Q3 2010 sales

October 20, 2010
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.
Q3 sales highlights

- **Strong Q3** with organic sales growth up 12%
  - Industry and IT continued to expand at double-digit
  - Improvement confirmed in Power and Buildings
- **Record high 9-month sales of €14 bn**

- **New economies** up 16%
- **Western Europe** in strong rebound

- **4-month integration in financial statements in this quarter, on track** with targets

- **15.5%-16%**
  - Full-year margin target raised to a range of **15.5% to 16%**
  - EBITA before restructuring and consolidation impact of Areva Distribution
Strong Q3 sales, up 12% like-for-like

Quarterly organic growth rates

- Reported quarter sales at €5,446 million
- Up 37.9% year-on-year
- Scope impact +17% essentially linked with Areva Distribution integration (4 months)
- Currency impact +9%
- Insignificant working days impact
Q3 sales by business
All businesses back to growth in the quarter

Analysis of change in Group sales

Q3 2009

Q3 2010

Organic
+11.9%

Scope
+16.8%

Fx
+9.2%

5,446
+37.9%

3,950

Power
+8.0%

Industry
+27.5%

IT
+11.9%

Buildings
+4.6%

CST
+22.5%
Power Business
Strong low voltage, medium voltage turned positive

Analysis of change: Power

By product lines

✓ **Medium Voltage**: started to post some sequential improvement from Q2 trough, as construction markets stabilized

✓ **Low Voltage**: products growth accelerated in the quarter, driven by good dynamics in new economies, strong industrial demand and improving construction market that bottomed in Western Europe

✓ **Solutions**: still slightly behind products rebound but were supported by i) solid growth in oil & gas and metals & mining projects in Eastern Europe and South America and ii) successes in the field of renewable energy projects across Europe

* Note: this comment excludes Areva Distribution performance which is consolidated as scope effect
## Power Business

### Strong in new economies and Western Europe

<table>
<thead>
<tr>
<th>Region</th>
<th>Change Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>Solid growth, partly helped by easier comparison, but also improvement in medium voltage and growing number of solar farm projects</td>
</tr>
<tr>
<td>North America</td>
<td>Slightly negative</td>
</tr>
<tr>
<td>APAC</td>
<td>Robust across the board, with South-East Asia, India and the Pacific catching up with China</td>
</tr>
<tr>
<td>RoW</td>
<td>South America further improved this quarter, reflecting the overall good economic fundamentals. Russia continued the strong rebound - other Eastern European countries improved after the severe weakness endured a few quarters ago</td>
</tr>
</tbody>
</table>

### Analysis of change: Power

<table>
<thead>
<tr>
<th>Component</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic</td>
<td>+8.0%</td>
</tr>
<tr>
<td>Scope</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Fx</td>
<td>+8.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2009</td>
<td>2,307</td>
</tr>
<tr>
<td>Q3 2010</td>
<td>2,697</td>
</tr>
</tbody>
</table>

49% of Q3 sales
Areva Distribution
First consolidation, in line with targets

Integration impact
- **4-month consolidation** in this quarter (€459 million for the 3-month period of July to September)
- Sales impact is fully in scope (until June 2011)
- Activity **stable** compared to the same period last year on the overall

Targets
- On track to reach **€1.1 bn** sales target for the June to December period
- To be merged with Schneider Electric’s current medium voltage activity to form the new business called **Energy**
- Energy will be reported separately from **2011** onwards

Areva Distribution

€629m
(€459m over 3 months)

Q3
2010

12% of Q3 sales
Industry Business
High level of performance sustained in Q3

Analysis of change: Industry

<table>
<thead>
<tr>
<th></th>
<th>Q3 2009</th>
<th>Q3 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic</td>
<td>668</td>
<td>942</td>
</tr>
<tr>
<td>Scope</td>
<td>+3.9%</td>
<td>+9.6%</td>
</tr>
<tr>
<td>Fx</td>
<td></td>
<td>+41.0%</td>
</tr>
</tbody>
</table>

By product lines

- **OEMs** a key driver to the performance
  – driving demand for both products (notably control & signaling, drives & motion, sensors) and solutions (SoMachine v2 and successes in packaging and HVAC).

- Automation **end-users** segments, though not as strong, was supported by better momentum in the mining and water segments.

- Sales still benefited from some anticipated orders because of component shortages, but supply tension is easing progressively.

