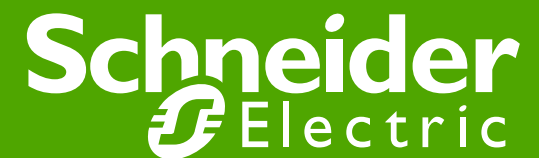


Full-year 2009 Results

February 18, 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.



04

Overview

11

Strategy and business update

22

Finance presentation

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Outlook

Overview



Schneider Electric – a global company positioned for long term sustainable growth

15.8

billion sales in 2009



34

% of sales in new economies



100 000+

people in 100+ countries



330

in *Fortune 500* ranking

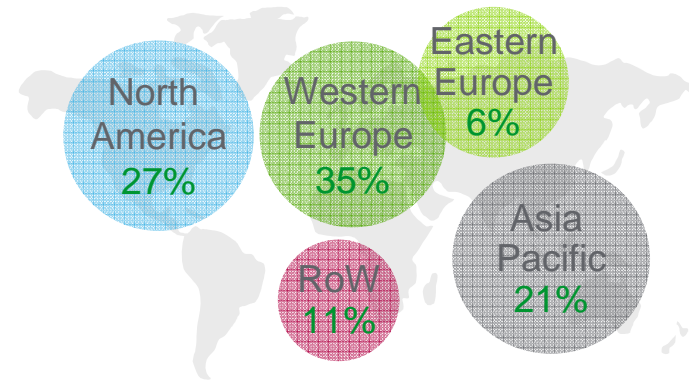


5%

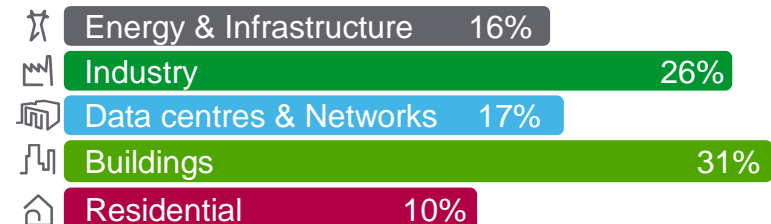
of sales devoted to R&D



Sales by geography – FY 2009



Sales by End markets – FY 2008



We are the global specialist in energy management

Energy Management

Energy production & transmission



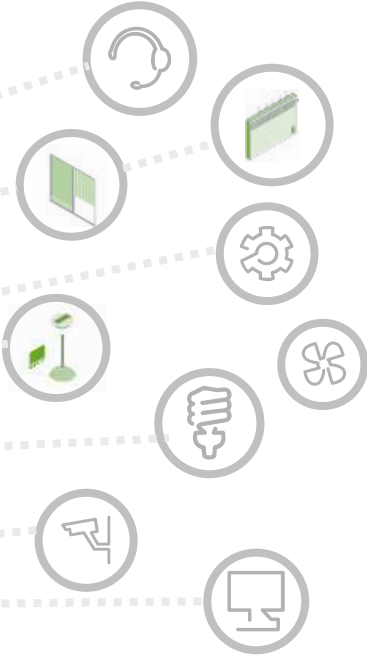
Making energy:

- Safe
- Reliable
- Efficient
- Productive
- Green

Covering **72%** World Energy consumption

up to **30%** energy saving

Energy usage



...who created an innovation eco-system for a simpler and greener future

We start today...

