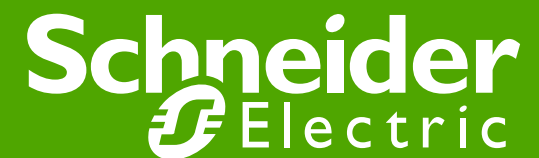


Half-year 2013 Results

July 31, 2013



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. For a detailed description of these factors and uncertainties, please refer to the section "Risk Factors" in our Annual Reference Document (which is available on www.schneider-electric.com). Schneider Electric undertakes no obligation to publicly update or revise any of these forward-looking statements.

This presentation includes information pertaining to the our markets and our competitive positions therein. Such information is based on market data and our actual sales in those markets for the relevant periods. We obtained this market information from various third party sources (industry publications, surveys and forecasts) and our own internal estimates. We have not independently verified these third party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.



4	Overview
6	Strategy and business update
15	Finance presentation
24	Outlook
28	Appendices

Overview



Schneider Electric – the global specialist in energy management

24

billion € revenues
(last twelve months)

42%

of revenues in new economies
(last twelve months)

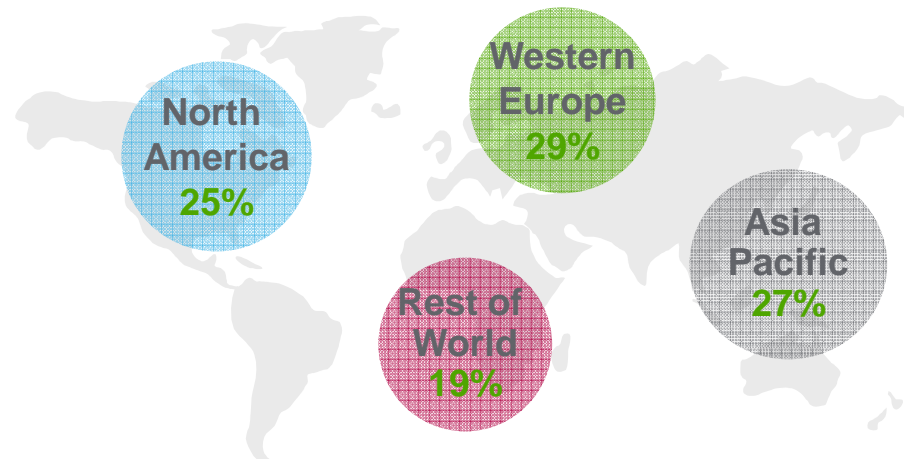
150 000+

people in 100+ countries

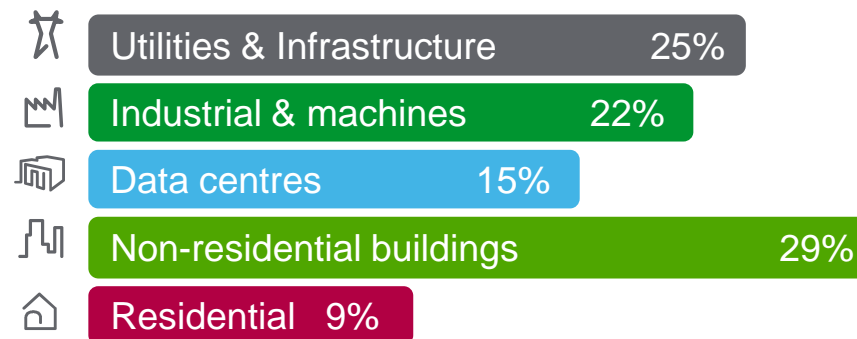
4-5%

of sales devoted to R&D

Balanced geographies – H1 2013 revenue breakdown



Diversified end markets – FY 2012 revenues



A three levers' sustainability strategy

for a consistent commitment

Green business

- Energy efficiency
- Smart cities, smart grids, sustainability services
- Renewables connection
- Electric vehicle charging

Responsible practices

- Green products and sites
- Responsible employer
- Communities support
- Ethics

BoP¹ Innovation

Access to energy - BipBop

- Business
- Innovation
- People

A measured commitment: The Planet & Society Barometer

- > Measuring sustainability
- > Communicating quarterly
- > Auditing annually



¹ Base of the Pyramid

Strategy and business update



Solid growth in the second quarter supports half-year performance

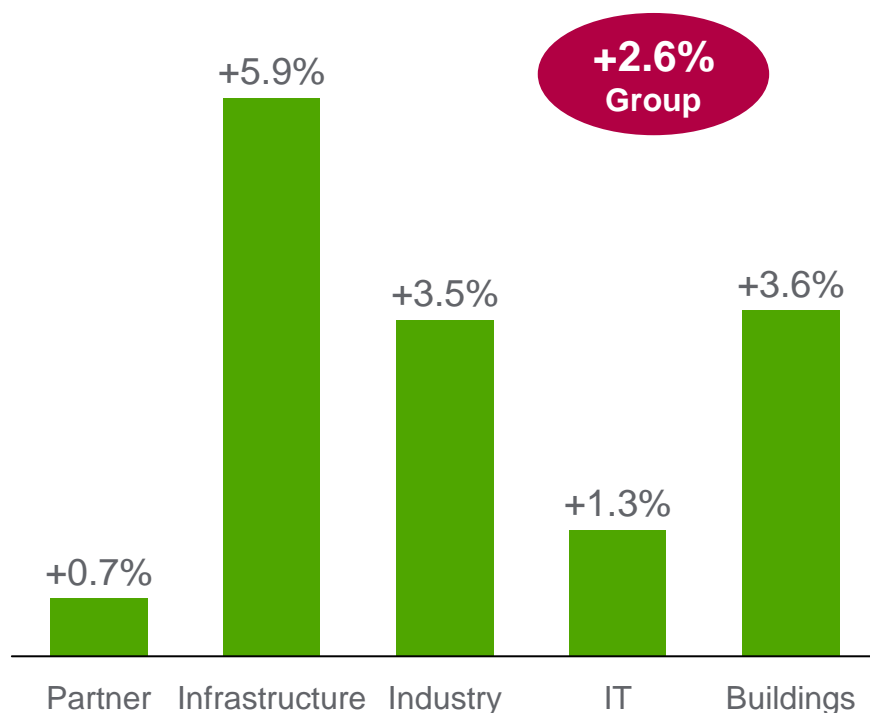
✓ Solid growth in Q2 2013 <ul style="list-style-type: none">• Across all businesses• Good performance in North America and China	▶	+2.6% organic growth in Q2
✓ New economies & services drive growth bringing H1 back into positive territory	▶	€11,430 m revenue in H1 +0.1% organic growth
✓ Improved gross margin¹ thanks to focused operational execution	▶	+20 bps improvement
✓ Adjusted EBITA margin slightly down but stable at constant foreign exchange and scope	▶	13.4% adjusted EBITA in H1
✓ Strong cash generation helped by inventory reduction initiatives	▶	€ 339 m Free cash flow

