



Financial Press Release

Strong organic growth in first-quarter 2008 fuelled by energy efficiency businesses and emerging countries

- **Strong organic growth of 9.5%**
 - **Excellent performance in emerging countries: up 17%**
 - **Solid trends in Europe and North America**
 - **Sharp increase in energy efficiency business**
 - **Organic growth target for 2008 confirmed at 6% to 8%**
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Rueil Malmaison, 21 April 2008 – In the first quarter, Schneider Electric recorded organic sales growth of **11.0%** adjusted for the number of working days, or 9.5% unadjusted. The quarter was penalised by a smaller number of working days in relation to the year-earlier period, which reduced the organic growth rate by 1.5 points. This effect should be offset in the following quarters.

On a current structure and exchange rate basis, sales rose **10.7%** to **€4,311 million**.

Acquisitions contributed a net €269 million or 6.9%. This primarily included APC, for €191 million (1.5 months), and Pelco, for €90 million (3 months). The divestment of MGE's small systems business reduced sales by €44 million. The currency effect had a negative impact of €197 million or 5.7%.

The breakdown of sales by geographical region was as follows:

€ million	Q1 2008 sales	Organic growth (quarter)	Changes in scope of consolidation	Currency effect	Reported growth (quarter)
Europe	1,992	+7.1%	+1.7%	-1.9%	+6.9%
North America	1,166	+6.7%	+16.7%	-12.5%	+10.9%
Asia-Pacific	750	+13.6%	+3.3%	-4.8%	+12.1%
Rest of the World	403	+22.9%	+12.6%	-5.2%	+30.3%
Total	4,311	+9.5%	+6.9%	-5.7%	+10.7%

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“Schneider Electric, the global specialist in energy management, turned in a very good performance in the first quarter, in line with its forecasts,” noted Jean-Pascal Tricoire, Chairman of the Management Board and CEO. *“Our performance is fuelled by our two engines for growth: broad exposure in emerging countries and unique positioning in energy efficiency. Thanks to the development of targeted solutions for attractive verticals such as data centers, water treatment and hospitals, the Group now generates close to 60% of its sales in markets supported by healthy growth drivers. As a result, we confirm our targets for full-year 2008 of an organic sales growth of between 6% and 8% and an EBITA* margin of 15%”.*

Growth by region

In **Europe**, first-quarter sales rose **9.3%** adjusted for the number of working days, or 7.1% unadjusted. Growth in Eastern Europe remained strong at more than 20%, lifted by continuing very favourable trends in building and infrastructure.

In Western Europe, Schneider Electric benefited from very good business in critical power and building automation solutions to optimise energy efficiency and performance in installations. Sustained demand from OEMs lifted sales in the industry market, notably in Germany and Scandinavia. The deceleration in certain residential markets was confirmed, particularly in Spain and the United Kingdom.

Sales in **North America** increased by **8.4%** adjusted for the number of working days, or 6.7% unadjusted. Although the residential market's decline deepened in the midst of the real estate crisis, trends in other end markets remained favourable overall. The Group also benefited from its positioning in the most promising market segments. Infrastructure projects - in particular for data centres, water treatment, healthcare facilities and the oil and gas industry - and energy efficiency solutions for buildings generated additional growth during the quarter. Industry investment also remained firm, supported in part by the weak dollar.

Operations in the **Asia-Pacific** region enjoyed organic growth of **14.0%** adjusted for the number of working days, or 13.6% unadjusted. Schneider Electric achieved an excellent performance in China, with business up around 30% during the quarter thanks to very strong sales across the line-up, especially for services. Sales in the Pacific region were also on a good trend, with several mining projects in the works.

Rest of the World was up **22.9%** in the period, recording growth as high as 20% for the fifth quarter in a row. Operations in the Middle East, the main contributor with growth of 30%, were buoyed by the robust construction and infrastructure markets. Business in South America and Africa also continued to grow at a sustained pace.

* EBITA = EBIT before amortisation of purchase accounting intangibles

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Growth by business

Organic growth in Electrical Distribution (55% of sales), that has stronger exposure to the more powerful momentum in construction and energy markets, was slightly higher than in Automation & Control (31% of sales).