Partnering with 50+ best-in-class public and private organisations



Leading global projects for Intelligent buildings, renewables, nanotechnologies

Homes, Minalogic, Smart Electricity

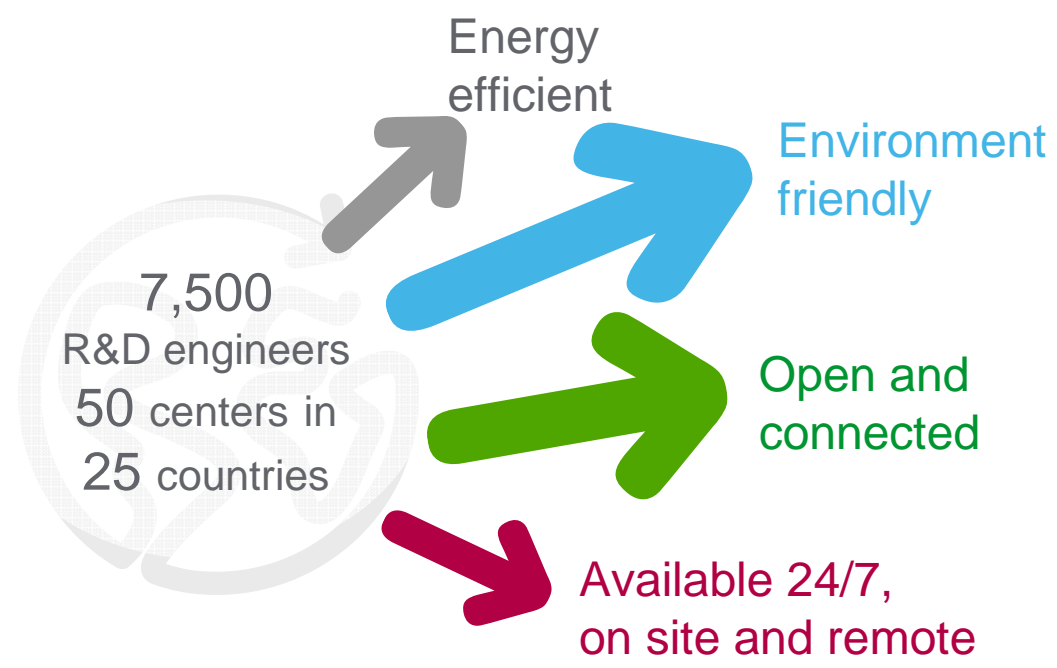
Boosting standardisation Zigbee, IEC, NEMA



Funding start-ups
Aster Capital fund

Demand response, software breakthrough

for tomorrow to be...



We are a socially responsible company committed to sustainable development

Environment

- Apply standards like RoHS, REACH, WEEE
- Eco-design
- ISO14001 certification



Business

- Head of *Green Grid*
- Sign the *Clinton Climate Initiative*
- Partner of *Alliance to Save energy*



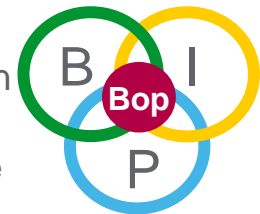
Ethics

- Global compact of the United Nations
- Principles of responsibility signed by every employee



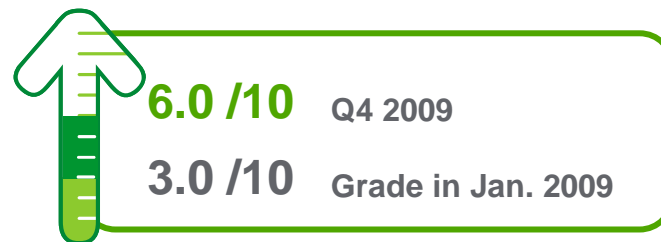
Access to energy

- Provide access to electricity for 1.6 billion people
- Train disadvantaged young people in the field of energy
- Business angel for local entrepreneurs