2013 full year targets maintained

¹ Excluding Electroschild – TM Samara acquisition

All the businesses posted positive growth in Q2

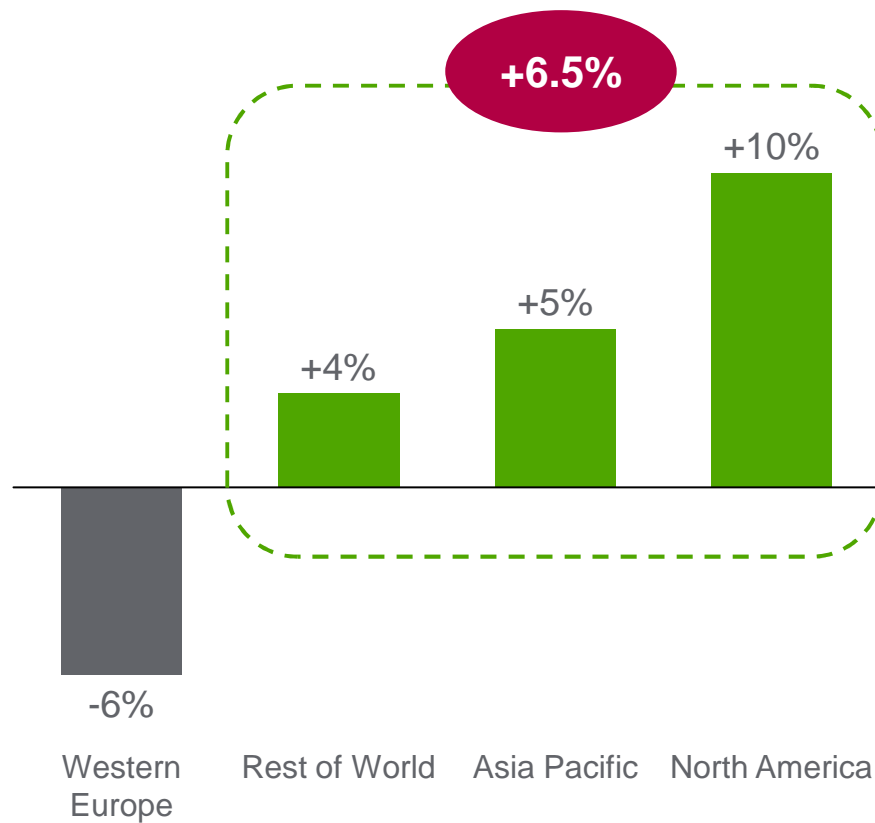
Q2 organic growth by business



- **Partner** renewed its growth, supported by demand from residential markets in the US, construction in China and fast growing offers in new economies
- **Infrastructure** led the growth, driven by investments in infrastructure in Russia, oil & gas in Australia and Canada and demand from utilities in the Middle East
- **Industry** was solid, driven by good performance in North America and China. Continued success of OEM solutions
- **IT** benefited from sustained demand for power reliability products in Asia Pacific
- **Buildings** turned positive thanks to strong installed base and energy management services

Q2 growth was strong outside Western Europe and Asia Pacific became the largest region

Q2 organic growth by geography



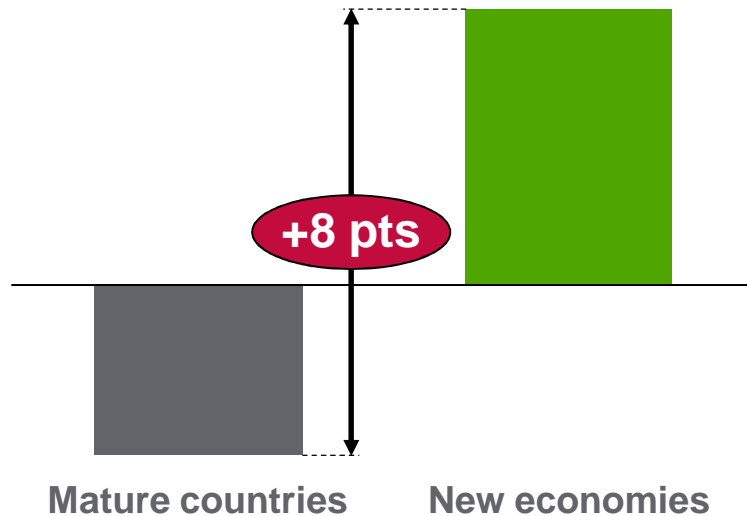
- **North America** grew double-digit on solid performance across businesses
- **Asia Pacific** became the largest region this quarter. It sustained its momentum thanks to continued growth in China, South East Asia and India, while Australia continued to be weak.
- **Rest of World** was driven by continued double-digit growth in CIS and support from Middle East and South America
- **Western Europe** remained weak overall, yet Nordics were positive

Asia Pacific and new economies represented respectively 28% and 44% of Q2 revenues

New economies and services outperformed the rest of the Group in the first half

New economies

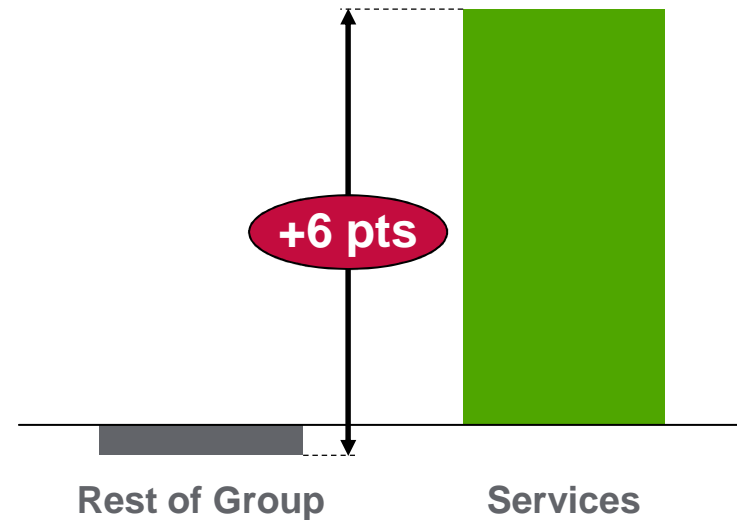
H1 organic growth



New economies represent **42%** of H1 2013 revenues

Services

H1 organic growth



Services grew in line with the Group's ambition, representing **€1.1bn** revenue in H1

Electroshield – TM Samara, a step change in Schneider Electric’s presence in Russia

