

Financial Information

Strong growth in earnings in first-half 2007 and a very promising start for the new APC-MGE business unit

⇒ Sales	up 25%
⇒ EBITA	up 23%
⇒ Net income	up 21%

- **Record organic sales growth: up 14.0%**
- **Fast deployment of portfolio's new businesses**
- **EBITA margin up 0.5 point to 14.2% on a proforma basis***
- **Sustained growth and noticeable upturn in APC-MGE profitability**
- **Organic growth for full-year 2007 revised upward to 11%**

Rueil Malmaison, August 1, 2007 – Meeting on July 31, 2007, the Supervisory Board reviewed the financial statements for the period ended June 30, 2007 established by the Management Board on July 27, 2007.

€ million	First-half 2007	First-half 2006	% Change
Sales	8,254	6,586	+25%
EBITA**	1,175	954	+23%
Net income	729	604	+21%
Earnings per share (€)	3.16	2.75	+15%

Commenting on the results, Jean-Pascal Tricoire, Chairman of the Management Board and CEO, noted: "Schneider Electric again achieved excellent sales and earnings growth in first half 2007. The strong investment and on-going efforts made in the development of our geographic coverage and our new businesses such as energy management, services, electrical equipment and building management have allowed us to take full advantage of the strong momentum in our markets. The effective integration of APC and the fast upturn in its profitability also made a significant contribution to our performance. We intend to pursue our commitment in geographic expansion and the deployment of complete solutions to further enhance our position in a favorable environment."

* Including APC data over 4.5 months of first half 2006

** EBITA = EBIT before amortization of purchase accounting intangibles

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I. NEW ORGANIC GROWTH RECORD IN FIRST HALF 2007

In **first-half 2007**, sales rose a strong **25.3%** on a current structure and exchange rate basis to **€8,254 million**.

Acquisitions — primarily APC, consolidated since February 15, 2007 for €733 million, as well as IBS, Merten and GET, acquired in 2006 — contributed a significant €986 million, or 14.9% of sales growth. The negative currency effect reduced sales by €208 million or -3.6% due to the dollar's depreciation against the euro.

On a constant structure and exchange rate basis, sales grew by a record **14.0%**. The Group is benefiting from forefront positions in emerging countries, where it recorded average growth of 21%, and powerful momentum in the new energy management and services businesses.

€ million	Sales 1 st Half 2007	% change 1st Half constant	Sales 2 nd Quarter 2007	% change 2 nd Quarter constant
Europe	3,818	+12.4%	1,954	+10.4%
North America	2,287	+12.5%	1,236	+15.5%
Asia-Pacific	1,477	+15.5%	808	+14.9%
Rest of the World	672	+25.0%	363	+32.2%
Total	8,254	+14.0%	4,361	+14.2%

In the **second quarter 2007**, sales totaled **€4,361 million**, up **14.2%** on a constant structure and exchange rate basis, on a par with the first quarter.

Business in **Europe** continued to benefit from a very buoyant environment in the second quarter, with sales rising **10.4%**. This was slightly less than in the first quarter, when the growth was amplified by favorable weather conditions. Eastern Europe confirmed its role as a particularly important growth engine, recording sales growth of more than 30%.

In **North America**, sales growth rebounded to **15.5%**, reflecting the very good level of orders booked since the end of 2006 and the continued impact of price increases. The Group turned in a solid performance in bullish markets, notably infrastructure and data centers, and benefited from strong demand for energy efficiency solutions.

At **14.9%**, growth in the **Asia-Pacific** region was again driven by China, which sales continued to rise at a sustained pace of more than 20%. Schneider Electric was also very successful in critical power and building automation businesses.

In the **Rest of the World**, sales climbed **32.2%**. Business remained strong in all regions, notably in the Middle East, thanks to the vibrant trend in oil and mining sectors, and more globally in construction and infrastructure.



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II. STRONG GROWTH IN EBITA: up 23%

Record sales growth and constant control over operating costs fed through to a sharp increase in **EBITA** in first-half 2007, which rose **23%** from the year-earlier period to **€1,175 million**. Over the past eight half-years, operating profit has grown by an average 24%.

- Record sales growth generated a strong volume effect, partially offset by an unfavorable business mix effect stemming from strong growth in services, projects and solutions.
- The Group continued to push for price increases during the period, lifting sales by **€155 million** or **2.4%**, offsetting the **-€132 million** inflation in raw material costs.
- Efficiency plans allowed to generate industrial productivity gains of **€126 million**, representing **3.6%** of the products' cost of sales. In a situation of strong demand from end customers, these gains reflect substantial savings in purchasing and the growing effects of geographic re-balancing in the production base.
- Technical, commercial and administrative costs rose by **10.5%** on a constant structure and exchange rate basis, to be compared with organic sales growth of 14.0%. Schneider Electric is pursuing its strategy of geographic expansion and deployment in new businesses.

EBITA also includes **€88 million** from APC, the world leader in Critical Power and Cooling Services, consolidated since February 15, 2007. Acquisitions contributed a total of **€117 million**.

