Q3 2011 sales

October 20, 2011
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.
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Highlights
Q3 sales highlights

**Q3 2011 organic sales up 7.7%**
- Balanced contribution to growth by **IT, Power, Energy and Industry**
- **New economies** maintained good momentum with +14%
- **Solutions** continued to outgrow group average by 4 points

**Reported sales of €5.7bn up 4.6%**
- First integration of Telvent, Luminous and Steck
- Scope contributed only €9 million due to the fact that Q3 2010 included 4 months of sales of Areva Distribution

**Expect organic growth to fall comfortably within the target of 6% to 9%**
Q3 sales by business
Balanced contribution to growth by IT, Power, Energy and Industry

Analysis of change in Group sales

Organic +7.7%

Power +7.6%
Energy +7.3%
Industry +6.6%
IT +12.6%
Buildings +3.0%
Scope +0.2%
Fx -3.3%

Q3 2010
5,446

Q3 2011
5,697 +4.6%
Power Business
Driven by urbanization in new economies and industrial markets

Analysis of change: Power

By product lines
- **Products** continued to be robust due to rapid urbanization and sustained industrial demand. New product launches contributed to the performance of LifeSpace.
- **Solutions** renewed with growth, on stronger infrastructure investment and success of the energy management offering. Renewable energy was down as some countries reviewed their incentives policies.

By region
- Growing electrification needs and increased geographical coverage in new economies drove the strong performance of **Asia-Pacific** and to a lesser extent of the **Rest of the World** region.
- **North America** growth was also solid. **Western Europe** was flat, still impacted by Spain but also by softer Germany and Switzerland.

- Organic +7.6%
- Scope +0.9%
- Fx -3.2%

2,053
Q3 2010

2,162
Q3 2011

38% of Q3 sales
Energy Business
Infrastructure boosted Asia, North America in rebound

Analysis of change: Energy

By product lines
- **Products** business remained on the whole stable, as the decline in the transformer activity was offset by the acceleration in secondary medium-voltage products
- **Solutions** continued to grow, thanks to substations and dynamic service business

By region
- Growth was sustained in **Asia-Pacific**, driven by utility and infrastructure projects
- **North America** also posted a strong quarter
- **Rest of the World** saw slower dynamic reflecting softness of South America
- **Western Europe** was penalized by generally low utility spending, continued declines in Spain and a slowdown in France
Industry Business
Deceleration on higher comps, solutions still strong

Analysis of change: Industry

By product lines
- Deceleration from first half as expected
- All product lines showed lower growth than in the first half, particularly in the HMI activity, affected by the sluggish Japanese demand post earthquake, and the CST unit
- The solution business continued on a strong trend, driven by OEM solutions for machine builders and fast growing installed base services

By region
- All regions showed positive growth, with North America and Asia-Pacific well ahead of Western Europe and Rest of the World which were weighed down by Spain and Africa respectively
IT Business

Strong quarter thanks to complete data center solutions

Analysis of change: IT

By product lines

✓ Strong quarter, mainly on solid progression of solutions for fully integrated data center projects in all regions. Services also improved even though at a slower rate than previous quarter

✓ Products recorded a reacceleration of growth in Q3, driven primarily by sustained demand in new economies and some distributor catch-up actions in Western Europe following Q2 supply shortage, largely offsetting softer trend in North America

By region

✓ With the exception of North America, all geographies grew double-digit
Buildings Business
Growth in energy efficiency solutions and services

Analysis of change: Buildings

By product lines
- The **product** business was in slight decline due to the weak construction market in mature economies
- **Solutions** business continued to be strong, supported by robust advanced energy and installed base services for higher energy efficiency

By region
- **Asia-Pacific** reported the highest growth, followed by **Western Europe** and **North America**
- **Rest of the World** region was in decline, impacted primarily by a drop in activities in the Middle East

Organic +3.0%
Scope +8.9%
Fx -5.0%
389 +6.9%

Q3 2010 Q3 2011

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Q3 2010 Q3 2011

Q3 sales by region
Solid growth in all regions but Western Europe

Analysis of change in Group sales

New economies exceeded for the first time 40% of sales in Q3
New economies continued to drive growth: +14%
Outlook
2011 outlook

- **Price increases** should end up in line with the +1% guidance. While the Group also expects strong productivity, the combined effect of more negative mix on gross margin due to higher solutions growth over products and less favorable geographical mix, and stronger than expected inflationary pressures in new economies, is anticipated to reduce its near term profitability by **0.5 to 0.7 point** compared to the Group’s previous guidance.

