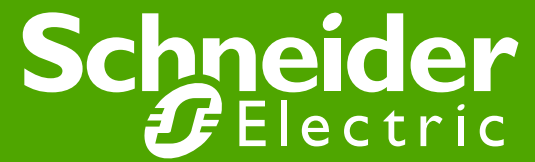


# Xantrex Acquisition

July 2008



# 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.

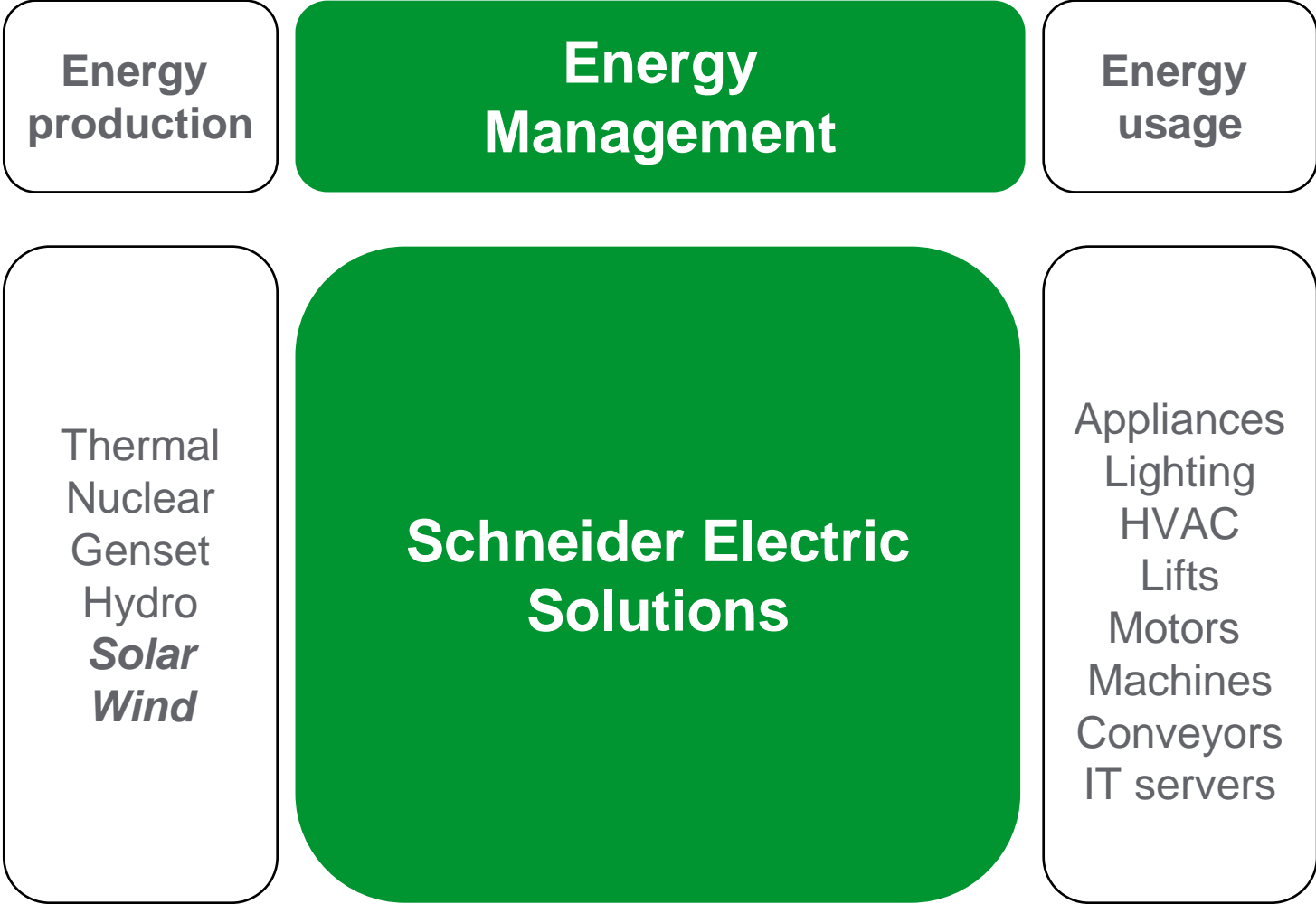
04 Strategic intent

16 Presentation of the acquisition

Strategic  
intent



# Schneider Electric is the global specialist in Energy Management



# Schneider Electric is the global specialist in Energy Management

## We make energy...

Safe

Reliable

Efficient

Productive

Green

## We offer ...

> Protection to people & assets

> Ultra secured power for critical applications

> Energy Efficiency  
> Open & integrated systems for optimised Capex and Opex

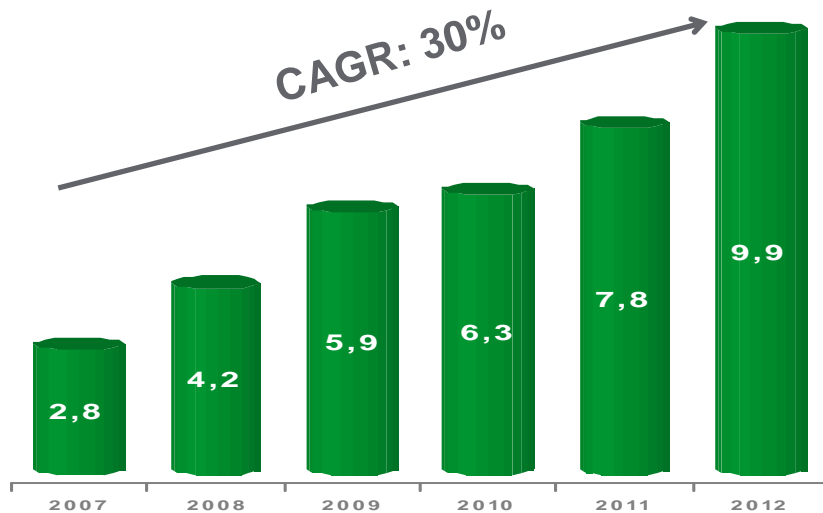
> Automation everywhere  
> Connectivity everywhere  
> Services at every phase of the lifecycle

> Renewable energy solutions

Help our customers make the most of their energy

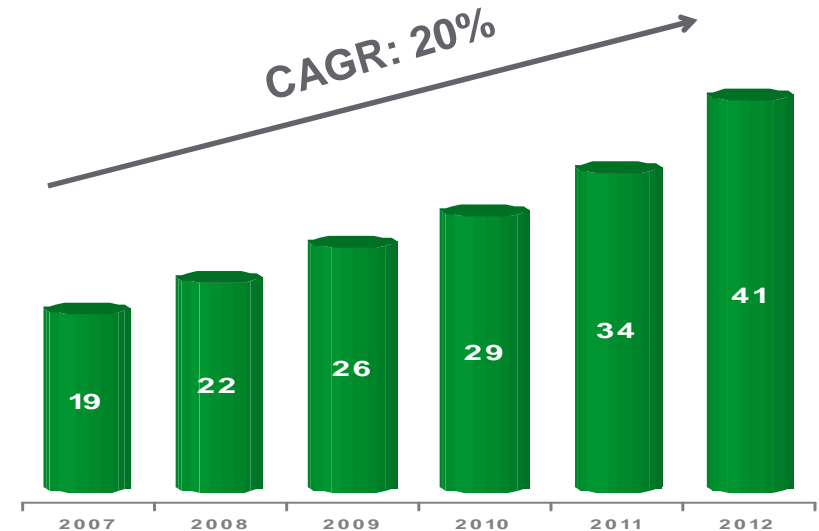
# The renewable energy business is poised for continued high growth

Solar market demand in GW



Source : Market Buzz 2008 / Solar Buzz LLC 2008

Wind market demand in GW



Source : BTM Consult Aps "International Wind Energy Development – World Market Update 2006" (March 2007)

- Rising demand for alternative energy due to increasing cost of fossil energies
- Societal sensitivity to environmental concerns and green energy usage
- Increasing number of financial incentives in many countries

# Schneider Electric is active in renewable energy with a business growing above 40%\*

## Solar

- Multiple, large solar power plants equipped with SE solutions (for instance over 30 MW cumulated in Spain)
- Complete solution for a French solar power plant (4 MW) in partnership with Solaire Direct\*\*
- Largest solar installation on a roof in Europe for General Motors in Saragoza (Spain) with Veolia (10MW)
- Electrical / electronic package for the residential market in France through distributors: Agidis, Marteck, BP Solar ...
- Multiple solar thermal and PV solutions in the US