Lastly, the exchange rates evolution reduced EBITA by **€50 million**, notably due to the dollar's significant decrease against the euro.

EBITA margin came to **14.2%** in first-half 2007. This represents a 0.5-point increase from first half 2006, including APC on a proforma basis*.

III. SIGNIFICANT GROWTH IN NET INCOME: up 21%

Net income rose at almost the same pace as EBITA, growing by **21%** during the period to **€729 million**.

This reflects a 1.7-point decrease in the effective tax rate to 28.1% and good interest expense management during a sharp increase in net debt to finance the acquisition of APC. The debt-to-equity ratio stood at 57% at June 30, 2007 compared with 21% at December 31, 2006.

Net earnings per share rose **15%** to **€3.16**. The smaller increase than for net income reflects the €1 billion share issue carried out during the period to finance part of the APC acquisition.

* Including APC data over 4.5 months of first half 2006.

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Return on capital employed (ROCE^{*}) was up **1.0 point** on a proforma basis^{**} at **10.9%**.

IV. VERY PROMISING START FOR THE NEW APC-MGE BUSINESS UNIT

Note: All data in this section correspond to the underlying performance of the Critical Power and Cooling Services Business Unit over the first six months of the year, and not the results consolidated by Schneider Electric, which include APC over only 4.5 months.

The new Critical Power and Cooling Services Business Unit, combining APC and MGE operations, generated sales of **\$1,659 million** in the first half of 2007. Organic sales growth compared to first-half 2006 reached **17%**, of which 14% for APC.

Growth was strong across all regions, confirming the critical power market's attractiveness. The business also benefited from rising demand for cooling and energy efficiency solutions, notably in the IT industry.

In this environment, initial measures to reduce costs and improve profitability in large systems led to a significant upturn in operating profitability. **EBITA margin^{***}** (before restructuring costs) widened to **10.9%** from 5.4% in first-half 2006, while adjusted EBITA^{***} grew by 150% to \$180 million.

Since the acquisition of APC was finalized on February 14, 2007, the new business unit has focused on:

- Building customer loyalty and enthusiasm and promoting the new business unit's strategy, notably with the implementation of an important alliance with IBM in data centers and two combined sales conferences.
- Deploying a unified organization on a common vision within 60 days and combining the two companies' specific skills.
- Launching an integration program based on precise action plans designed to leverage value-creating drivers identified in the APC acquisition plan.

Schneider Electric confirms that it is on track to achieve an annual synergies target of \$220 million by 2011. The Group has already allocated in detailed roadmaps 78% of the \$341 million in cumulative synergies expected by the end 2009.

V. SUPERVISORY BOARD APPOINTMENT

The Supervisory Board recently appointed Léo Apotheker as a non-voting Director, until the full membership has been proposed at the next Annual Shareholders' Meeting. Léo Apotheker (53 years old) is President CSO & Deputy CEO of SAP AG.

* ROCE: After-tax EBITA/ Shareholders' equity + Net debt + Provisions

** Including APC data over 4.5 months of first half 2006.

*** EBITA before restructuring costs of \$24 million in first-half 2007 (\$1 million in first-half 2006).



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VI. OUTLOOK FOR 2007

Assuming current economic, Schneider Electric anticipates for full-year 2007 **organic sales growth above 10%** i.e. two points higher than initially forecast and four points above the new² company program target.

Third-quarter 2007 sales will be released on October 23, 2007.

Schneider Electric: Giving the best of the New Electric World to everyone, everywhere, at any time

Schneider Electric is the world's power and control specialist. It anticipates and satisfies its customers' requirements in the residential, building, industry and energy and infrastructure markets. With 112,000 employees and operations in 190 countries, Schneider Electric generated revenue of €13.7 billion in 2006 through 13,000 distributor outlets.



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Appendix

Second-quarter 2007 sales by geographical region were as follows:

€ million	Sales 2 nd Quarter 2007	% change 2 nd Quarter constant	Changes in scope of consolidati on	Currency effect	% change 2 nd Quarter current
Europe	1,954	+10.4%	+13.4%	-	+23.8%
North America	1,236	+15.5%	+26.1%	-8.2%	+33.4%
Asia-Pacific	808	+14.9%	+14.6%	-2.3%	+27.2%
Rest of the World	363	+32.2%	+10.9%	-6.2%	+36.9%
Total	4,361	+14.2%	+16.8%	-3.0%	+28.0%

First-half 2007 sales by geographical region were as follows:

€ million	Sales 1 st Half 2007	% change 1 st Half constant	Changes in scope of consolidati on	Currency effect	% change 1 st Half current
Europe	3,818	+12.4%	+12.0%	+0.1%	+24.5%
North America	2,287	+12.5%	+22.0%	-8.7%	+25.8%
Asia-Pacific	1,477	+15.5%	+14.8%	-3.8%	+26.5%
Rest of the World	672	+25.0%	+9.0%	-8.0%	+26.0%
Total	8,254	+14.0%	+15.0%	-3.6%	+25.3%



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