296 million in December 2017) after payment of **€1.3 billion** in dividend, a share buyback of c. **€829 million** in 2018 and net acquisitions of **€730 million** (mainly the AVEVA acquisition).

6. See appendix Adjusted Net Income & EPS

## ▪ CASH CONVERSION & PROPOSED DIVIDEND

Cash conversion was 90% in 2018 with the Group target of ~100% across the economic cycle unchanged (4-year average 106%).

The proposed dividend<sup>7</sup> is €2.35 per share, up 7% vs. 2017.

## V. SCHNEIDER SUSTAINABILITY IMPACT

The Schneider Sustainability Impact 2018-2020 is the Group's transformation plan and steering tool measuring progress towards its ambitious sustainability commitments. Details can be found at: <https://www.schneider-electric.com/en/about-us/sustainability/sustainable-performance/barometer.jsp>

In Q4, the Schneider Sustainability Impact reaches a score of 6.10 out of 10, as the Group continues to execute its three-year sustainability plan.

## VI. SHARE BUYBACK

The Group has repurchased 12.4 million shares for a total amount of c. €829 million in 2018. Having completed its current c.€1bn share buyback program announced mid-2017 ahead of schedule, the Group is initiating a new €1.5bn to €2.0bn share buyback program over the next 3 years (2019-2021). The program will be initially pursued under the 15th resolution approved at the 2018 annual shareholders' meeting and thereafter, under the new resolutions submitted to the shareholders for approval<sup>7</sup>.

As at 31 December 2018 the total number of shares outstanding was 549,477,753 (the total number of shares in issue was 579,168,769).

## VII. 2019 TARGET

In its main markets, the Group currently expects the following trends:

- China faces a high base of comparison (weighted towards the early part of the year) and softening OEM demand but remains a growth market in aggregate with dynamism in many end-markets including construction, infrastructure and parts of industry
- In North America, the Group anticipates a continuing favorable environment
- Other large countries in Asia Pacific continue good momentum
- The Group expects Western Europe to grow at a moderate pace and the Rest of World economies to be contrasted based on country

---

7. Subject to Shareholder approval on April 25, 2019

In the current macro environment, the Group expects continued positive growth in aggregate in 2019 as it continues to deploy its strategic priorities in key markets.

The Group targets 2019 Adj. EBITA growth between +4% and +7% organic. This would be achieved through a combination of organic revenue growth and margin improvement, expected to be:

- Revenue growth of +3% to +5% organic
- Adjusted EBITA margin up +20 to +50 bps organic. The improvement is expected to be more pronounced in the second part of the year

*Further notes on 2019 available in appendix*

## VIII. MEDIUM TERM AMBITION (2019-2021)

The Group re-affirms its through-cycle objective of +3% to +6% organic growth in revenues, on average.

Over the next 3 years, the Group will continue to focus on profitability levers within its control, with an aim to improve its adj. EBITA margin by c. +200 basis points (at constant FX), assuming no major change to the current macro-economic environment.

This underlying improvement would be achieved through a combination of organic growth, portfolio optimization, organizational simplification & efficiency and continued productivity.

## IX. CORPORATE GOVERNANCE

The Board of Directors, at its meeting of February 13, 2019, took note of the decision of Ms. Betsy Atkins not to solicit the renewal of her term of office as a director that is due to expire after the annual shareholders' meeting of April 25, 2019. It also took note of Mr. Antoine Gosset-Grainville's wish to put an end to his role as a director at the end of the next annual shareholders' meeting.

The board of directors was keen to highlight the thanks that the company owes to these individuals who have actively contributed to the quality of the discussions held by the board during a period of strong development.

The board of directors decided, upon recommendation of its governance and remunerations committee, to propose at the annual shareholders' meeting of April 25, 2019 the following renewal and appointments of directors:

- the renewal of Mr. Greg Spierkel; and
- the appointments of Ms. Carolina Dybeck Happe, Ms. Xuezheng Ma and Mr. Lip-Bu Tan who shall qualify as independent directors.

These recommendations are in line with the on-going refreshment plan of the board, which aims to reinforce the geographical diversity of its members, adding strong skills in the field of strategic challenges such as digital and at strengthening the deep knowledge of the Group's key markets.

Mr. Greg Spierkel has been chairing the Digital committee since its creation on April 24, 2018 and actively participating to the works of the Governance & Remunerations committee and the Investment committee.