## Wind

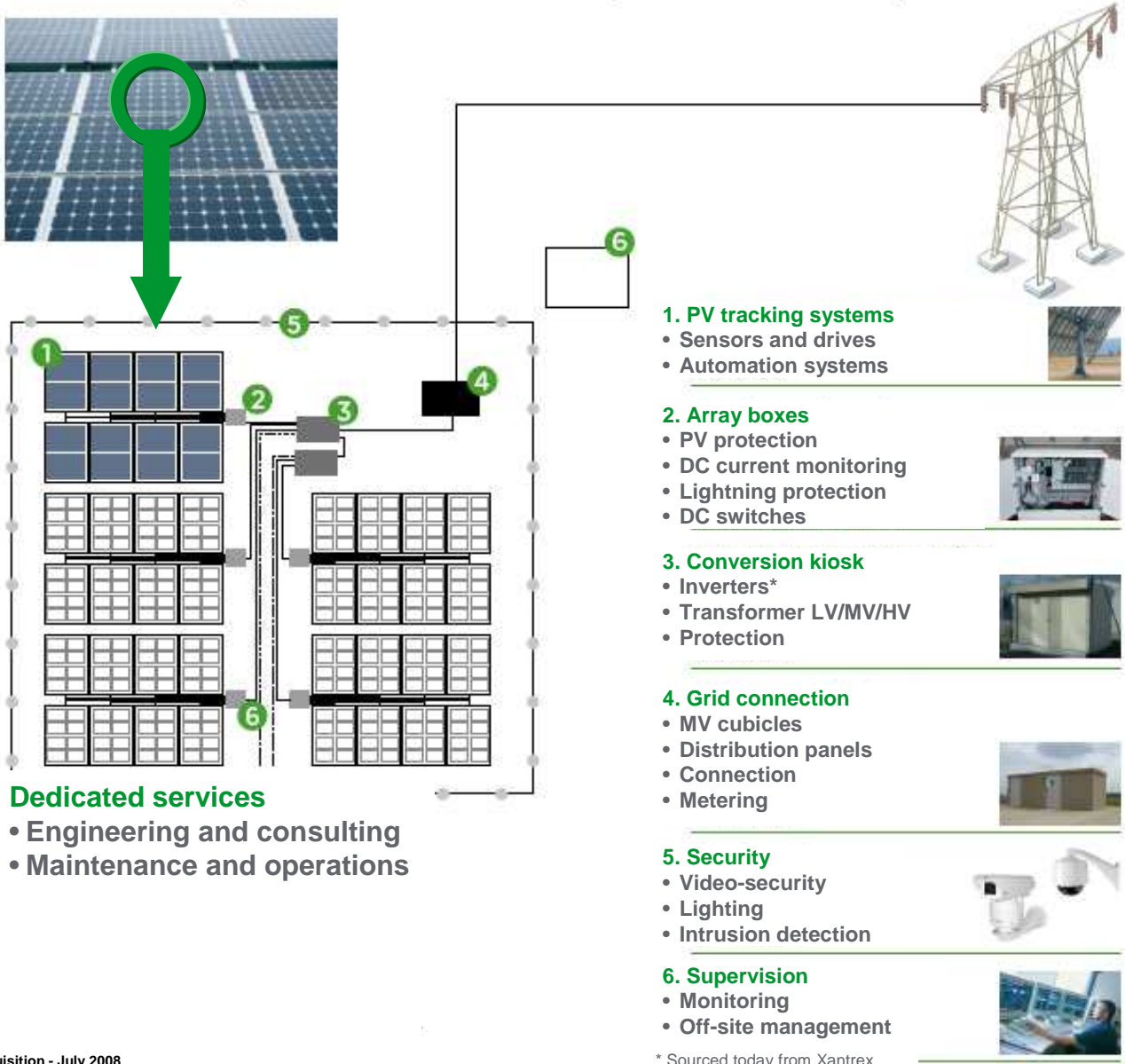
- Electrical solutions for wind farms

## Hydraulic

- Monitoring of hydraulic installations

