Full-year 2008 Results

February 19, 2009

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.

Overview

Schneider Electric is the global specialist in energy management

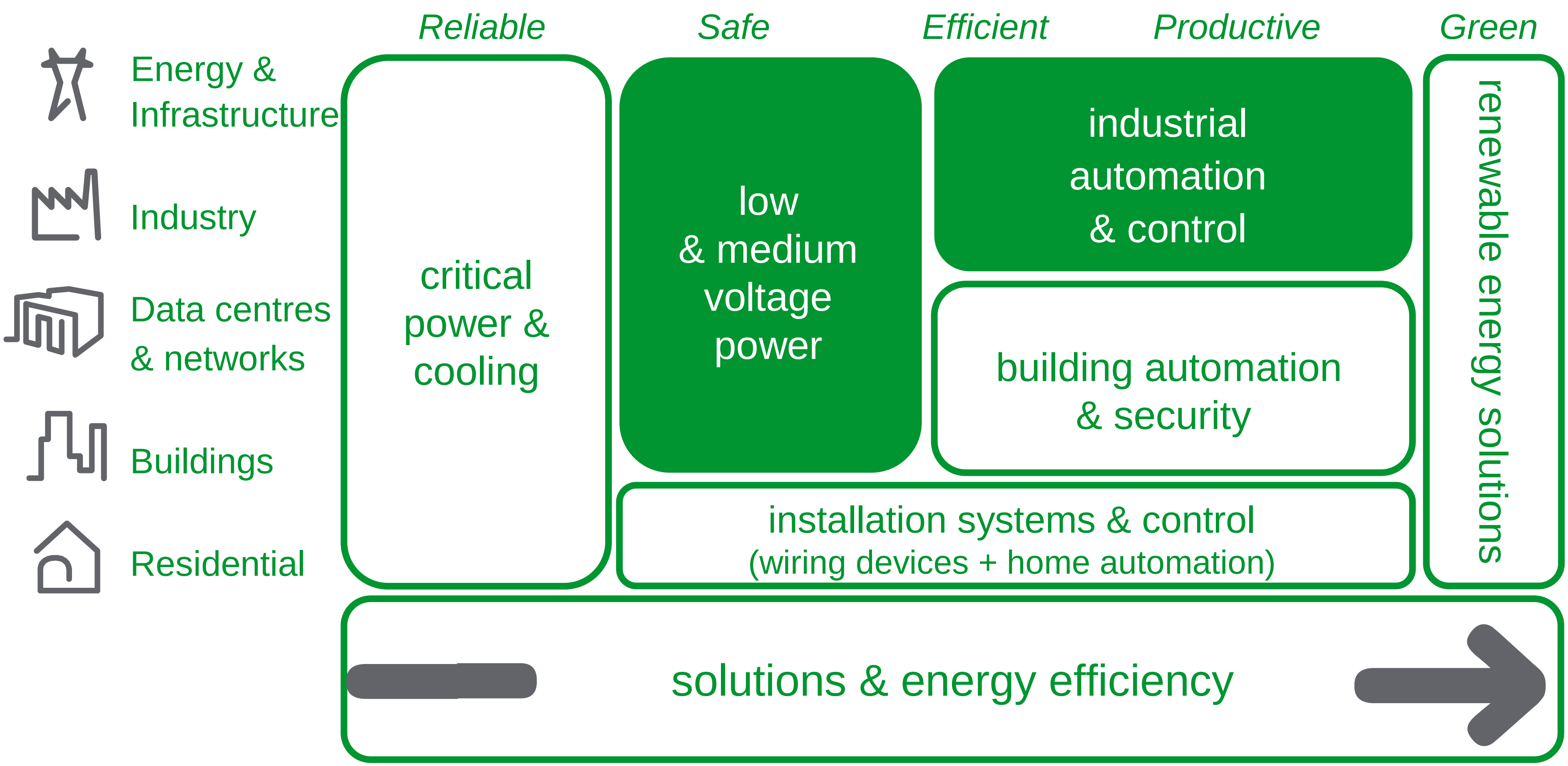
Energy production	Energy Management	Energy Usage
Thermal Nuclear Genset Hydro Solar Wind	Making energy: Safe Reliable Efficient Productive Green	Appliances HVAC Lifts Motors Machines Conveyors IT servers

We help our customers achieve more while using less of our common planet

Our businesses address 72% of the world's energy consumption

31%	>2%	18%	21%	28%
Industry & Infrastructure	Data centres & networks	Buildings	Residential	Transportation

We have the most comprehensive and integrated portfolio in energy management



Historical presence New businesses

We have leading world market positions

	Low & medium voltage	Installation Systems & Control	Critical power & cooling services	Industrial automation & control	Building automation & security	Renewable
n°1	Schneider Electric	Legrand	Schneider Electric	Siemens	Honeywell	SMA
n°2	ABB	Schneider Electric	Emerson	Schneider Electric Rockwell	Siemens	Fronius
n°3	Siemens	Panasonic	Eaton		JCI	Schneider Electric
n°4				Mitsubishi	Schneider Electric	

Leader in Energy Efficiency

We are a socially responsible company committed to sustainable development

The Planet & Society barometer to measure our improvements

A composite Barometer of 4 criteria and 10 indicators for:

- Environment
- People
- Community
- Governance

Our performance

In Sep 2008: 7.9/10
vs. 3.6/10 in 2004

A recognised performance

We are in the main Socially Responsible Investment (SRI) indexes

- ASPI: Advance Sustainable Performance Indices Eurozone listing
- Dow Jones Sustainability World, DJ Stoxx Sustainability (Europe)
- Ethibel Sustainability Index: Excellence Europe and Excellence Global

new²: a successful transformation (2005-2008)

We have transformed our company

	2004	2008
Size	x2	
New businesses	36%	~ 50% + Solutions capability
Global footprint		
% of production costs in new economies	18%	41%
No. of employees in new economies	26,500	46,500
Productivity	+4.4% p.a.	