Ms. Carolina Dybeck Happe, 46 years old, a Swedish citizen, has joined A.P. Moller-Maersk A/S in January 2019 as Chief Financial Officer and Executive committee member. She has previously been pursuing her career with Assa Abloy AB, a company listed in Sweden, where she was appointed Executive Vice-president and Chief Financial Officer in 2012 after holding several positions as Chief Financial Officer of various geographical zones including Germany and the United Kingdom. Ms. Dybeck Happe has also served as a member of the supervisory board of E.ON since June 2016. She will bring to the board her finance and industry skills in sectors adjacent to that of Schneider Electric and her deep knowledge of the constraints and specificities of listed companies.

Ms. Xuezheng Ma, also known as Mary, 66 years old, a Hong Kong Chinese citizen, co-founded Boyu Capital Advisory Co. Ltd. in 2011 and has been its Managing Partner since then. Prior to Boyu Capital, she was a Partner of TPG Capital and Co-Chairman of TPG China, a global private equity investment firm. She joined Lenovo Group in 1990 and was appointed Chief Financial Officer, Senior Vice President and Executive Director of the board from 1997 to 2007 before serving as non-Executive Vice-chairman until 2013. She has been re-designated to be an Independent Non-Executive Director since 2013. Prior to Lenovo, she worked for the Chinese Academy of Sciences for 12 years. She will bring to the board her extremely rich experience in financial and executive management, strong skills in the field of digital and an acute sense of how to tackle opportunities in Asian markets.

Mr. Lip-Bu Tan has joined the Schneider Electric board of directors as a non-voting member on October 24, 2018. Mr. Lip-Bu Tan is currently CEO and board member of Cadence Design Systems, as well as Chairman of Walden International, a venture capital firm he founded in 1987. He is bringing to the board a valuable contribution in terms of IT/Software and Technology expertise, notably in the field of energy, as well as a strong venture capital & investment experience and a deep knowledge of Asia and US markets.

At the end of the annual shareholders' meeting of April 25, 2019, should Mr. Greg Spierkel be re-elected and Ms. Carolina Dybeck Happe, Ms. Xuezheng Ma and Mr. Lip-Bu Tan be appointed, the board members' average age will be 58 years. The board of directors will be comprised of 46% women and 71.5% of non-French origin directors.

\*\*\*\*\*

**The financial statements of the period ending December 31, 2018 were established by the Board of Directors on February 13, 2019. At the date of this press release, the audit procedures were carried out and the report of the statutory auditors is being finalized.**

**The Q4 2018 & FY 2018 Annual Results presentation is available at [www.schneider-electric.com](http://www.schneider-electric.com)**

**Q1 2019 Revenues will be presented on April 18, 2019.**

**The Annual General Meeting will take place on April 25, 2019.**

**The Group will host an investor day on June 26, 2019 in Paris.**

**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](http://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.

Discover Life is On

[www.schneider-electric.com](http://www.schneider-electric.com)

Follow us on:       

## Appendix – Further notes on 2019

- **Foreign Exchange impact:** Based on current rates, the FX impact on FY 2019 revenues is estimated to be between +€200 million to +€300 million. The FX impact at current rates on adjusted EBITA margin is expected to be around neutral.
- **Tax rate:** The ETR is expected to be in a 22-24% range in 2019.
- **Restructuring:** Restructuring costs in 2019 are expected to be around the same level as those in 2018, c. €200 million
- **Industrial Productivity:** While the increased level of inflation and tariffs will weigh on productivity in 2019, the Group continues to expect a strong level of gross industrial productivity.
- **Working days:** The Group expects a negative working day impact of c. -1pt in Q1 2019 and H1 2019 that will reverse during the balance of the year. In China, the Group expects a negative working day impact of c. -4pts in Q1 2019 that will reverse during the balance of the year.

## Appendix – Revenues breakdown by business

Fourth quarter 2018 revenues by business were as follows:

€ million		Q4 2018				
		Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
<b>Energy Management</b>	<i>Medium Voltage</i>	1,335	+2.1%	0.0%	-2.6%	-0.5%
	<i>Low Voltage</i>	3,066	+7.6%	+1.3%	-0.9%	+8.0%
	<i>Secure Power</i>	1,020	+5.4%	0.0%	-0.3%	+5.1%
	<b>Total</b>	5,421	+5.8%	+0.7%	-1.3%	+5.2%
<b>Industrial Automation</b>	<b>Total</b>	1,605	+3.9%	+3.5%	-1.5%	+5.9%
<b>Group</b>		<b>7,026</b>	<b>+5.4%</b>	<b>+1.4%</b>	<b>-1.4%</b>	<b>+5.4%</b>