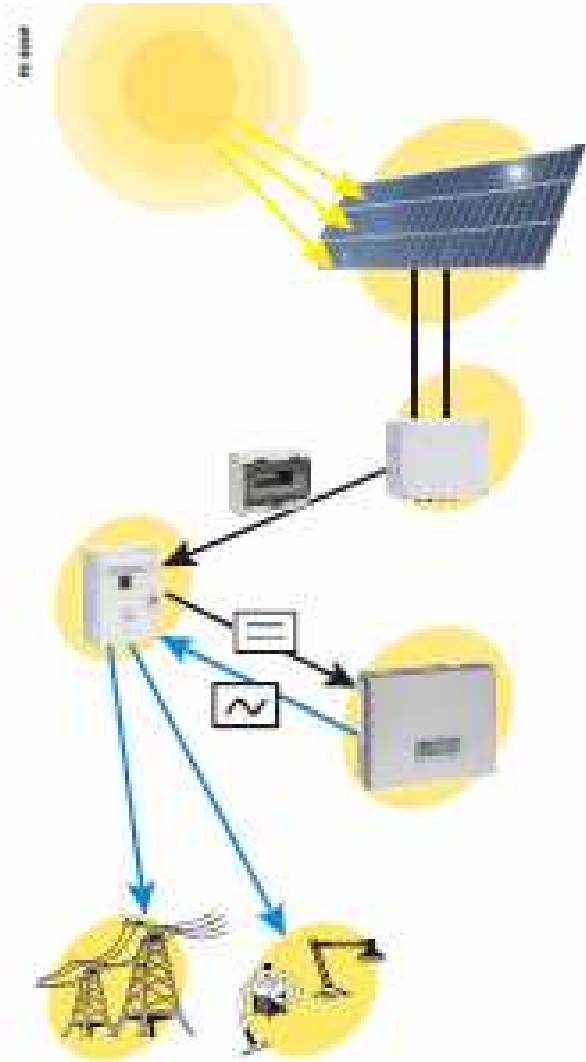
\* Based on 2007 orders    \*\* Schneider Electric is holding 18% of Solaire Direct through Schneider Electric ventures