Electroshield – TM Samara offers

Key position in Russian medium voltage

- Products excellence
- R&D, technical design competencies

Excellent market access

Oil & gas Utilities Mining, minerals & metal industries



Proven solution capabilities

- Innovative solutions
- Turnkey project execution in MV/LV substations, E-House

Strong local footprint

- ~ 10,000 employees
- 4 industrial sites: 3 in Russia & 1 in Uzbekistan

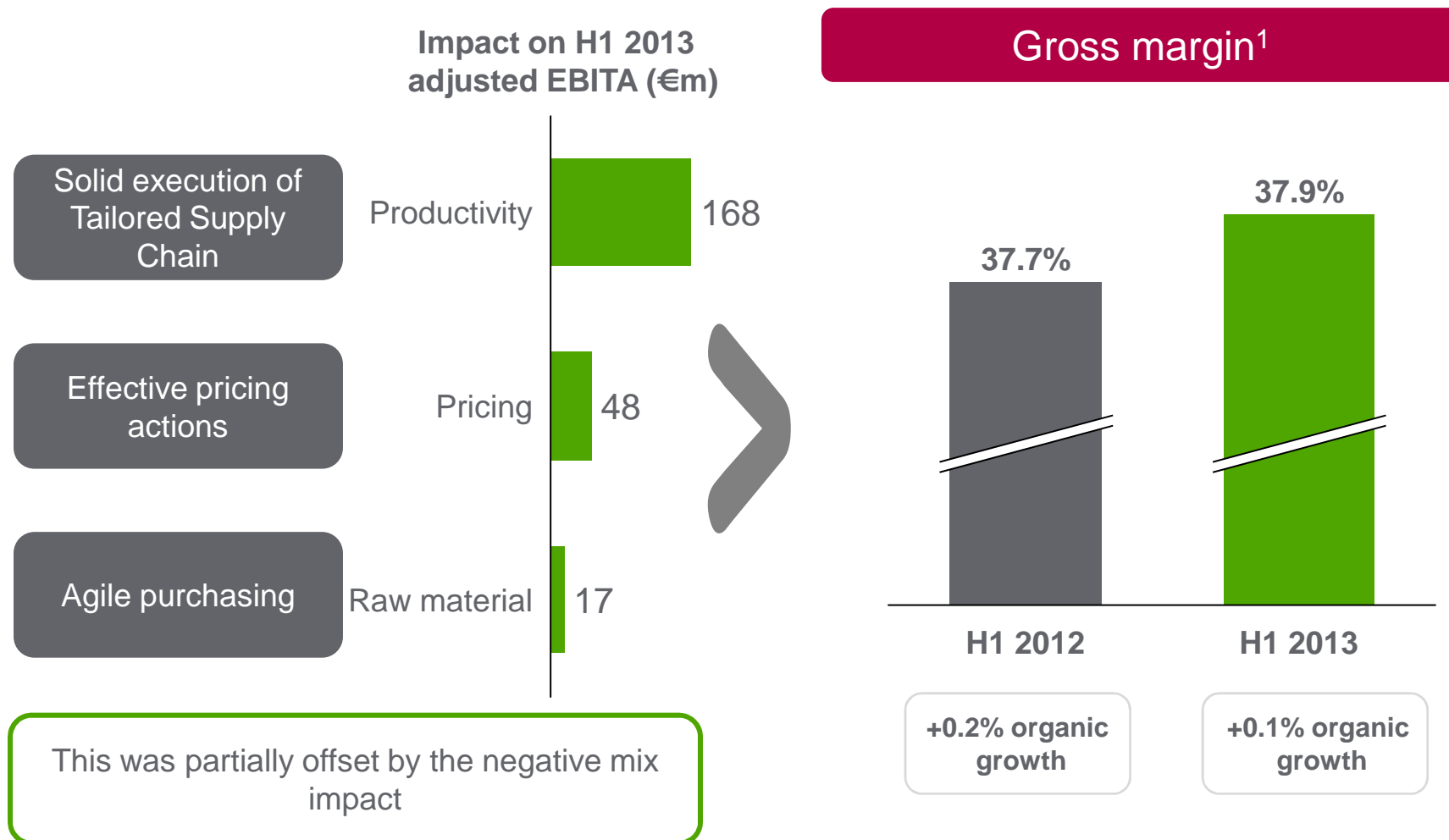
Schneider Electric in Russia



2nd largest in new economies
4th largest globally

Revenue consolidated in Q2 **above expectation**
Adjusted EBITA **margin in line** with rest of Infrastructure business

Gross margin¹ improves on strong industrial productivity and pricing actions



¹ Excluding Electroshield – TM Samara acquisition

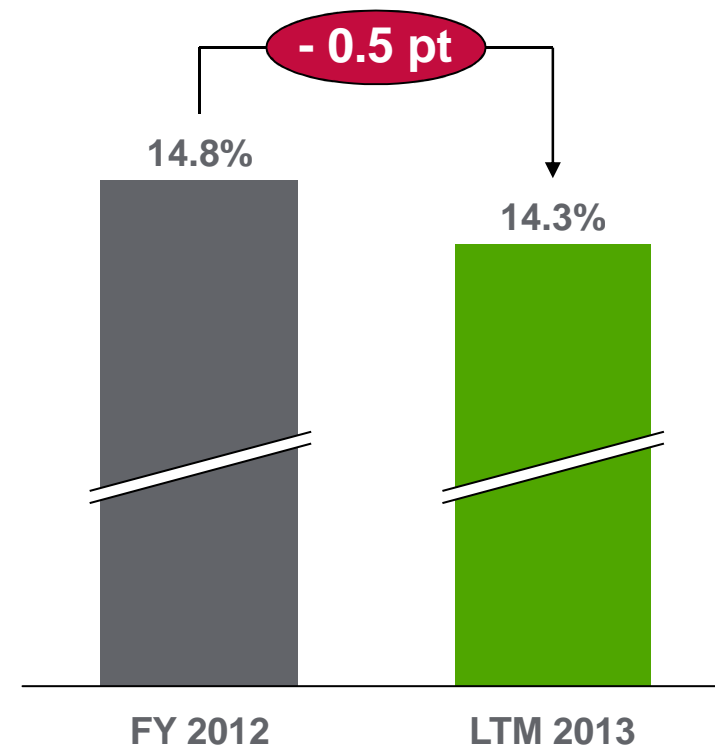
Tailored supply chain structurally reduces inventory to revenues ratio

Key initiatives

- ✓ Improve forecasting and planning thanks to strengthened collaboration between commercial team and supply chain
- ✓ Define healthy inventory level according to service level provided and strip excess inventory



Inventory to revenues ratio¹



Continuous investment in software and architecture increase our solution capabilities

Highlights of 2013 launches



Telemetry for Water

Comprehensive integrated offer for water treatment, storage & distribution

Customer benefits

- ✓ Improved operational efficiency, up to 30% energy savings
- ✓ Real-time hydraulic modeling, leak detection, losses optimization, etc.



Plantstruxure PES



Enhanced Process Automation system

Customer benefits

- ✓ Reduced time-to-market
- ✓ Reduced downtime
- ✓ Support a wide range of devices



Powerful libraries

Integrated software

Open Architecture



Hospital Software Suite

- ✓ Patient safety and satisfaction
- ✓ Infrastructure efficiency
- ✓ Increased financial performance

Data Center Software Suite



- ✓ Upgrade in functionalities
- ✓ 7 major contracts won

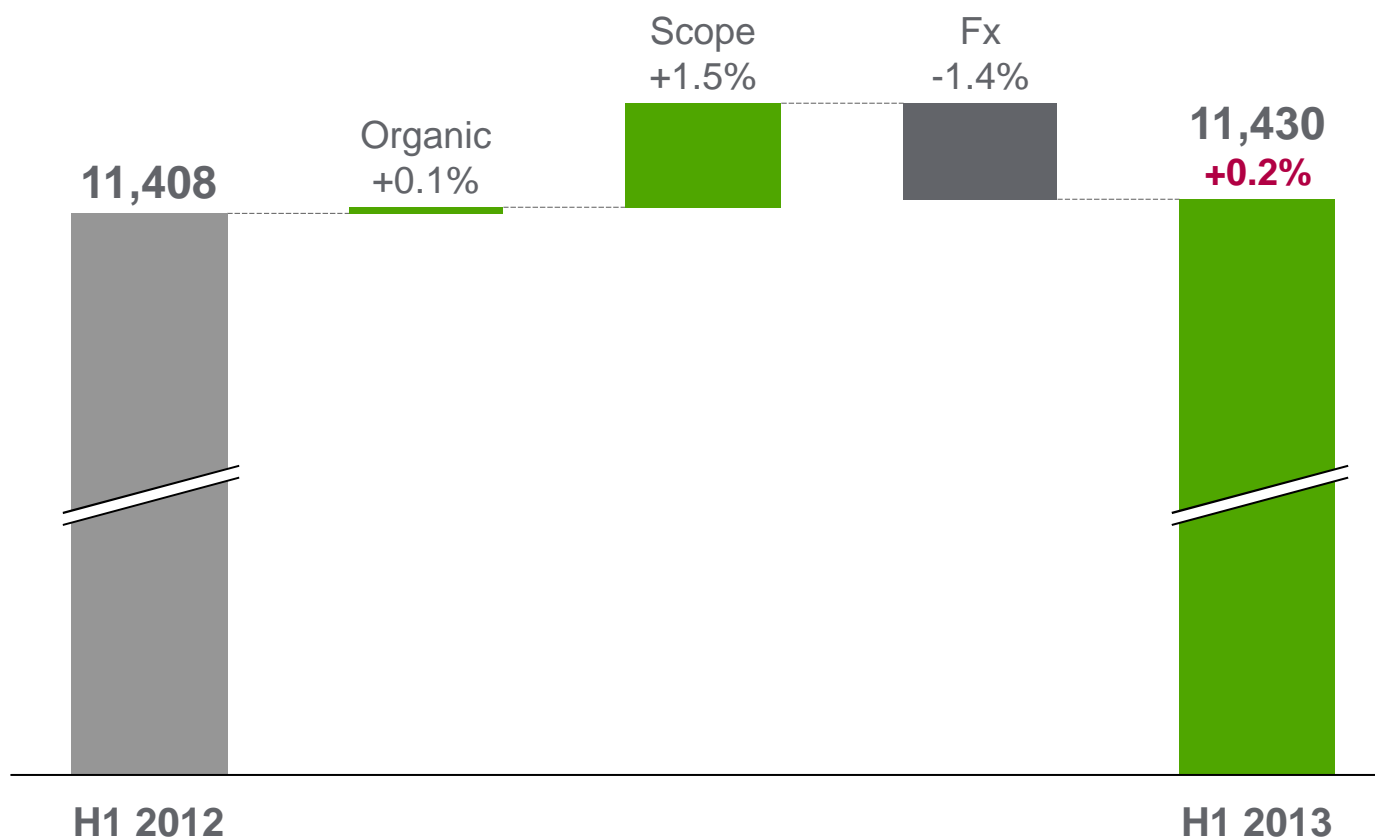
R&D cash spend as a percentage of revenues increased to **5.1% in H1 2013** versus 4.6% in H1 2012