By region

- Trends were strong both in **mature** and in **new economies**

- **Western Europe** and **North America** accelerating compared to Q2
IT Business
All business lines and geographies now positive

Analysis of change: IT

- **Organic** +11.9%
- **Scope** +0%
- **Fx** +10.4%
- **Q3 2009** 575
- **Q3 2010** 703
- **13% of Q3 sales**
- **13% of Q3 sales**

By product lines
- **Small systems** continued to be strong supported by good momentum in most regions and releases of new generation products
- **Large systems** and services further accelerated, with delivery of several big projects in Asia Pacific and Eastern Europe

By region
- **Western Europe** renewed with growth thanks to improving market conditions
- **Asia-Pacific** still faced some component shortage
- **North America** remains strong, up double-digit
- Rebound of Russia and Latin America continued to support the **Rest of World** region
Buildings Business
Growing despite weak mature construction markets

Analysis of change: Buildings

By product lines
- Better momentum compared to Q2
- Strong solution business, in both installed base services and advanced services for energy efficiency projects
- Product business continued to be impacted by non-residential exposure, especially in its key mature markets

By region
- Growing demand in new economies, in particular for security products
- North America and Western Europe supported by energy efficiency projects

Organic +4.6%  Scope +2.1%  Fx +9.2%  363 +15.9%

Q3 2009  314

Q3 2010  7% of Q3 sales

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Q3 2009  314

Q3 2010  7% of Q3 sales
CST Business
Continued rebound

Analysis of change: CST

By product lines
- Business continued to benefit from the recovery of the **transportation** markets and from better global **industrial** demand
- **Aerospace** bottomed and was back in positive zone in the quarter

By region
- Broad based growth
- **Europe** continued to improve
- **North America** as strong as in Q2
Q3 sales by region
New economies ahead but mature countries also contributing significantly

Analysis of change in Group sales

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3 2009</th>
<th>Q3 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>West. Europe</td>
<td>3,950</td>
<td>5,446</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of World</td>
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</tr>
</tbody>
</table>

% of Q3 sales

- West. Europe: 33%
- North America: 24%
- Asia Pacific: 25%
- Rest of World: 18%

NB: Starting from 2010, the geographical reporting is based on sales by destination as opposed to sales by country of invoicing. The Rest of World region now includes Eastern Europe, in addition to Middle East, Africa and South America.
37% of sales in new economies on YTD basis

New economies

- New economies: robust momentum sustained
- Asia-Pacific up 20% led by China (despite tougher comps) and South-East Asia (incl. Indonesia, Singapore and the Philippines)
- South America and Eastern Europe ahead of Middle East and Africa

Mature economies

- Also double-digit growth for mature countries, on still low comparison
- In Western Europe: Germany and Italy clearly led the way (strong OEM business). France remained solid, Spain and Scandinavia are stabilizing
- North America: growth driven by IT and Industry but the more construction-related Power business remained a drag
- Pacific and Japan were strong

New economies: Asia (excl. Japan), Eastern Europe (incl. Russia), Middle East, Africa, Latin America (incl. Mexico)
Acquisition of 50% of Electroshield - TM Samara
Electroshield – TM Samara is the leader in medium voltage in Russia

Sales

2009 sales breakdown

<table>
<thead>
<tr>
<th>Industry (Distribution &amp; Generation)</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><del>RUB 17.0 bn (</del>€425m)</td>
<td></td>
</tr>
<tr>
<td><del>RUB 14.5 bn (</del>€330m)</td>
<td></td>
</tr>
</tbody>
</table>

2009

Industrial and employee data

~7,000 employees
4 industrial sites in Russia & Uzbekistan

19209 2010e

Products & technologies

MV Products
(incl. switchgears, transformers, shelters)

LV Products
Electroshield – TM Samara a strong fit to Schneider Electric’s presence in Russia

Leadership position in medium voltage
- Products excellence
- R&D, technical design competencies
- Proven project execution capability

Excellent access to Russian customers
- Oil & gas
- Electro-intensive
- Power generation

Geographical complementarities
- Access to Eastern Russia (Siberia, Ural etc.) and Central Asia

Strong local industrial footprint
- 4 industrial sites: 3 in Russia, 1 in Uzbekistan

Technological, commercial & geographical complementarities with Schneider Electric in Russia
Electroshield – TM Samara an accretive transaction for Schneider Electric

- Acquisition price for 50% of the company
  - RUB 10.7 bn (~€265 million), debt-free cash-free
  - 1.3x 2010e Sales

- EPS accretive from Year 1

- Expected to beat Schneider Electric’s WACC in Year 3

- EBITA margin close to Group average

- Consolidated under the equity accounting method

- Could obtain full ownership, subject to antitrust approval and other conditions, under similar financial conditions for the remaining 50%
Outlook
2010 outlook

**H2 topline**

Recovery of *Industry* and *IT* to continue, but more demanding base of comparison

Later-cycle *Buildings* and *medium voltage* to show sequential recovery

*New economies* to continue to develop very positively but will be measured against tougher comparison

Recovery of *mature markets*, especially North America, would probably remain slow

**FY profit drivers**

Industrial *productivity* and support function *costs savings* of €500-550m

Risks on *raw material* inflation €150-170m

Schneider Electric raises its targets for 2010:

**Organic growth:**

High-single digit organic growth in H2

**Profitability Improvement:**

Full year EBITA margin range of **15.5%** to **16%**

before restructuring and consolidation impact of Areva Distribution
Appendices
## Recent acquisitions – consolidation impact