# Schneider Electric offers Buildings & Utilities full connection solutions for renewable energy



\* Sourced today from Xantrex

# Schneider Electric also offers full connection packages for renewable energy in Residential



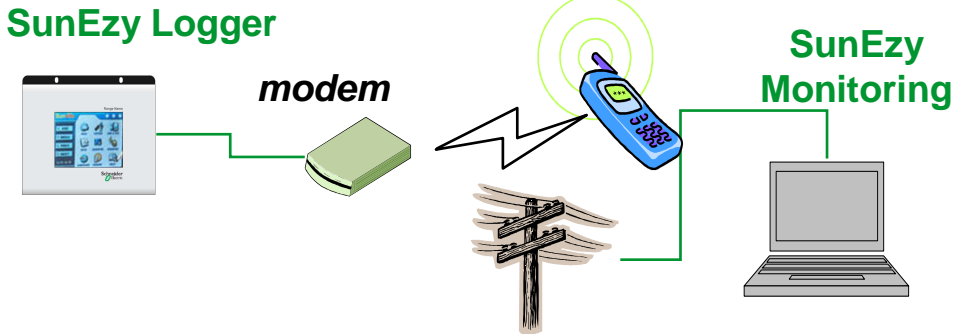
## Inverters



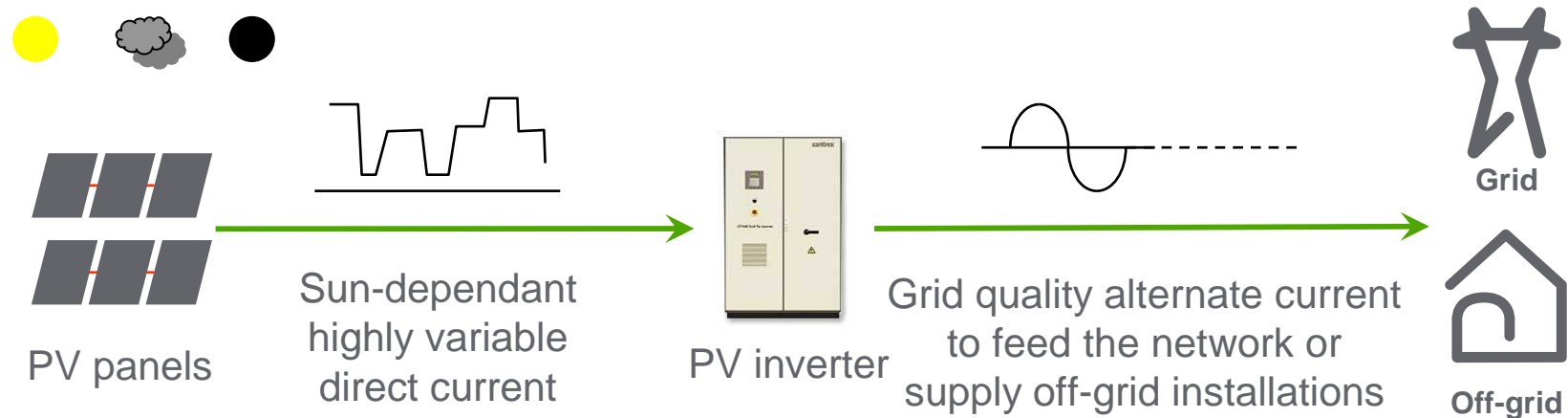
## Protection and grid connection



## Communication and monitoring



# Inverter is a key entry point for solar system solutions



- Efficiently converts raw electrical power (DC) into usable power (AC)
- Becomes the interface between energy sources and electronic devices
- Provides high quality, grid-worthy electricity
- Secures the reliability of installations

# Xantrex is a leading player in solar and wind inverters with cutting edge technology

## Solar



**GT Single Phase Series**  
2.8kW – 5.0kW  
Residential  
Grid Tie Inverter



**XW-MPPT**  
Solar Charge  
Controller



**GT30E**  
Int'l 3 Phase 30kW  
Commercial Grid Tie



**GT500E**  
Int'l 3 Phase 500kW  
Commercial Grid Tie



**GT250NA**  
NA 3 Phase 250kW  
Commercial Grid Tie

## Wind



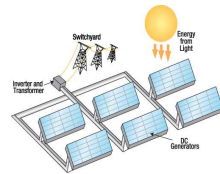
**1.5 MW to 2.5MW Converters**  
Industrial Wind



**10 kW Grid Tech Inverter**  
Small Scale Wind

# With Xantrex, Schneider Electric becomes a leading player in renewable energy solutions

## Solar



- Electrical / electronic packages & solutions
- OEM: electrical package to module manufacturers

## Wind



- OEM: converter, switchgear, transformers
- Electrical / electronic solutions

### Residential

- Package simple to install with monitoring capabilities

### Buildings

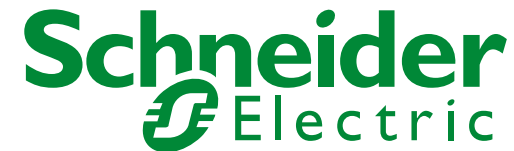
- Global energy efficient solutions
- Integrated security systems
- Maintenance & services

### Power plants

- Global solutions for both Wind & Solar power plants
- Solution for site security
- Maintenance & services

# Xantrex combined with Schneider Electric provides significant opportunities and ...

**xantrex**



- Dedicated solar and wind channel access, relationships with key customers
- Mastering of power electronic for renewable energy applications
- Wide international footprint
- Solution centres for complete renewable solutions
- Significant synergy potential with APC in purchasing, technology and operations

# ... unique integrated solutions to insure reliability and efficiency of renewable energy systems

- Efficient and reliable energy conversion
- High quality, grid-worthy electricity
- Power sourcing optimisation