Finance presentation



H1 2013 posted positive growth in revenue

Analysis of change in Group revenues (in €m)



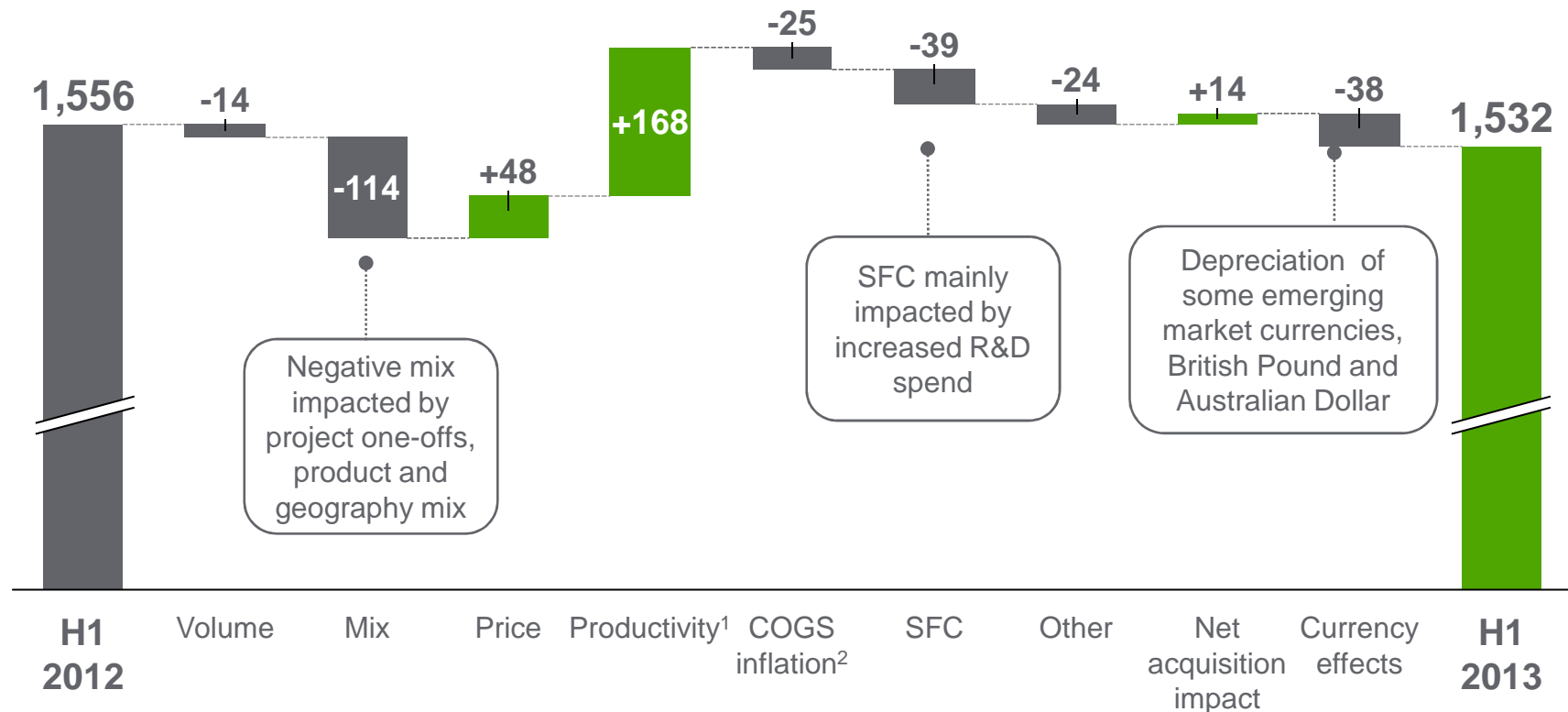
The Group continued to deliver good results, with adjusted EBITA margin at 13.4%

In m€	H1 2012	H1 2013	Change
Sales	11,408	11,430	+0.2%
<i>Organic growth</i>		+0.1%	
Gross profit	4,304	4,305	0%
<i>Margin %</i>	37.7%	37.7%	0pt
Adjusted EBITA	1,556	1,532	- 2%
<i>Margin %</i>	13.6%	13.4%	-0.2pt

37.9% without
Electroshield – TM
Samara
consolidation

Adjusted EBITA slightly down due to foreign exchange losses and increased R&D investment

Analysis of change of adjusted EBITA (in €m)