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>2009 Q3</th>
<th>2009 Q4</th>
<th>2010 Q1</th>
<th>2010 Q2</th>
<th>2010 Q3</th>
<th>2010 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conzerv (India)</td>
<td>Power</td>
<td>3m</td>
<td>3m</td>
<td>3m</td>
<td>~2m</td>
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<td></td>
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<tr>
<td></td>
<td>2008 sales €10 million</td>
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<td></td>
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<tr>
<td>Microsol (Brazil)</td>
<td>IT</td>
<td>3m</td>
<td>3m</td>
<td>3m</td>
<td>2.5m</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008 sales €24 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SCADAgroup (Australia)</td>
<td>Industry</td>
<td></td>
<td></td>
<td>3m</td>
<td>3m</td>
<td>3m</td>
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<tr>
<td></td>
<td>2010e sales €75 million</td>
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<td></td>
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</tr>
<tr>
<td>Cimac (M-E Gulf)</td>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
<td>~5m</td>
<td>3m</td>
<td>3m</td>
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<tr>
<td></td>
<td>2009 sales €40 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Zicom (India)</td>
<td>Buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2m</td>
<td>3m</td>
</tr>
<tr>
<td></td>
<td>2009 sales €30 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Areva Distribution</td>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4m</td>
</tr>
<tr>
<td></td>
<td>2009 sales ~€1.8 billion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3m</td>
</tr>
<tr>
<td>50% of Electroshield - TM Samara (Russia)</td>
<td>Equity accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
# 9-month 2010 sales performance

<table>
<thead>
<tr>
<th>€ m</th>
<th>9M 2010</th>
<th>Organic</th>
<th>Scope</th>
<th>Fx</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>7,523</td>
<td>+3.9%</td>
<td>+0.2%</td>
<td>+5.2%</td>
<td>+9.3%</td>
</tr>
<tr>
<td>Areva Distribution</td>
<td>629</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Industry</td>
<td>2,620</td>
<td>+24.6%</td>
<td>+2.7%</td>
<td>+5.7%</td>
<td>+33.0%</td>
</tr>
<tr>
<td>IT</td>
<td>1,912</td>
<td>+9.6%</td>
<td>+1.0%</td>
<td>+5.2%</td>
<td>+15.8%</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,017</td>
<td>+1.2%</td>
<td>+1.2%</td>
<td>+5.0%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>CST</td>
<td>316</td>
<td>+19.9%</td>
<td>+0.0%</td>
<td>+3.2%</td>
<td>+23.1%</td>
</tr>
<tr>
<td>Group</td>
<td>14,017</td>
<td>+8.3%</td>
<td>+6.2%</td>
<td>+5.3%</td>
<td>+19.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ m</th>
<th>9M 2010</th>
<th>Organic</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Europe</td>
<td>4,675</td>
<td>+4%</td>
<td>+13%</td>
</tr>
<tr>
<td>North America</td>
<td>3,481</td>
<td>+4%</td>
<td>+9%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>3,423</td>
<td>+22%</td>
<td>+41%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>2,438</td>
<td>+7%</td>
<td>+23%</td>
</tr>
<tr>
<td>Group</td>
<td>14,017</td>
<td>+8.3%</td>
<td>+19.8%</td>
</tr>
</tbody>
</table>
## Sales by quarter in 2009

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>2,256</td>
<td>2,316</td>
<td>2,307</td>
<td>2,354</td>
<td>9,233</td>
</tr>
<tr>
<td>Industry</td>
<td>644</td>
<td>658</td>
<td>668</td>
<td>695</td>
<td>2,665</td>
</tr>
<tr>
<td>IT</td>
<td>517</td>
<td>559</td>
<td>575</td>
<td>619</td>
<td>2,270</td>
</tr>
<tr>
<td>Buildings</td>
<td>318</td>
<td>316</td>
<td>314</td>
<td>320</td>
<td>1,268</td>
</tr>
<tr>
<td>CST</td>
<td>87</td>
<td>84</td>
<td>86</td>
<td>100</td>
<td>357</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>3,822</strong></td>
<td><strong>3,933</strong></td>
<td><strong>3,950</strong></td>
<td><strong>4,088</strong></td>
<td><strong>15,793</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Europe</td>
<td>1,445</td>
<td>1,378</td>
<td>1,301</td>
<td>1,422</td>
<td>5,546</td>
</tr>
<tr>
<td>North America</td>
<td>1,048</td>
<td>1,066</td>
<td>1,066</td>
<td>1,010</td>
<td>4,190</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>701</td>
<td>827</td>
<td>897</td>
<td>881</td>
<td>3,306</td>
</tr>
<tr>
<td>Rest of World</td>
<td>628</td>
<td>662</td>
<td>686</td>
<td>775</td>
<td>2,751</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>3,822</strong></td>
<td><strong>3,933</strong></td>
<td><strong>3,950</strong></td>
<td><strong>4,088</strong></td>
<td><strong>15,793</strong></td>
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Contacts & agenda

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November 17
Investor Day
Meeting in Paris
8:00am (CET)

February 17
FY 2010 Results
9:30am (CET)
Help people make the most of their energy