# Presentation of the acquisition



# Xantrex is the n°3 inverter player worldwide

## xantrex

Position: #3 in the inverter market

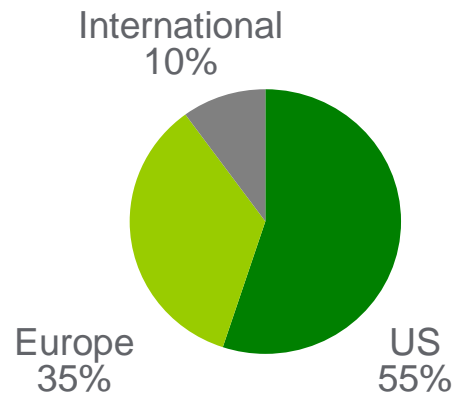
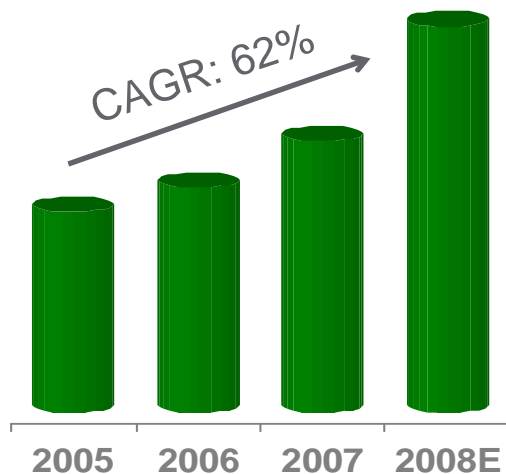
Sales: \$ 228m \*

Employees: ~ 350

**Renewable**  
**68%**

Inverters

- Photovoltaic (80%) and Wind (20%)
- Applications: commercial, power plants, residential



**Mobile**  
**32%**

Inverters & portable UPS

- Boats, trucks, recreational vehicles
- Home & office back-up
- 90% North America

\* Sales estimated for 2008 excluding Programmable segment which is planned to be divested prior to acquisition by Schneider Electric

# Xantrex has key strengths

## **Top 3 global player in inverters for renewable energy**

- Leadership position in the North American solar inverter market, with highest growth potential
- Strong sales growth in wind inverters (+75% expected in 2008)
- Gain of market share in European key markets (Germany, Spain)

## **Broad product portfolio with high reliability & quality**

- 80% of products recently renewed with cutting edge technology
- Recognised R&D capabilities (recent industry award in Spain)

## **Dedicated market access: distributors, system integrators & OEMs**

- Strong and loyal customer base
- Established relationships with leading industry players

# Xantrex is improving operating margin thanks to volume growth

In USDm*	H1 2007	2007	H1 2008E
Sales	65.5	160.3	107.6
EBITDA	1.6	6.1	10.9
Margin %	2.5%	3.8%	10.2%
EBITA	(1.2)	3.3	7.9
Margin %	-1.8%	2.1%	7.4%

## Significant investments in the last few years

- Several new product introductions resulting in high development and industrialisation costs not yet amortised
- Aggressive expansion of European and Asian sales coverage

## High operational leverage potential

- Benefits of newly introduced products
- Manufacturing costs optimisation and plant rationalisation

\*Schneider Electric estimates

# Significant cost synergies and growth potential generate strong value creation

## Revenue synergies

Sales: USD 57m – EBITA: USD 8m

- Sale of Xantrex products to SE clients (inverters) and sale of SE products to Xantrex clients (electrical distribution)
- Leverage of SE technological know-how and integration capabilities in power applications
- Leverage of SE commercial access & geographical presence in Europe and Asia

## Costs synergies

EBITA: USD 18m

- Better purchasing conditions thanks to SE/APC scale
- Lower manufacturing costs thanks to SE/APC in-house capabilities and global reach
- Administrative costs savings

**2011 Target  
Incl. synergies**

**Sales: USD 470m**

**EBITA: USD 69m**

# Description of the transaction

## **Acquisition price (debt-free/cash-free basis): USD 412m (CAD 415m)**

- Price of CAD 15.0 cash per share
- Total aggregate purchase price: CAD 498m inclusive of net proceeds from the sale of the Programmable business

## **Expected Return On Capital Employed to be well above Cost of Capital in year 3**

## **Plan of arrangements to be approved by at least 66.7% of the shareholders and subject to:**

- The divestiture of Xantrex's Programmable business prior to closing
- Customary closing conditions including regulatory approvals

## **Agreement of the largest shareholder, holding 24.4% of Xantrex' shares, to vote in favor of the transaction**

## **Price to be paid in cash at closing expected by October 2008**

Help people make the  
most of their energy