Our footprint is now global and diversified

North America
€ 27%
28,000

Europe
€ 44%
48,000

- Presence in more than **100** countries
- More balanced exposure by region
- New economies sales **x2.2** since 2004

Rest of the world
€ 10%
9,000

Asia-Pacific
€ 19%
29,000

We built on our attractive product offers to accelerate our solution business

Schneider Electric solutions offer
€5.7bn[1] orders, ~30%[1] of group

Product + Package + Independent system + Integrated system

End-user need:

Multi-function

Process/system performance

Business Performance

Energy Efficiency as a key feature

[1] Figures in 2008

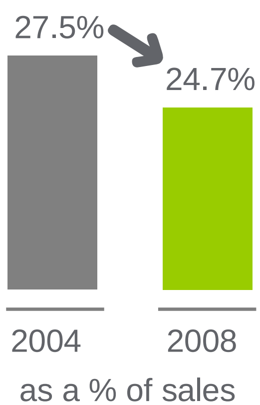
We have a strong track record in driving operational efficiency

Productivity

Gross industrial productivity:
4.4% of product COGS on average

€920m of **savings** net of labour inflation or **5pts margin gain**

Support function costs

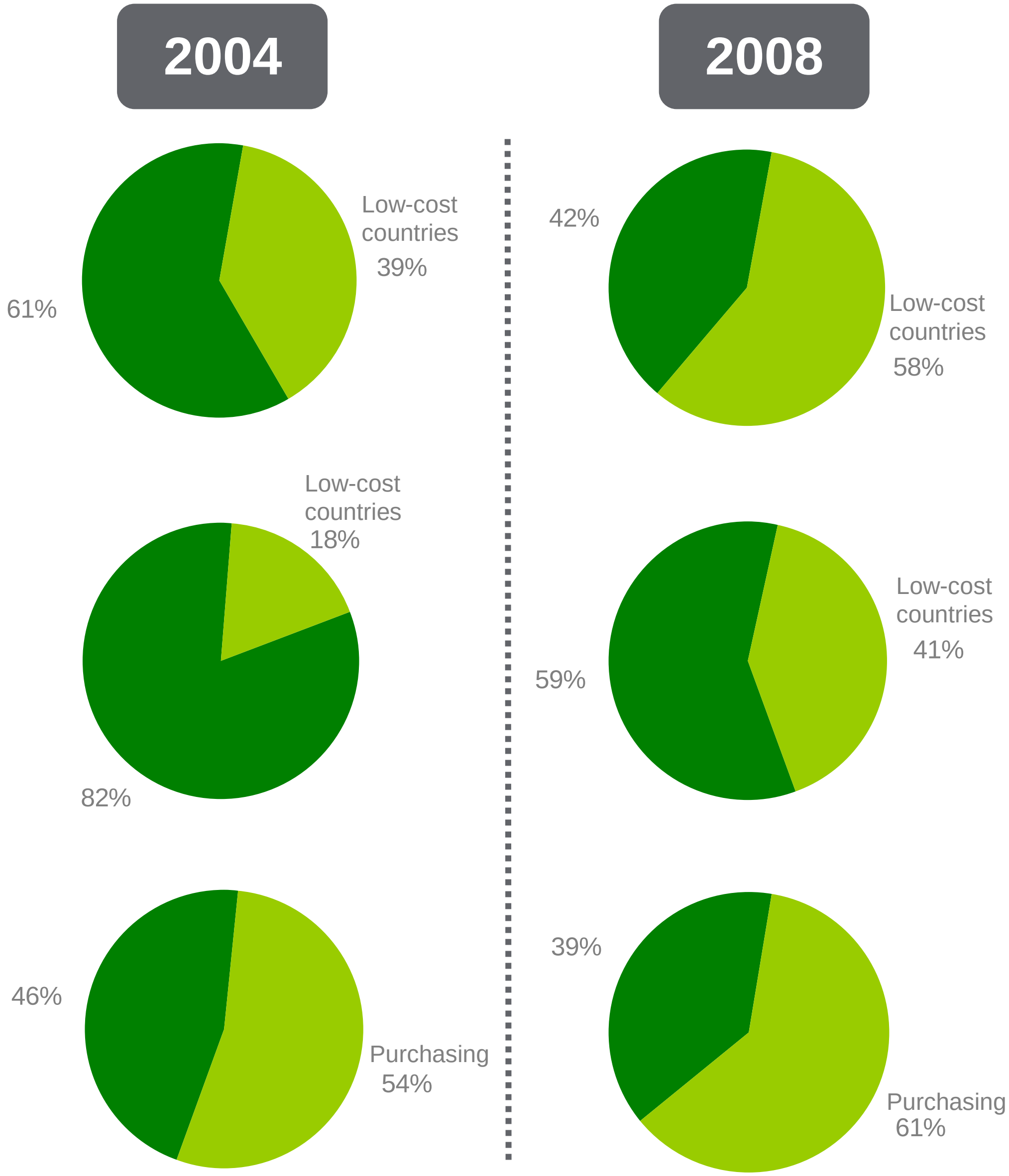


Support Function Costs as % of sales **down ~3pts**, despite…

… investments in growth:

	2004	2008
new businesses % share	**36%**	**~50%**
new economies % share	**27%**	**32%**