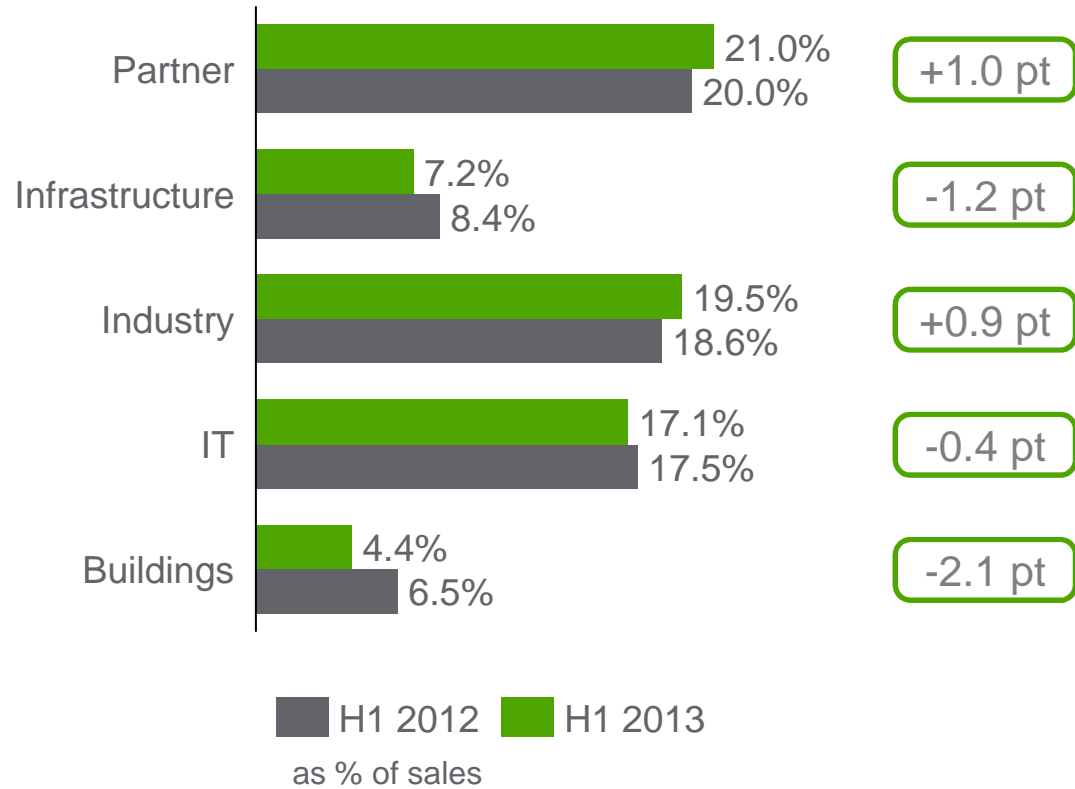
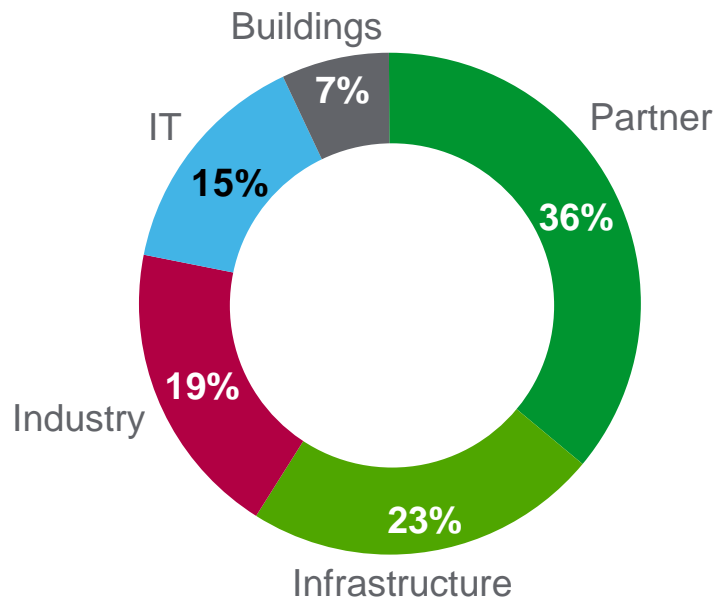
¹ Of which Purchasing: 156, Lean Manufacturing: 15, Rebalancing: 5, Fixed manufacturing costs: -8

² Of which Raw materials: +17 (excluding currency impact), Production labour & other Costs: -42

Margin expanded in Partner and Industry

**H1 Revenue
€11,430m**

Adjusted EBITA by business¹



¹ Before corporate costs of €279m in H1 2013 (€266m in H12012)

Net income was penalized by foreign exchange losses and higher tax rate

In m€	H1 2012 ¹	H1 2013	Change
Adjusted EBITA	1,556	1,532	-2%
Other income and expenses & Restructuring	(51)	(50)	
Amortization & impairment of purchase accounting intangibles	(118)	(109)	
EBIT	1,387	1,373	-1%
Net financial expense	(209)	(242)	
Income tax	(275)	(283)	
Equity investments	18	15	
Minority interests	(45)	(32)	
Net income (group share)	876	831	-5%

Decreased cost of debt, but €31m foreign exchange losses

Effective tax rate 25%, up 1.7 pt vs. H1 2012¹ mainly due to French tax law evolution

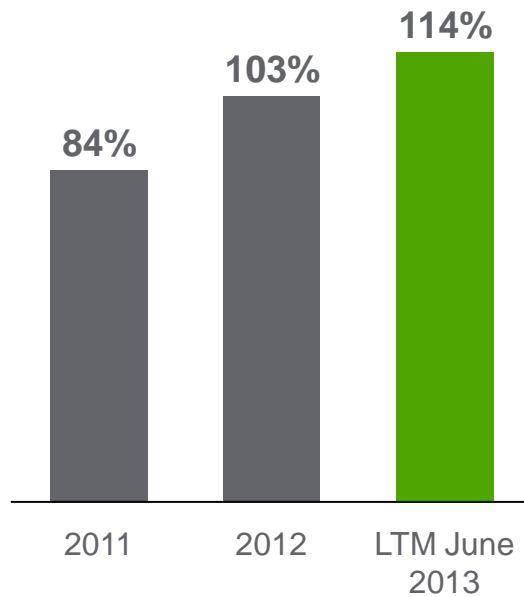
¹ The 2012 figures were restated for the application of IAS 19 Revised disclosed in note 15 of the consolidated financial statements.

Solid free cash flow generation at €339 million

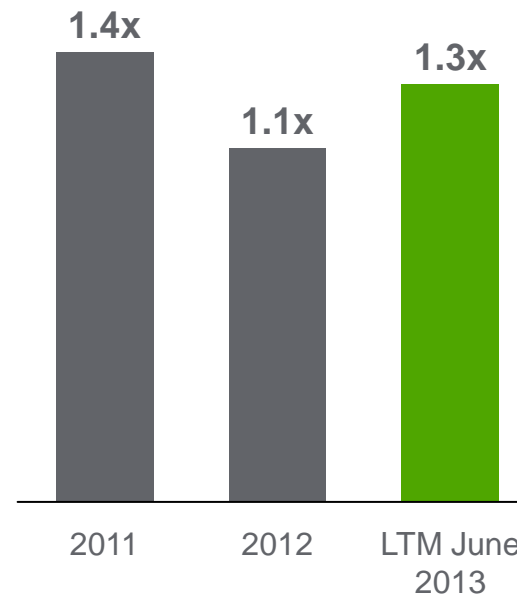
Analysis of debt change in €m	H1 2012	H1 2013	LTM
Net debt at opening	(5,266)	(4,395)	(6,155)
Operating cash flow	1,199	1,069	2,672
Capital expenditure – net	(349)	(286)	(656)
Change in trade working capital	(149)	(322)	(95)
Change in non-trade working capital	(304)	(122)	103
Free cash flow	397	339	2,024
Dividends	(919)	(1,025)	(1,025)
Acquisitions – net	(164)	(309)	(387)
Capital increase	22	61	260
Other	(225)	53	7
(Increase) / Decrease in net debt	(889)	(881)	879
Net debt at June 30	(6,155)	(5,276)	(5,276)

Continued high cash conversion and solid balance sheet

Cash conversion
(Free cash flow / net income)



Net debt / Adjusted EBITDA



Adjusted EBITDA
of **€1,865m** in H1 2013
(€1,873m in H1 2012)

Outlook



H2 2013 priorities

Drive profitable growth

Deliver operational efficiency

Integrate acquisitions to capture synergies

2013 outlook

The first half showed confirmation of growth in North America and China, continued good momentum in new economies and overall weakness in Western Europe. While the worldwide economy is still uncertain, the company expects first signs of sequential stabilization towards the end of the year in Western Europe and continuous growth in North America, China and new economies in the second half. The company will also monitor the evolution of emerging market currencies and expects stabilization.