H2 2018 organic revenue growth by business was as follows:

€ million		H2 2018
		Organic growth
<b>Energy Management</b>	<i>Medium Voltage</i>	+4.7%
	<i>Low Voltage</i>	+7.5%
	<i>Secure Power</i>	+5.9%
	<b>Total</b>	+6.5%
<b>Industrial Automation</b>	<b>Total</b>	+5.2%
<b>Group</b>		<b>+6.2%</b>

Full year 2018 revenues by business were as follows:

€ million		FY 2018				
		Revenues	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
<b>Energy Management</b>	<i>Medium Voltage</i>	4,320	+2.8%	-2.2%	-4.6%	-4.0%
	<i>Low Voltage</i>	11,572	+8.3%	+3.2%	-4.5%	+7.0%
	<i>Secure Power</i>	3,628	+4.9%	0.0%	-4.5%	+0.4%
	<b>Total</b>	19,520	+6.3%	+1.3%	-4.5%	+3.1%
<b>Industrial Automation</b>	<b>Total</b>	6,200	+7.6%	+3.4%	-4.4%	+6.6%
<b>Group</b>		<b>25,720</b>	<b>+6.6%</b>	<b>+1.8%</b>	<b>-4.5%</b>	<b>+3.9%</b>



## Appendix – Revenues breakdown by geography

€ million	Q4 2018			H2	FY 2018		
	Revenues	Organic growth	Reported growth	Organic growth	Revenues	Organic growth	Reported growth
Western Europe	1,937	+4.7%	+6.0%	+3.7%	6,991	+3.0%	+3.9%
Asia-Pacific	1,907	+4.9%	+3.8%	+7.9%	7,338	+10.3%	+6.9%
North America	1,984	+7.7%	+11.9%	+8.3%	7,183	+7.7%	+5.7%
Rest of the World	1,198	+3.5%	-2.5%	+4.3%	4,208	+4.8%	-3.3%
<b>Group</b>	<b>7,026</b>	<b>+5.4%</b>	<b>+5.4%</b>	<b>+6.2%</b>	<b>25,720</b>	<b>+6.6%</b>	<b>+3.9%</b>

% of Revenues per business by geography		Q4 2018	FY 2018
<b>Energy Management</b>	<i>Western Europe</i>	26%	26%
	<i>Asia Pacific</i>	27%	28%
	<i>North America</i>	30%	30%
	<i>Rest of World</i>	17%	16%
<b>Industrial Automation</b>	<i>Western Europe</i>	32%	31%
	<i>Asia Pacific</i>	29%	31%
	<i>North America</i>	22%	22%
	<i>Rest of World</i>	17%	16%

## Appendix – Consolidation

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

## Appendix – Adjusted EBITA, Analysis of Change

	H1	H2	FY
	Adj. EBITA	Adj. EBITA	Adj. EBITA
2017 Adj. EBITA	1,718	1,933	3,651
Volume	284	243	527
Net Price	(40)	23	(17)
Productivity	174	180	354
Mix	(11)	(55)	(66)
R&D & Production Labor Inflation	(63)	(70)	(133)
SFC	(137)	(112)	(249)
Other	(38)	(38)	(76)
FX	(141)	(51)	(192)
Scope	23	52	75
<b>2018 Adj EBITA</b>	<b>1,769</b>	<b>2,105</b>	<b>3,874</b>

## Appendix - Results breakdown by division

€ million		2017 FY	2018 FY
<b>Revenues</b>		<b>24,743</b>	<b>25,720</b>
<b>Energy Management</b>	<i>Medium Voltage</i>	4,500	4,320
	<i>Low Voltage</i>	10,812	11,572
	<i>Secure Power</i>	3,615	3,628
	<b>Total</b>	18,927	19,520
<b>Industrial Automation</b>	<b>Total</b>	5,816	6,200
<b>Adjusted EBITA</b>		<b>3,651</b>	<b>3,874</b>
<b>Energy Management</b>	<i>Medium Voltage</i>	449	481
	<i>Low Voltage</i>	2,232	2,382
	<i>Secure Power</i>	600	616
	<b>Total</b>	3,281	3,479
<b>Industrial Automation</b>	<b>Total</b>	1,021	1,118
<b>Central Functions &amp; Digital costs</b>	<b>Total</b>	(651)	(723)