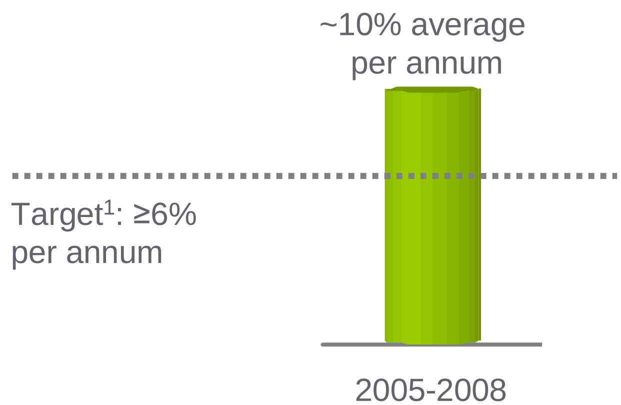
Our cost structure is flexible and rebalanced



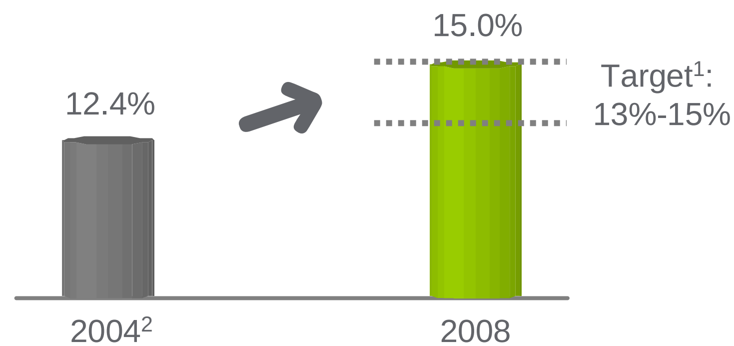
- **58%** of manufacturing headcount in low cost countries
- **41%** of COGS in low cost countries
- **61%** of COGS outsourced and up to 70% variable

We have met all new² financial targets

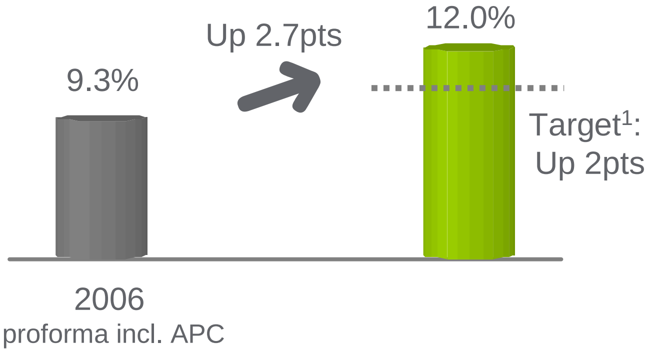
Organic growth



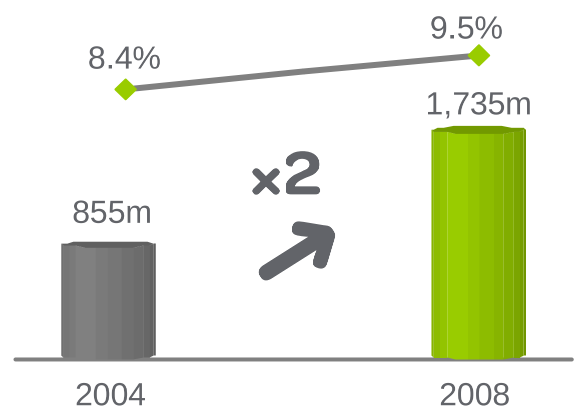
EBITA margin



ROCE



Cash generation
(Free cash flow in €m & as % of sales)



[1] Targets upgraded in Feb. 2007. Initial targets issued in Jan. 2005 were >5% | 12.5%-14.5% | up 2 to 4pts vs. 2004
[2] EBIT margin

Finance presentation

New economies and new businesses driving 2008 organic growth

Sales organic growth by region

	2008
Europe	+6.0%
North America	+1.5%
Asia-Pacific	+9.6%
Rest of the World	+19.2%
Group	+6.6%
New economies[1]	*+14%*

Sales organic growth by business

	2008
Critical Power[2]	+7%
Building Automation	+12%
Ultra Terminal	+1%
Services	+20%

[1] Asia (excluding Japan), Africa and Middle East, Latin America and Mexico, Eastern Europe (incl. Russia)