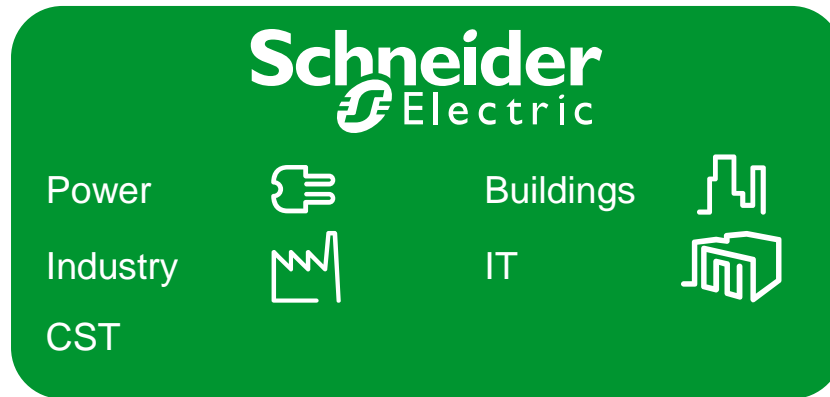


A measurable commitment

- The planet & society barometer



We are uniquely positioned to seize major market opportunities of our generation



the energy challenge

- × **2** Energy **needs** by 2050
- ÷ **2** CO₂ emissions cut **necessary**

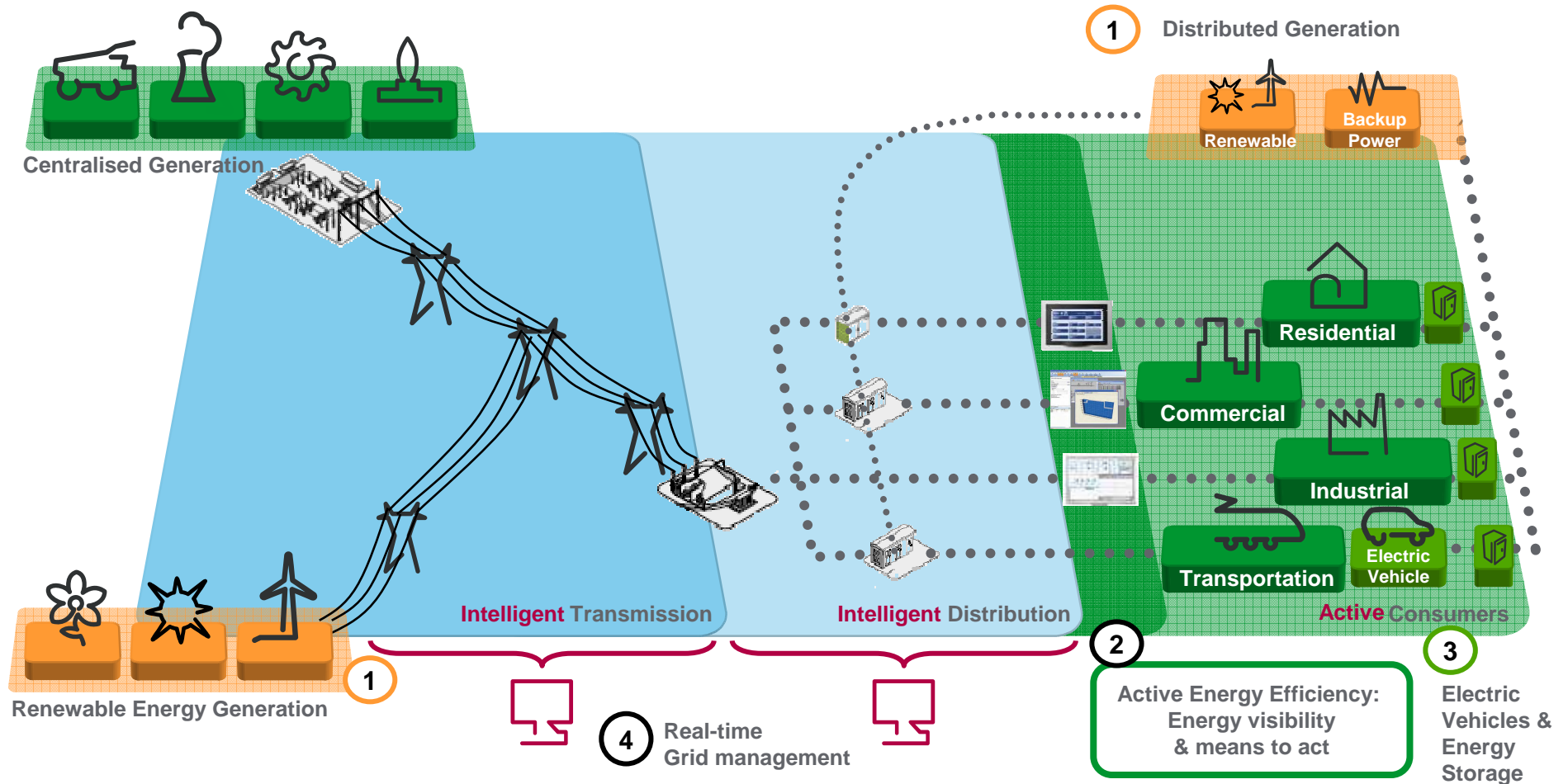
our strength
Complete Energy Efficiency Solutions

new economies (34% of sales)