In this context, the company maintains its targets for 2013:

- a low single-digit organic growth in revenues
- a stable to slightly up adjusted EBITA margin

Appendices



Definitions

- EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill
- Adjusted EBITA: EBITA before restructuring and other operating income and expenses
- EBITDA: EBIT before depreciation, amortization, provisions and before share-based compensation cost
- Adjusted EBITDA: adjusted EBITA before depreciation, amortization, provisions and before share-based compensation cost
- Cash conversion: $\text{Free cash flow} / \text{Net income (group share)}$
- Free cash flow: Operating cash flow less change in working capital less net capital expenditures
- ROCE: Return On Capital Employed
See definition and calculation on the next page

ROCE

After-tax adjusted EBITA / Average Capital Employed

ROCE calculation				
				LTM Jun 2013
P&L items				
EBITA			✓ (1)	3 318
Restructuring costs			✓ (2)	-183
Other operating income & expenses			✓ (3)	10
= Adjusted EBITA			(4) = (1)-(2)-(3)	3 491
* Effective tax rate of the period			✓ (5)	23.9%
= After-tax Adjusted EBITA			(A) = (4)*(1-(5))	2 658
Balance sheet items				
	H1 2012 reported	H1 2013 reported		LTM Jun 2013 Avg of 4 quarters
Shareholders' equity	16 281	16 454	(B)	16 828
Net financial debt	6 156	5 276	(C)	4 984
Adjustment for Associates and Financial assets (at historical value)	-661	-284	(D)	-484
- Electroshield Samara (50% stake)	266	0		200
- Sunten Electric Equipment (50% stake)	85	85		85
- Fuji Electric FA Components & Systems (36.8% stake)	84	84		84
- NVC Lighting (9.2% stake)	115	115		115
- AXA (0.5% stake)	111	0	✓	0
= Capital Employed	21 776	21 446	(E) = (B)+(C)+(D)	21 329
= ROCE			(A) / (E)	12.5%

Extra-financial results

Q2 2013

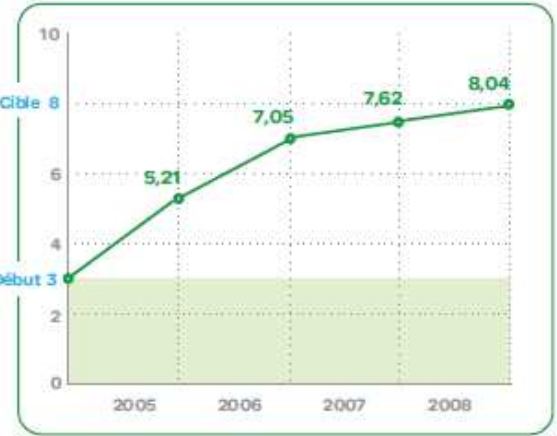
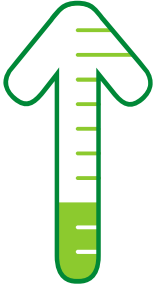


Q2 2013 Sustainability results at a glance

Results above the objectives



Barometer performance through 2005-2008 and 2009-2011:



A performing Planet & Society Barometer

- Barometer above its year-end objective (5.5/10) despite a decrease in the first two quarters of 2013
- Confidence onto the achievement of the 3-year target 8/10
- Efforts must be maintained to continue progressing due to the volatility of some indicators

The Planet & Society Barometer

Our sustainability scorecard 2012-2014 in details

The Planet & Society Barometer		Start	Results	Results	Target	
(objectives for 2014)		01/2012	Q1 2013	Q2 2013	12/2014	
Overall score (out of 10)		3.00	6.25	6.09 ↻	8/10	
Planet	Carbon ¹	10% CO ₂ savings on transportation	-	14.80%	29% ↻	10%
	Prod. & Solutions	75% of our product revenue with Green Premium products	63%	65.8%	67.3% ↻	75%
	Energy	10% energy consumption savings	-	5.80%	7.4% ↻	10%
Profit	Green growth	7 pts growth turnover EcoXperts above transactional growth turnover	-	3.9 pts	-0,25 pts ↻	7 pts
	Access to Energy	1 million households at the Base of the Pyramid have access to energy	0	432,707	514,266 ↻	1,000,000
	Suppliers	90% of recommended suppliers embracing ISO 26000 guidelines	0	9.9%	12.4% ↻	90%
	Rankings	3 major ethical stock market indices select Schneider Electric	3	3	3 →	3
	Best practices	300 sites recognised "Great place to work - Cool site"	0	92	116 ↻	300
People	Safety	30% reduction of the medical incident rate (MIR)	-	42%	43% ↻	30%
	Engagement ²	70% scored in the employee engagement index	-	55%	57% ↻	70%
	Diversity	30% women in the talent pool (~ 2,500 people)	23%	27%	26% ↻	30%
	Training	1 day of training for each employee every year	-	-	19% ↻	100%
	Access to energy	30,000 people at the BoP trained in energy management	0	14,165	21,864 ↻	30,000
	Communities	300 missions within the "Schneider Electric Teachers" NGO	0	77	95 ↻	300

↻ The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter. The colour shows if the indicator is above or below the objective of 8/10.

¹ Except for the annual results, this indicator reports with one quarter of delay: at Qn, published result is Qn-1.

² From 2013, the measure of the Employee Engagement Index becomes semi-annual (Q2 and Q4).


Q2 2013 Sustainability results at a glance

Start 2012 Q2 2013

Planet 


Selected indicators

- **10%** CO₂ savings on transportation - **29%**
- **10%** energy consumption savings - **7.4%**

Profit 

Selected indicators

- **1 million** households at the BoP* have access to energy 0 **514,266**
- **300** sites recognised "Great place to work - Cool site" 0 **116**

People 

Selected indicators

- **1 day** of training for each employee (100%) every year - **19%**
- **30,000** people at the BoP* trained in energy management 0 **21,864**