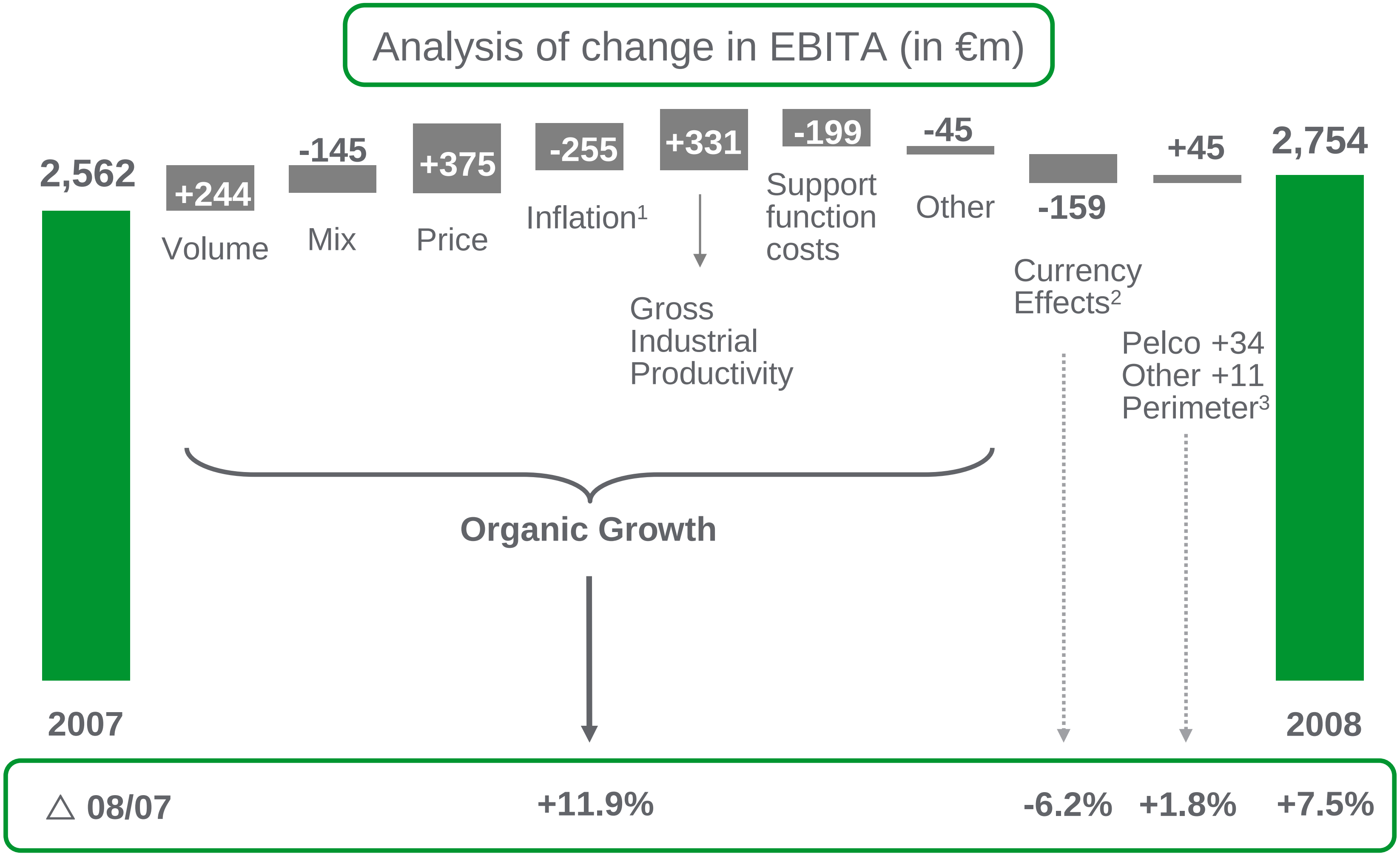
[2] This figure indicates the sales performance of the Critical Power & Cooling Services "business unit" on a proforma basis (excluding MGE Small Systems in 2007 and excluding Gutor in 2008)

EBITA margin at the new² target of 15.0%, EPS reaching 7.0 euros

In m€	FY 2007	FY 2008	Change
Sales	17,309	18,311	+5.8%
Organic growth			*+6.6%*
EBITDA	3,114	3,331	+7.0%
Margin %	*18.0%*	*18.2%*	*+0.2pt*
EBITA[1] before restructuring	2,660	2,918	+9.7%
Margin %	*15.4%*	*15.9%*	*+0.6pt*
Restructuring costs	(98)	(164)	
EBITA[1]	2,562	2,754	+7.5%
Margin %	*14.8%*	*15.0%*	*+0.2pt*
Net financial expense	(266)	(314)	
Income tax	(600)	(555)	
Net income	1,583	1,682	+6.3%
Earnings per share	*6.78*	*7.02*	*+3.5%*

[1] Before amortization and impairment of purchase accounting intangibles of €174m in 2008 (€79m in 2007), of which €70m impairment related to Customized Sensors business unit

Solid organic growth in EBITA driven by price and productivity



[1] Of which Raw materials: -149, Production labour & other Costs: -106

[2] Of which translation: -89, transaction: -70

[3] Including APC: +22, MGE small systems: -43, others +32

Purchasing savings driving 2008 improvement in industrial productivity

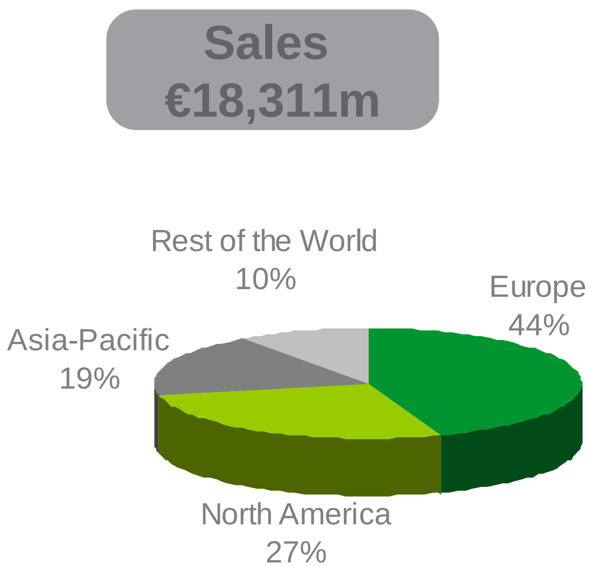
Breakdown of productivity gains (in €m)