- Given the reduced visibility on the near-term economic outlook and in order to drive higher cost efficiency going forward the Group will book additional **restructuring charges** impacting the margin by a further **0.2 to 0.4 point**

- Taking into account the year-to-date topline performance, Schneider Electric now expects its 2011 **organic growth** to fall comfortably within its target range of **6% to 9%**

- The Group now targets an **EBITA margin** of about **14%**, before acquisition and integration costs and consolidation impact of 2011 acquisitions

- 2011 is expected to be another year of growth of the EBITA before acquisition costs and restructuring
Q3 2011 sales performance

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q3 2011</th>
<th>Organic</th>
<th>Scope</th>
<th>Fx</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>2,162</td>
<td>+7.6%</td>
<td>+0.9%</td>
<td>-3.2%</td>
<td>+5.3%</td>
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<tr>
<td>Energy</td>
<td>1,174</td>
<td>+7.3%</td>
<td>-10.8%</td>
<td>-2.8%</td>
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<tr>
<td>Industry</td>
<td>1,090</td>
<td>+6.6%</td>
<td>+0%</td>
<td>-3.2%</td>
<td>+3.4%</td>
</tr>
<tr>
<td>IT</td>
<td>882</td>
<td>+12.6%</td>
<td>+12.8%</td>
<td>-3.7%</td>
<td>+21.7%</td>
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<tr>
<td>Buildings</td>
<td>389</td>
<td>+3.0%</td>
<td>+8.9%</td>
<td>-5.0%</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Group</td>
<td>5,697</td>
<td>+7.7%</td>
<td>+0.2%</td>
<td>-3.3%</td>
<td>+4.6%</td>
</tr>
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</table>

<table>
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<tr>
<th>€ m</th>
<th>Q3 2011</th>
<th>Organic</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Europe</td>
<td>1,755</td>
<td>+0%</td>
<td>-2%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>1,576</td>
<td>+15%</td>
<td>+14%</td>
</tr>
<tr>
<td>North America</td>
<td>1,352</td>
<td>+9%</td>
<td>+5%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>1,014</td>
<td>+10%</td>
<td>+2%</td>
</tr>
<tr>
<td>Group</td>
<td>5,697</td>
<td>+7.7%</td>
<td>+4.6%</td>
</tr>
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NB: See the details of the acquisitions impacting each quarter in the appendix of the press release
## 9-month 2011 sales performance

<table>
<thead>
<tr>
<th>€ m</th>
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<th>Organic</th>
<th>Scope</th>
<th>Fx</th>
<th>Current</th>
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<tr>
<td><strong>Power</strong></td>
<td>6,098</td>
<td>+8.2%</td>
<td>+0.2%</td>
<td>-1.5%</td>
<td>+6.9%</td>
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<tr>
<td><strong>Energy</strong></td>
<td>3,203</td>
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<td>+30.2%</td>
<td>-1.9%</td>
<td>+34.7%</td>
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<tr>
<td><strong>Industry</strong></td>
<td>3,317</td>
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<td>-1.8%</td>
<td>+13.0%</td>
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<tr>
<td><strong>IT</strong></td>
<td>2,294</td>
<td>+10.8%</td>
<td>+7.8%</td>
<td>-2.7%</td>
<td>+15.9%</td>
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<tr>
<td><strong>Buildings</strong></td>
<td>1,121</td>
<td>+5.6%</td>
<td>+7.5%</td>
<td>-2.9%</td>
<td>+10.2%</td>
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<tr>
<td><strong>Group</strong></td>
<td>16,033</td>
<td>+9.3%</td>
<td>+7.0%</td>
<td>-1.9%</td>
<td>+14.4%</td>
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<table>
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<tr>
<th>€ m</th>
<th>9M 2011</th>
<th>Organic</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>W. Europe</strong></td>
<td>5,222</td>
<td>+3%</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>Asia-Pacific</strong></td>
<td>4,244</td>
<td>+16%</td>
<td>+24%</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>3,743</td>
<td>+11%</td>
<td>+8%</td>
</tr>
<tr>
<td><strong>Rest of World</strong></td>
<td>2,824</td>
<td>+11%</td>
<td>+16%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>16,033</td>
<td>+9.3%</td>
<td>+14.4%</td>
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Contacts & agenda

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February 22
FY 2011 Results
Meeting and conference call in the morning
Help people make the most of their energy