A recognised commitment

 World & Europe

 CPLI Index

 MSCI ESG World
MSCI ESG Europe

 STOXX Sustainability & STOXX Global ESG Leaders

 Corporate Responsibility Prime
rated by ekom research

Global 100
Most Sustainable Corporations

 **2012 WORLD'S MOST ETHICAL COMPANIES**
WWW.ETHISPHERE.COM **Ethisphere**
Most ethical companies

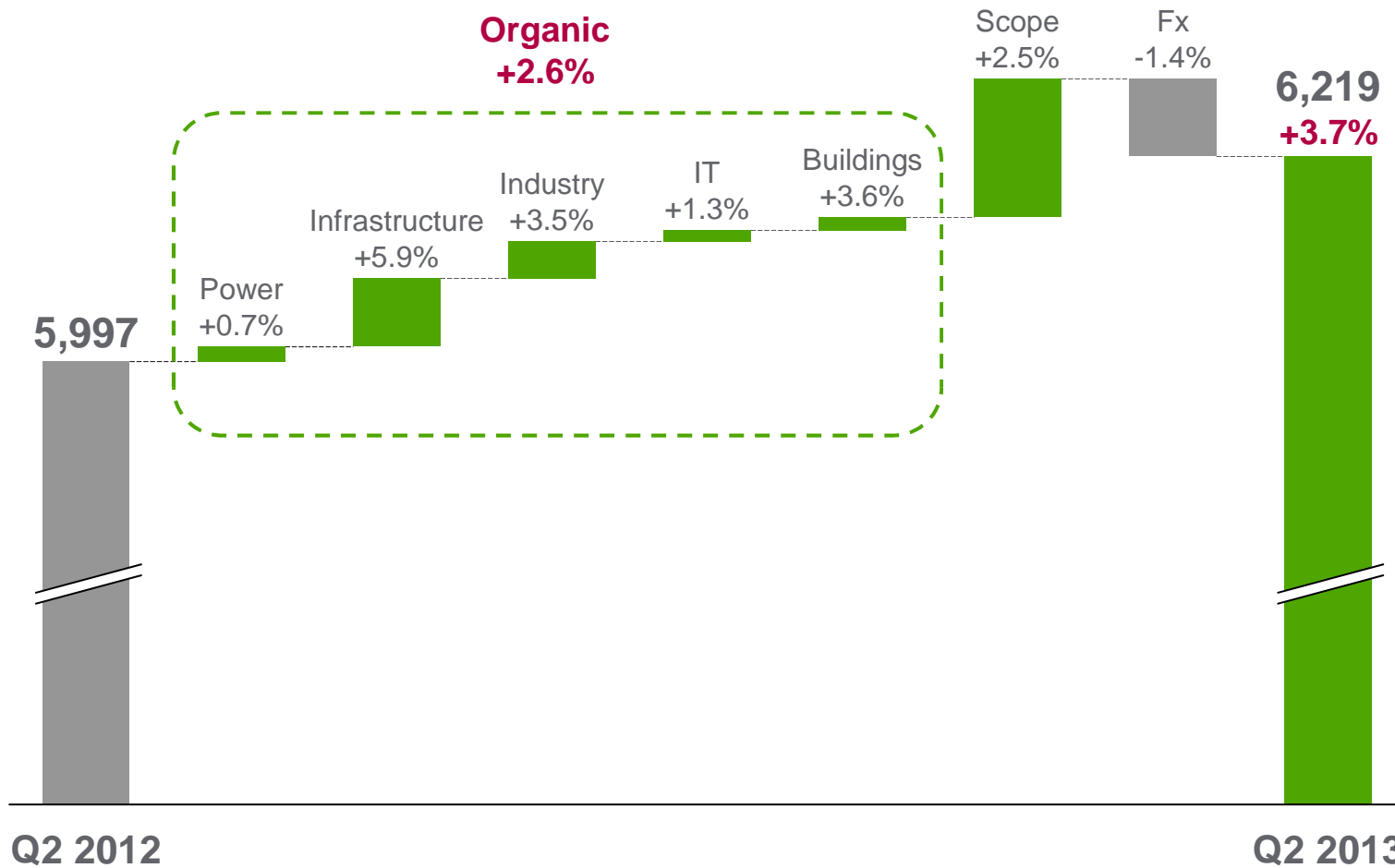
*Base of the Pyramid

Q2 revenues details



Q2 organic growth at +2.6%

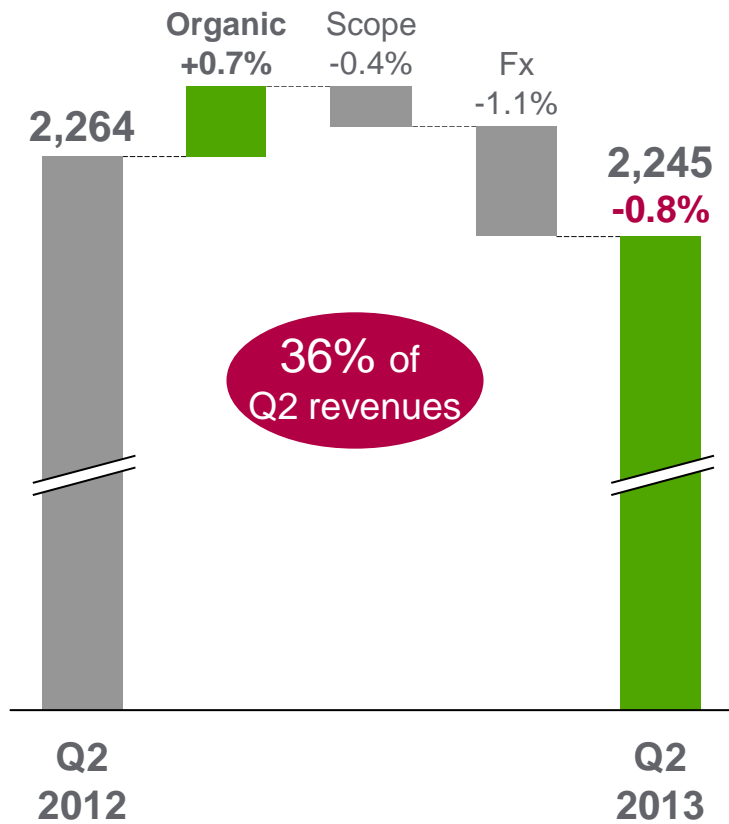
Analysis of change in Group sales



Partner Business

renewed with growth, supported by products

Analysis of change: Partner



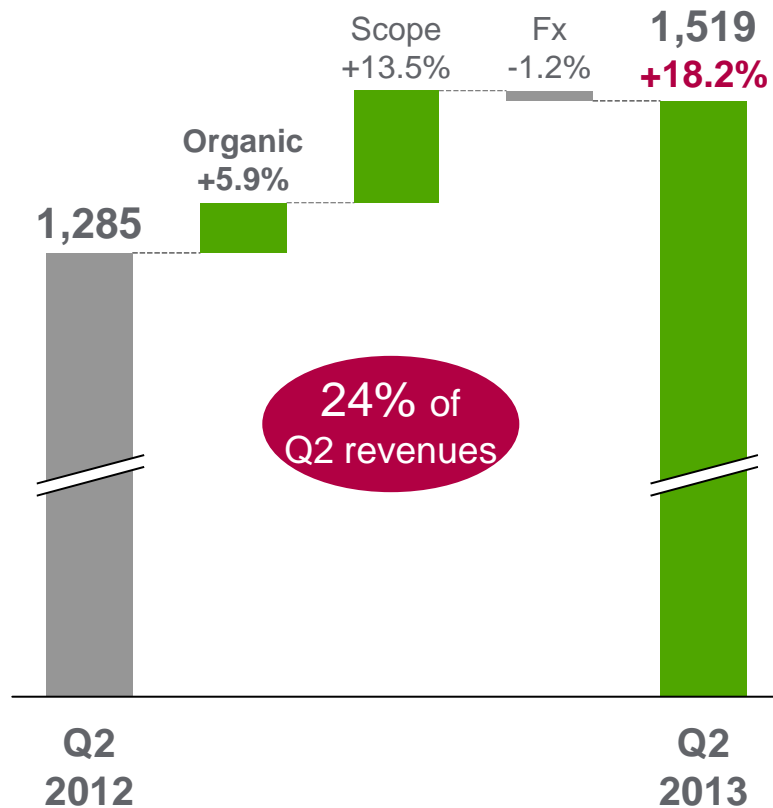
✓ The **Product** business was slightly up, supported by fast-growing offers in new economies, improvements in the residential market in the US and construction in China. This growth compensated the continued weakness of Western Europe and soft residential market in Australia.

✓ The **Solution** business declined, as growth in North America could not offset the decline in Western Europe and Middle East.