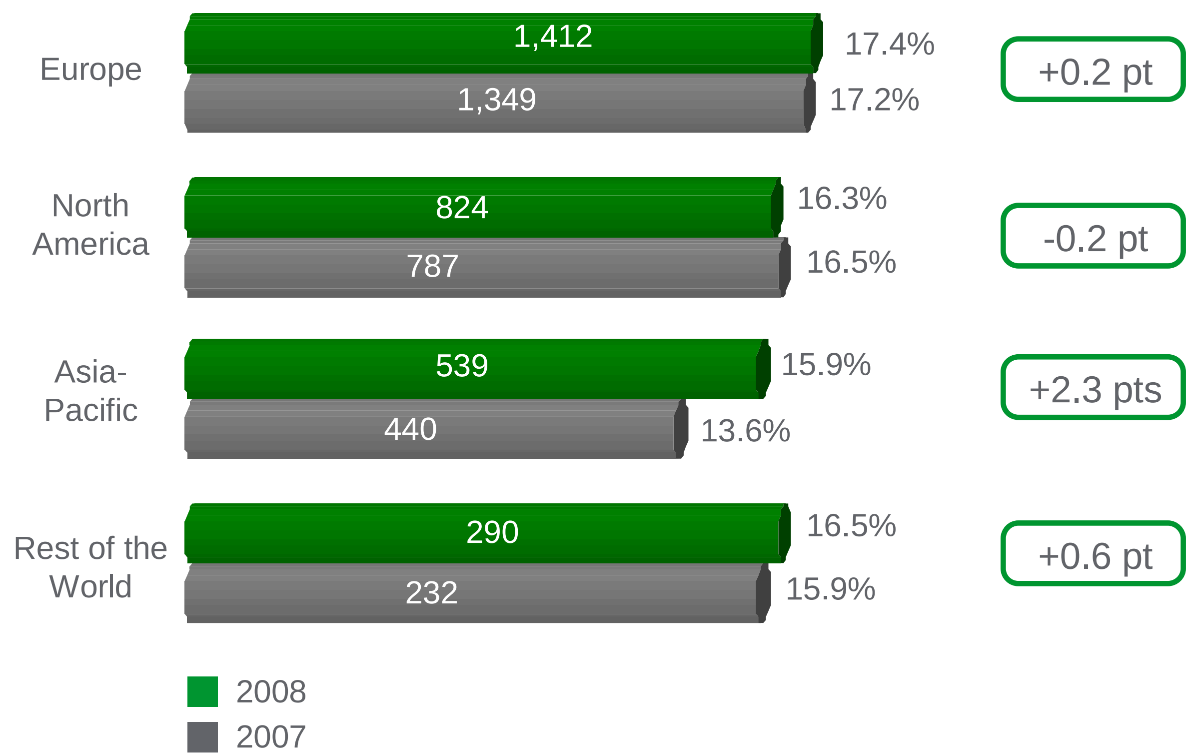
	2007	2008
Purchasing	124	165
Lean Manufacturing	55	50
Rebalancing	72	65
Other plans	44	51
Gross industrial productivity	295	331
as % of products' cost of sales[1]	*4.0%*	*3.6%*

[1] Excluding cost of sales for services and related businesses

All geographies at healthy margins above 15%

Breakdown by region
(before corporate costs[1])



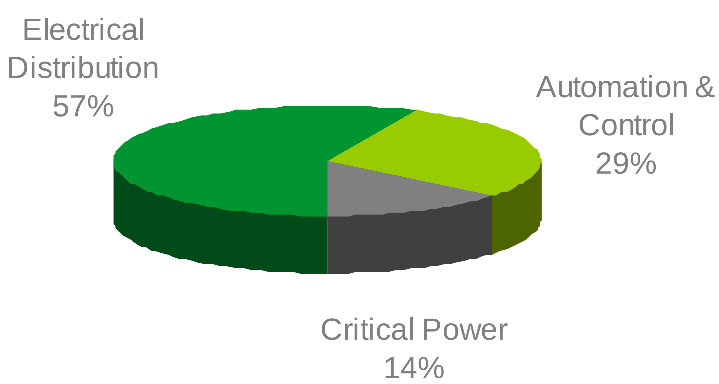


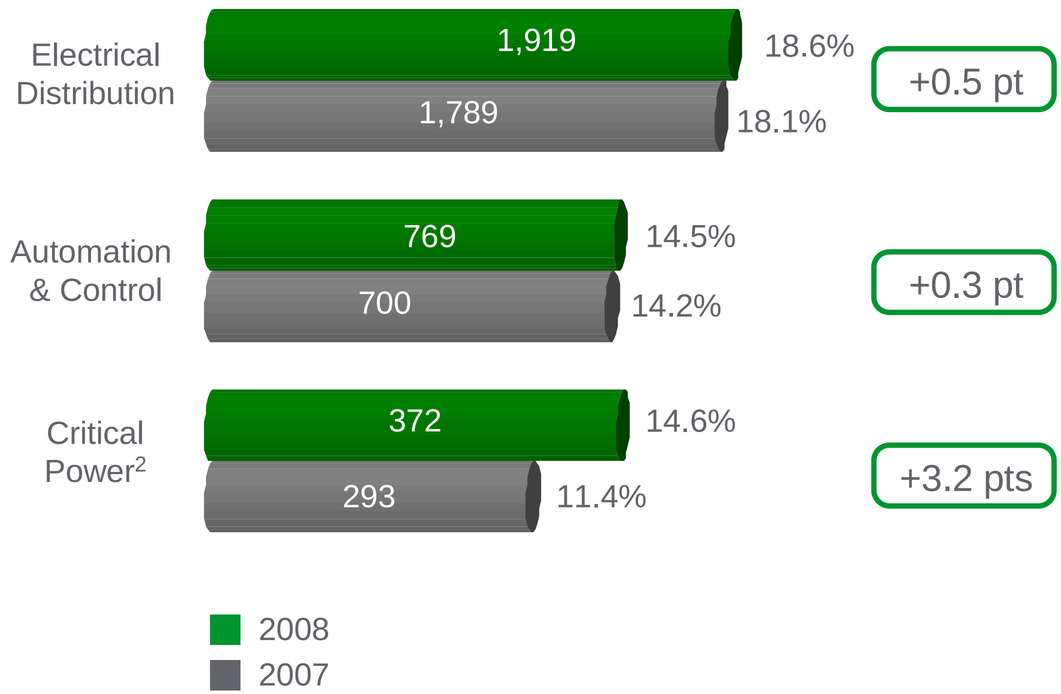
[1] Corporate costs of -1.7% of Group sales in 2008 (-1.4% in 2007)

All businesses with strong margins after the recovery of Critical Power

Breakdown by business
(before corporate costs[1])