Adjusted EBITA margin, in % of revenues		2017	2018	Organic
<b>Energy Management</b>	<i>Medium Voltage</i>	10.0%	11.1%	~+130 bps
	<i>Low Voltage</i>	20.6%	20.6%	~+20 bps
	<i>Secure Power</i>	16.6%	17.0%	~+40 bps
	<b>Total</b>	17.3%	17.8%	~+60 bps
<b>Industrial Automation</b>	<b>Total</b>	17.6%	18.0%	~+70 bps

## Appendix – Adjusted Net Income & EPS

Key figures (€ million)	2017 FY	2018 FY	Change
<b>EBITA</b>	<b>3,350</b>	<b>3,573</b>	<b>+7%</b>
Amortization & impairment of purchase accounting intangibles	(140)	(177)	
Financial Costs	(367)	(310)	
Income tax	(600)	(693)	
Discontinued ops	(94)	(23)	
Equity investment & Minority Interests	1	(36)	
<b>Net Income (Group share)</b>	<b>2,150</b>	<b>2,334</b>	<b>+9%</b>
Impact of business disposals (in OOIE, share of profit on associates & discontinued ops)	(7)	19	
Major Acquisition/Integration costs post-tax <sup>8</sup>	23	28	
Restructuring charges post-tax (calculated at Group effective tax rate)	224	154	
Impact of Tax Reforms	(12)	25	
<b>Adjusted Net Income</b>	<b>2,378</b>	<b>2,560</b>	<b>+8%</b>
<b>Adjusted EPS (€)</b>	<b>4.26</b>	<b>4.62</b>	<b>+8%</b>

8. Calculated post-tax at the year effective tax rate

Page | 20

Investor Relations  
Schneider Electric  
Amit Bhalla  
Tel: +44 20 7592 8216  
www.schneider-electric.com  
ISIN : FR0000121972

Press Contact :  
Schneider Electric  
Véronique Luneau (Roquet-Montégon)  
Tel : +33 (0)1 41 29 70 76  
Fax : +33 (0)1 41 29 88 14

Press Contact :  
DGM  
Michel Calzaroni  
Olivier Labesse  
Phone : +33 (0)1 40 70 11 89  
Fax : +33 (0)1 40 70 90 46

## Appendix – Free Cash Flow and Net Debt

Analysis of net debt change in €m	FY 2017	FY 2018
<b>Net debt at opening at Dec. 31</b>	<b>(4,824)</b>	<b>(4,296)</b>
Operating cash flow	3,020	3,405
Capital expenditure – net	(688)	(770)
<b>Operating cash flow, net of capex</b>	<b>2,332</b>	<b>2,635</b>
Change in trade working capital	(126)	(436)
Change in non-trade working capital	47	(97)
<b>Free cash flow</b>	<b>2,253</b>	<b>2,102</b>
Dividends	(1,197)	(1,303)
Acquisitions – net	(557)	(730)
Net capital increase	(10)	(665)
FX & other	39	(244)
<b>(Increase) / Decrease in net debt</b>	<b>528</b>	<b>(840)</b>
<b>Net debt at Dec. 31</b>	<b>(4,296)</b>	<b>(5,136)</b>

## Appendix – ROCE

ROCE calculation					
<b>P&amp;L items</b>					<b>2018</b>
					<b>Reported</b>
EBITA			▶ (1)		3 573
Restructuring costs			▶ (2)		-198
Other operating income & expenses			▶ (3)		-103
= Adjusted EBITA			(4) = (1)-(2)-(3)		3 874
x Effective tax rate of the period <sup>1</sup>			▶ (5)		22.5%
= After-tax Adjusted EBITA			(A) = (4) x (1-(5))		3 004
<b>Balance sheet items</b>					<b>2018</b>
	2017	2018			<b>Avg of 4</b>
	reported	reported			<b>quarters</b>
Shareholders' equity	19 942	22 264	(B)	▶	21 099
Net financial debt	4 296	5 136	(C)	▶	5 545
Adjustment for Associates and Financial assets (fair value)	-702	-733	(D)		-720
= Capital Employed	23 536	26 667	(E) = (B)+(C)+(D)		25 925
<b>= ROCE pre AVEVA minority adjustment</b>			(A) / (E)		<b>11.6%</b>
Adjustment for AVEVA 40% Minority (excluding in adj. EBITA and Shareholders' equity)					0.2%
<b>=ROCE</b>					<b>11.8%</b>
1. Effective tax rate					