Infrastructure Business

posted the strongest growth among all businesses

Analysis of change: Infrastructure



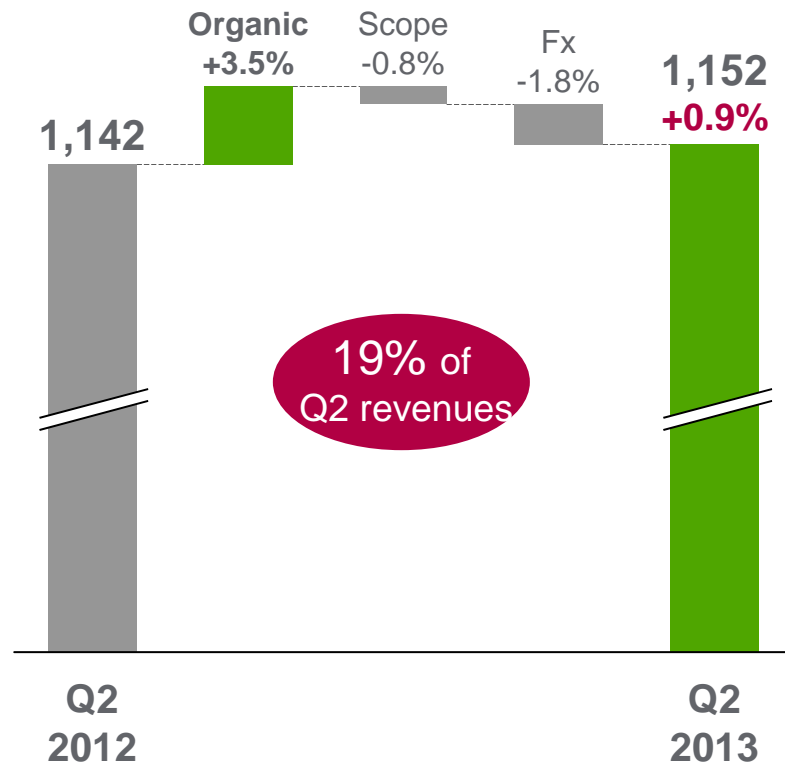
- ✓ Both products and solutions observed growth
- ✓ **Product** business was driven by good performance in North America and utility in the Middle East, offsetting a soft utility market in Western Europe.

- ✓ **Solution** business saw good growth in both services and systems. Installed based services growth was driven by the US. Systems benefited from overall growth in North America, infrastructure investments in Russia, and oil & gas segment in Australia. This more than offset the decline in Western Europe.

Industry Business

was solid, both products and solutions performed well

Analysis of change: Industry



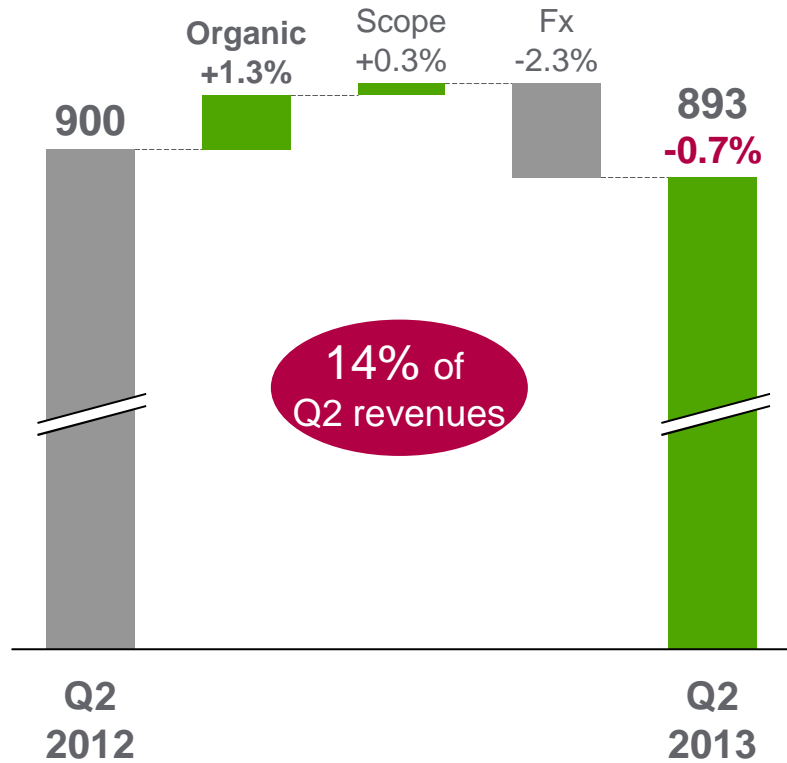
✓ **Product** business reported moderate growth, helped by demand for contactors, drives and control & signalling products in North America and China.

✓ **Solution** business was driven by the continued success of SoMachine OEM solutions across the globe and the synergies from Leader & Harvest. The end-user solutions business was still impacted by reduced investments in mining in Australia and high comparables in the Middle East.

IT Business

benefited from sustained demand for power reliability

Analysis of change: IT



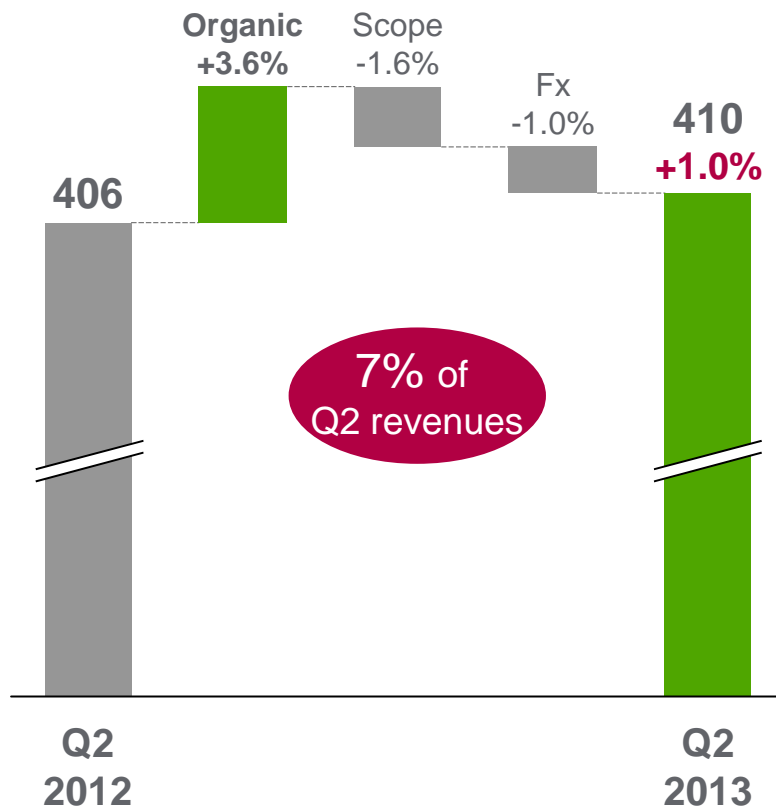
✓ **Product** business continued to grow, supported by the demand in North America, success of Luminous in India and power reliability products in South East Asia.

✓ **Solution** business declined as the high comparables of projects in Western Europe could not be offset by the slight growth in North America and good execution of data center projects in China.

Buildings Business

turned positive thanks to good growth in services

Analysis of change: Buildings

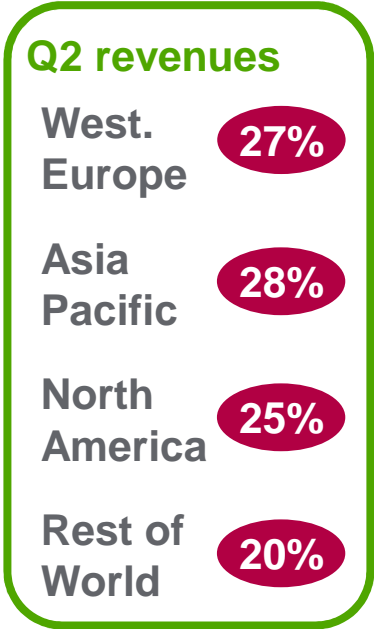


✓ **Products** renewed with growth this quarter, due to good performance of video products.

✓ **Solution** business was up, driven by the success of services in the US and Western Europe. This offset the continued weakness of building management systems in most regions.

Solid Q2 performance with Asia Pacific becoming the largest region of the Group

Analysis of change in Group sales



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25 October

19 November

Q3 2013 Revenues

Conference call

Investor Day

Analyst & Investor meeting

**Help people make the
most of their energy**