Sales €18,311m





1 Corporate costs of -1.7% of Group sales in 2008 (-1.4% in 2007)

2 Results of the business unit on a proforma basis (excluding MGE Small Systems in 2007 and excluding Gutor in 2008)

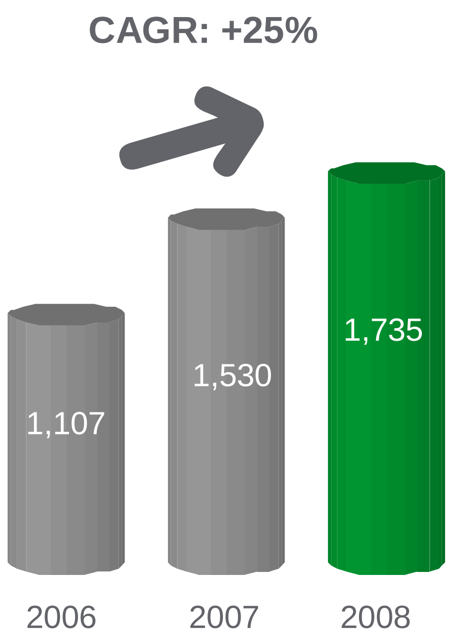
Continued improvement in free cash flow leading to debt reduction

Analysis of debt change in €m	2008
Net debt at January 1	(4,936)
Operating cash flow	2,500
Capital expenditure – net[1]	(693)
Change in operating working capital	(86)
Change in non-operating working capital	14
Free cash flow	1,735
Dividends	(796)
Acquisitions	(615)
Capital increase	144
Other[2]	(85)
Decrease in net debt	383
Net debt at December 31	(4,553)

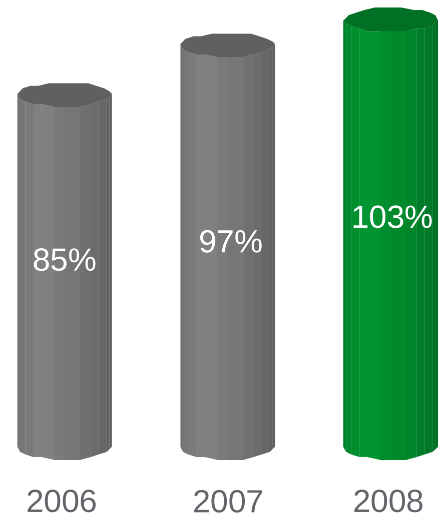
1 Including R&D capitalization of €195m (€131m in 2007)
2 Including purchase of treasury shares of €(70)m and USD-related debt conversion effect of €(60)m

Cash conversion significantly enhanced over the past few years

Free cash flow in €m



Cash conversion
(Free cash flow / net income)



Capital employed under control thanks to WCR management and a low capital intensive model

Days of receivables[1]
58.0 d | -4.3 d

Days of inventories[1]
50.2 d | +1.2 d

Days of payables[1]
42.5 d | +0.6 d

WCR[2]
20.8% | -1.0pt

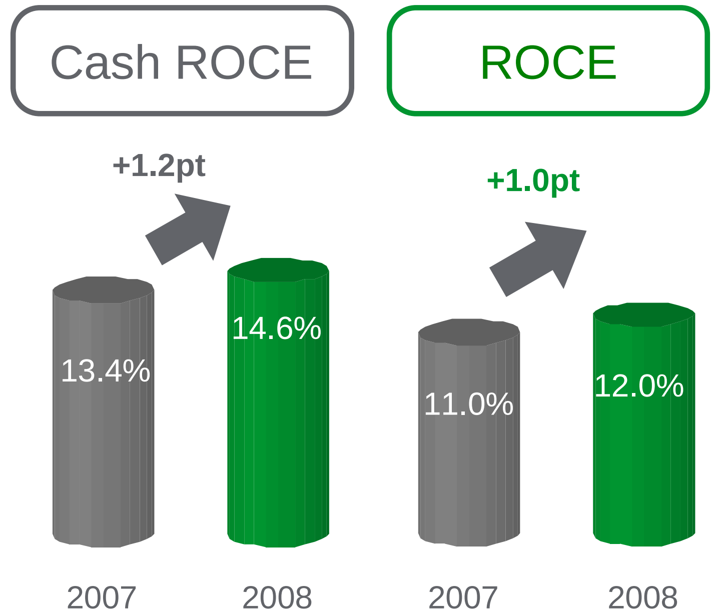
CAPEX[2]
3.8% | +0.6pt

CAPITAL EMPLOYED
€ 17,257m
+1.8%

1 Days: of sales
2 % of sales

… leading to further progress in ROCE

€m	2008	Change
Capital Employed	17,257	+1.8%
EBITDA	3,331	+7.0%
EBITA	2,754	+7.5%



Extended debt maturities despite credit markets turbulences

Gross debt structure as of Dec 31, 2008

Fixed debt Vs Floating debt[1]

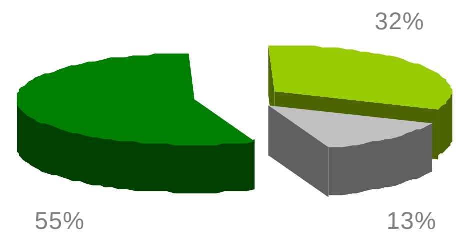
100% = €6.2bn

- Fixed debt
- Floating debt

[1] After SWAP

By currency[1]

100% = €6.2bn

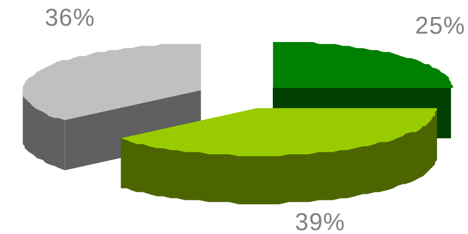


- Euro
- US dollar
- Others

[1] After SWAP

By maturity

100% = €6.2bn



- <1 year
- 1 y < Debt < 5 y
- > 5 years

- €1.7bn of cash and cash equivalents
- €2.3bn of additional available backup of facilities
- €1.0bn new finance raised in January 2009, including bond issue
- As of end-January 2009, debt maturing within 1 year = 10%