The Critical Power & Cooling business, with attractive growth prospects, accounted for 14% of Group sales in the first quarter.

€ million	Q1 2008 sales	Organic growth (quarter)	Changes in scope of consolidation	Currency effect	% Change current (quarter)
Electrical Distribution	2,380	+9.8%	+0.4%	-5.4%	+4.8%
Automation & Control	1,327	+8.0%	+9.1%	-4.8%	+12.3%
Critical Power & Cooling	604	+11.6%	+34.6%	-9.3%	+36.9%
Total	4,311	+9.5%	+6.9%	-5.7%	+10.7%

APC-MGE

The Critical Power & Cooling Business Unit recorded sales of **\$868 million** in the first quarter. Organic growth stood at **11%**** adjusted for the number of working days, or 9% unadjusted. The discontinuation of unprofitable *Home & Distributed* product lines had a negative impact of around one point that should continue to narrow as the year goes by.

Demand for critical power and cooling remains very strong, lifted by huge data exchange and storage requirements and the need for data centre managers to keep power supply and cooling costs under control.

Recent highlights

Agreement in principle for a joint venture with Fuji Electric

On 27 March, Schneider Electric and Fuji Electric Holding announced the signature of an agreement in principle to extend their cooperation in electrical distribution and industrial control. Fuji Electric will contribute its electrical distribution and industrial control operations in Japan, and other Asian countries including China, while Schneider Electric plans to contribute most of the Schneider Electric Japan Ltd operation and a circuit-breaker production line in Thailand, together with a cash amount of

** Corresponds to the Critical Power & Cooling Business Unit's organic growth over the quarter. Because APC was fully consolidated on 14 February 2008, organic growth consolidated by Schneider Electric comprises only that of MGE UPS and APC over 1.5 months.

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approximately €60 million that will give it a shareholding in the range of 40%, the majority of approximately 60% being held by Fuji Electric.

The new Joint Venture will cover product development, manufacturing, marketing and sales, with the goal of combining Schneider Electric's and Fuji Electric's strengths and offers to increase their penetration in the Japanese market and to become the preferred supplier of Japanese customers worldwide. The parties intend to finalize the negotiation of their different agreements and to obtain the related regulatory approvals towards mid-year.

Acquisition of ECP Tech Services

On 27 March, Schneider Electric announced that it had signed an agreement to acquire ECP Tech Services (ECP), a US-based company that is a provider of power system testing, maintenance and commissioning services to industrial, utility and commercial customers throughout the United States. ECP reported revenue of around \$36 million in 2007. This acquisition will further strengthen Schneider Electric's field service presence in the Gulf coast area of the US and increase its penetration in the oil & gas and petrochemicals industry.

Acquisition of Wessen

On 17 April, Schneider Electric announced that it was acquiring Wessen, a leading Russian manufacturer of wiring accessories, primarily switches and sockets. The company generated sales of close to €24 million in 2007, of which 90% in Russia, where it benefits from a forefront position in residential programmes. This acquisition will make Schneider Electric a leader in the Russian wiring accessories market, which is expected to enjoy average annual growth of 15% over the next five years.

Outlook

Assuming current economic conditions, Schneider Electric confirms its targets for **organic sales growth of between 6% and 8%** and an **EBITA margin of 15%** for full-year 2008.

As in 2007, the full-year results will reflect the following factors:

- Sales volume effect will have a favourable impact.
- Selling prices will offset higher raw material costs.
- Changes in the business mix will have an unfavourable effect on gross margin.
- The Group will continue to achieve industrial productivity gains.
- Support function resources will be carefully increased in emerging countries and new businesses to support growth.

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The interim 2008 financial results and second quarter sales data will be released on 1 August 2008.

About Schneider Electric

Schneider Electric, the global specialist in energy management, offers integrated solutions making energy safer, more reliable, more efficient and more productive in the energy & infrastructure, industry, data centres & networks, buildings and residential markets. With sales of €17.3 billion in 2007, the company's 120,000 employees in 102 countries help individuals & organisations make the most of their energy.

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