Credit ratios clearly strengthened over the past 12 months

Financial ratios in €m

	2007	2008
Consolidated shareholders' equity	10,314	11,051
Net debt	4,936	4,553
Net debt-to-equity ratio	48%	41%
Interest coverage (EBITDA/Debt costs)	13x	14x
Operating cash flow/net debt	45%	55%
Funds from operations/net debt[1,2]	38%	42%
S&P rating	BBB+	A-
Moody's rating		A3

1 According to S&P definition
2 Despite a €470m of pre-tax increase in provisions for pensions

APC-MGE at 15% EBITA margin before restructuring costs

(in $m)	2007 Proforma[1]	2008	Change
Sales	3,520	3,747	+6%
Organic growth			*+7%*
EBITA before restructuring	440	569	+29%
Margin %	*12.5%*	*15.2%*	*+2.7pts*
EBITA	402	547	+36%
Margin %	*11.4%*	*14.6%*	*+3.2pts*

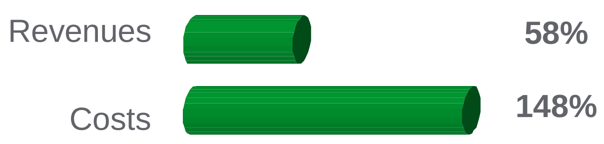
- Solid year despite weakening end markets in fourth quarter
- Profitability improvement driven by operational efficiencies in purchasing, logistics, commercial reorganization, G&A expenses

[1] Results of the APC-MGE business unit on a proforma basis (excluding MGE Small Systems in 2007 and Gutor in 2008)

Significant margin improvement for Pelco in first full-year within the Group

(in $m)	2008	Chg vs. proforma[1]
Sales	608	(1%)
EBITDA[2]	106	+43%
Margin %	17.5%	+5.4pts

Synergies vs. plan

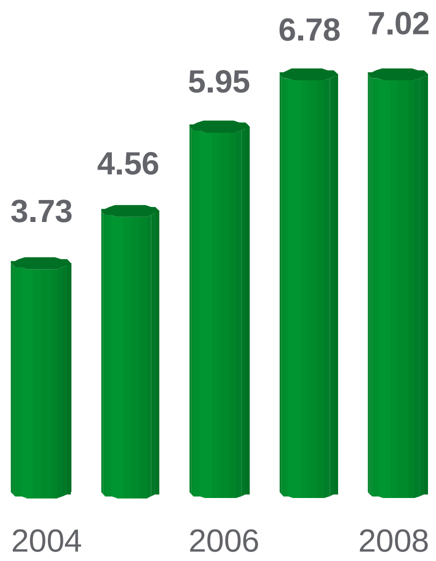


- 2008 EBITDA margin above target
- Acceleration of cost synergies, notably in purchasing, and additional efficiencies more than offsetting the less favourable volumes
- Introduction of next generation IP-based range in early 2009

1 Including Integral merged with Pelco
2 Before restructuring costs

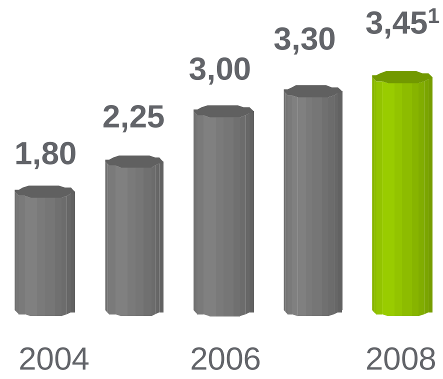
Sustained increase of EPS and dividend

Earnings per share



+17% p. y.

Dividend per share



+18% p. y.

[1] Subject to shareholder approval on April 23, 2009

one

company program

(2009-2011)

The Case for Change: 4 radical transformations

From power and control…	>	… to energy management
From a product play …	→	… to a product and solution play
From leader in mature …	→	… to leader in mature and new economies
From multi local & complex	→	… to global and simple organisation

Strategic initiatives supported by 2 strong fundamentals and 3 key transformations…

Long term **growth drivers**

Positioned for **lower cost structure**

… leading to :

- superior organic growth across the cycles
- lower cost structure in the near term & beyond

We have launched initiatives leading to a minimum of € 1.4 billion savings by 2011

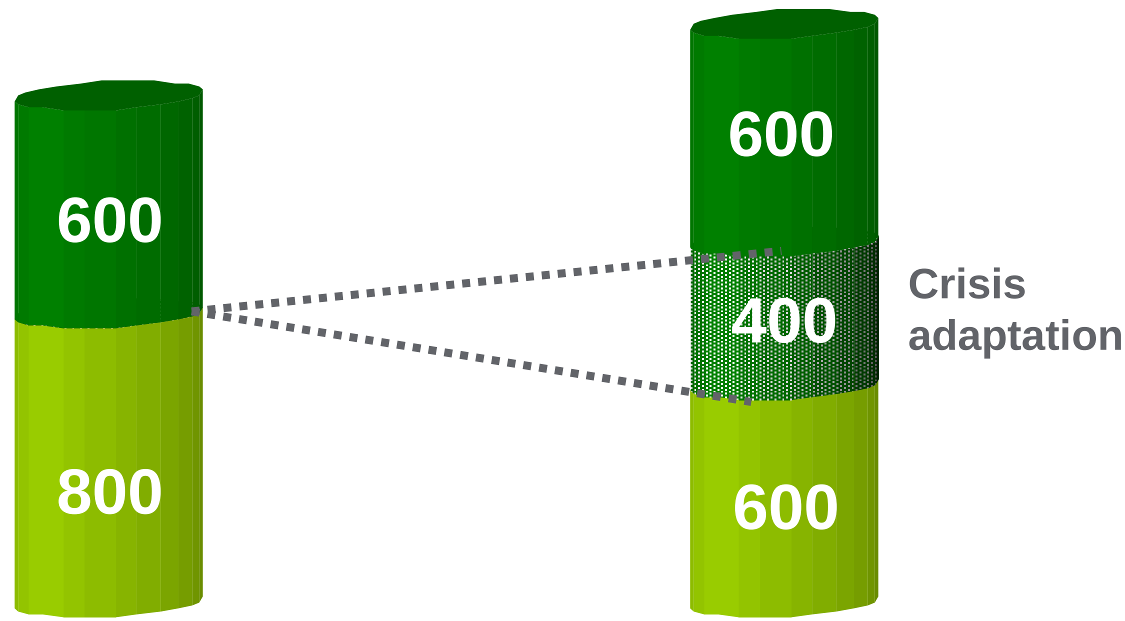
€m savings[1]

Blue sky scenario

Worst case scenario

One
simple way

One
lean supply chain



[1] Before restructuring costs of up to €660m over 3 years

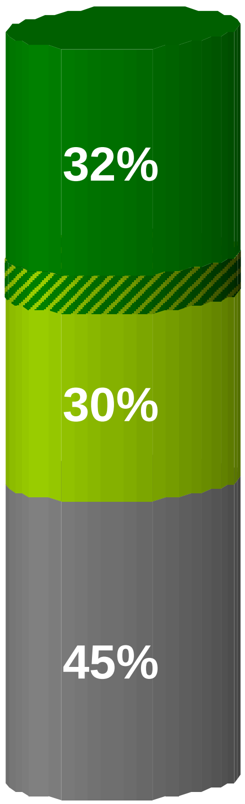
Across the cycle, Schneider Electric's profile is a growth rate at GDP +3 points

Expected growth profile

New economies → **GDP + 6 pts**

Solutions with EE features → **GDP + 5 pts**

Mature business → **GDP**



2008 sales

Overlap (7%)

Average growth profile
GDP +3 pts

Across the cycle, earnings drivers should support a continued improvement of profitability

new² target: EBITA range 13%-15%
2008 upcycle achievement: 15% margin

+	-
One solution provider	Global IT system Deployment (€150m)
Leader in new economies	Salary and general cost inflation
One simple way Structural savings of €600m	Mix effect
One lean supply chain productivity of €600 – 800m	

In a normal cycle, Schneider Electric is able to generate an EBITA margin range of 13%-16%

In the short term we are prepared to manage a global economic downturn

Environment	Management Response	Outcome
Low visibility	**Flexibility**	**Resilience**
High uncertainty on the severity of the downturn Impact on organic growth difficult to forecast Our scenario is a range of **-5% to -15%** growth in 2009	We are geared to manage the worst case scenario: - **Intensification** of support function costs reduction - **Conservative cash management** (capex reduction, active working capital management) - Restructuring costs up to **€660m** over 3 years	Under these conditions, we want to deliver: - Support function costs savings of **€0.6-1.0bn** - **EBITA margin floor at 12%** before restructuring costs in the worst case - a cash conversion of **100%** of net income

Strong liquidity has been achieved through the credit crisis

- Even in a worst case scenario, we have secured a minimum €3 billion liquidity by end 2011

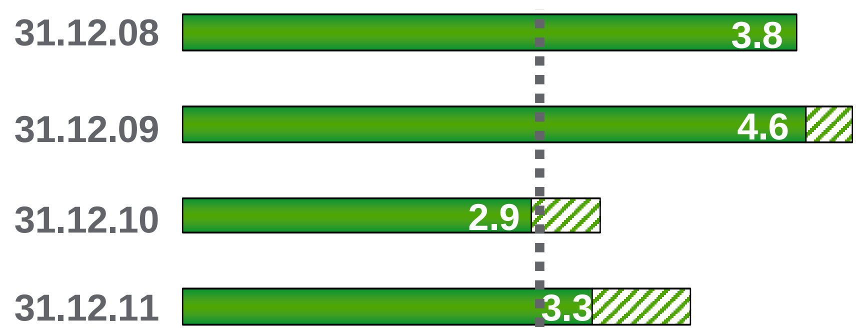
Commitments

- **A- rating (FFO / net debt ratio > 35%)**
- **Dividend pay out ~50%**

Key assumptions

- **Worst case volume scenario**
- **No acquisition / divestiture**
- **Restructuring costs of €660M**

Cash & available credit lines (€bn)



Liquidity position could be higher with a payment of dividend in shares, at shareholder's option

Schneider Electric's business model is resilient

Markets	Activity	Structure
Diversified end-markets	Capture additional value in the market through solutions and services	Flexible cost structure (70% of COGS variable)
Diversified geographic exposure	Increased presence in new economies	Production in low cost countries (41% of COGS)
Multiple accesses to markets	Exposure to government stimulus plans	Simplification (support function costs reduction) & lean supply chain

Appendices

Definitions

• EBITDA:	EBIT before net depreciation and amortization
• EBITA:	EBIT before amortization and impairment of purchase accounting intangibles
• Capital Employed:	Shareholders’ equity + net debt + provisions
• Cash conversion:	Free cash flow / net income
• Free cash flow:	Operating cash flow – change in working capital – net capital expenditures
• ROCE:	After tax EBITA / Capital Employed

Contacts & agenda

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Grégoire Rougnon - IR manager - gregoire.rougnon@schneider-electric.com

23 April	Q1 2009 Sales	Conference call 9:00am
23 April	Shareholders' Meeting	
31 July	2009 Half-Year Results	Conference call 9:00am
22 October	Q3 2009 Sales	Conference call 9:00am

Help people make the most of their energy