- **BRICs** to be 4 of the **top 5** world economies by 2050
- **1.6 bn** people have no access to energy

our strength
Our strong footprint in new economies (44,000 employees)

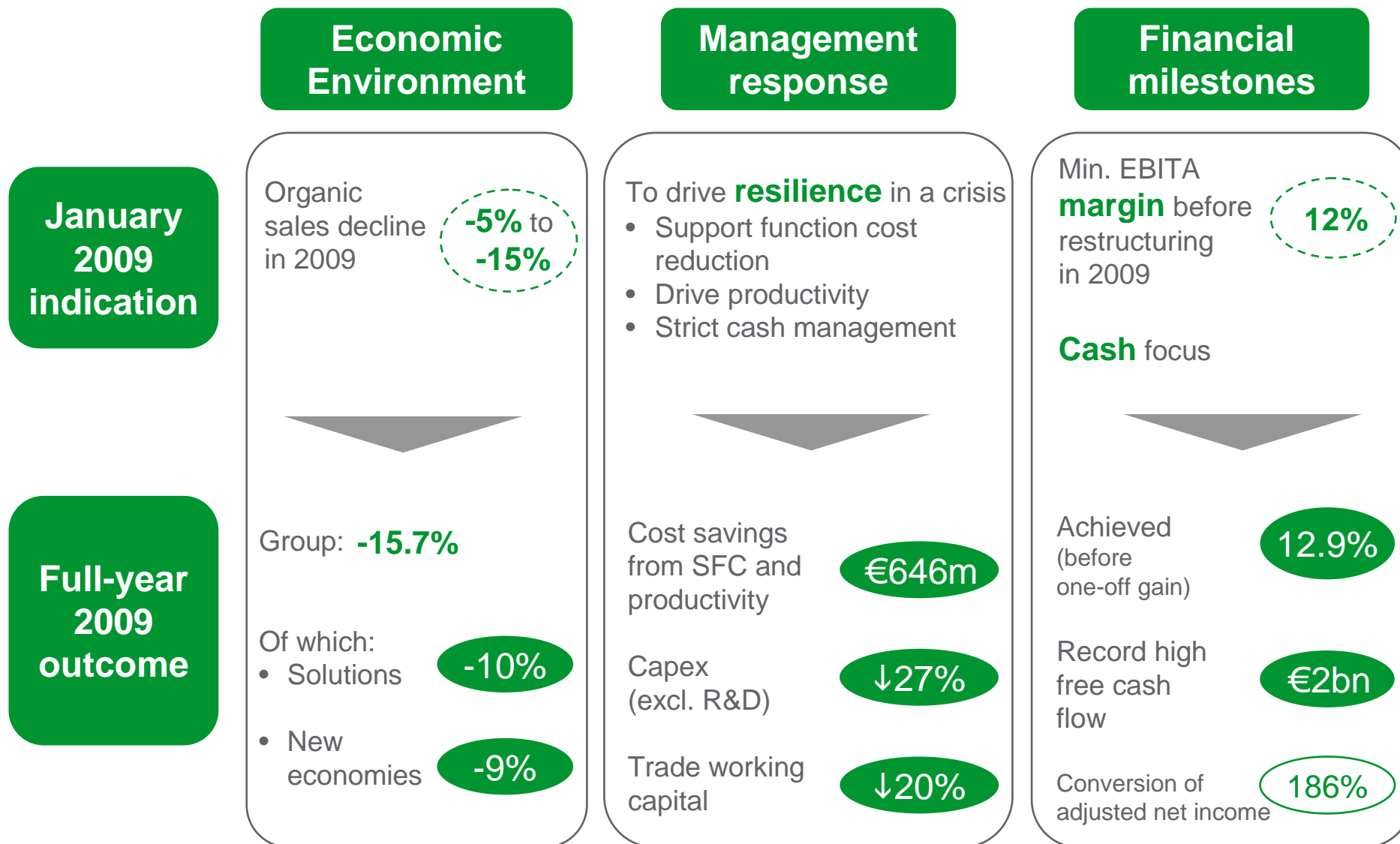
We are a key player of the smart grid which is revolutionizing the electrical value chain



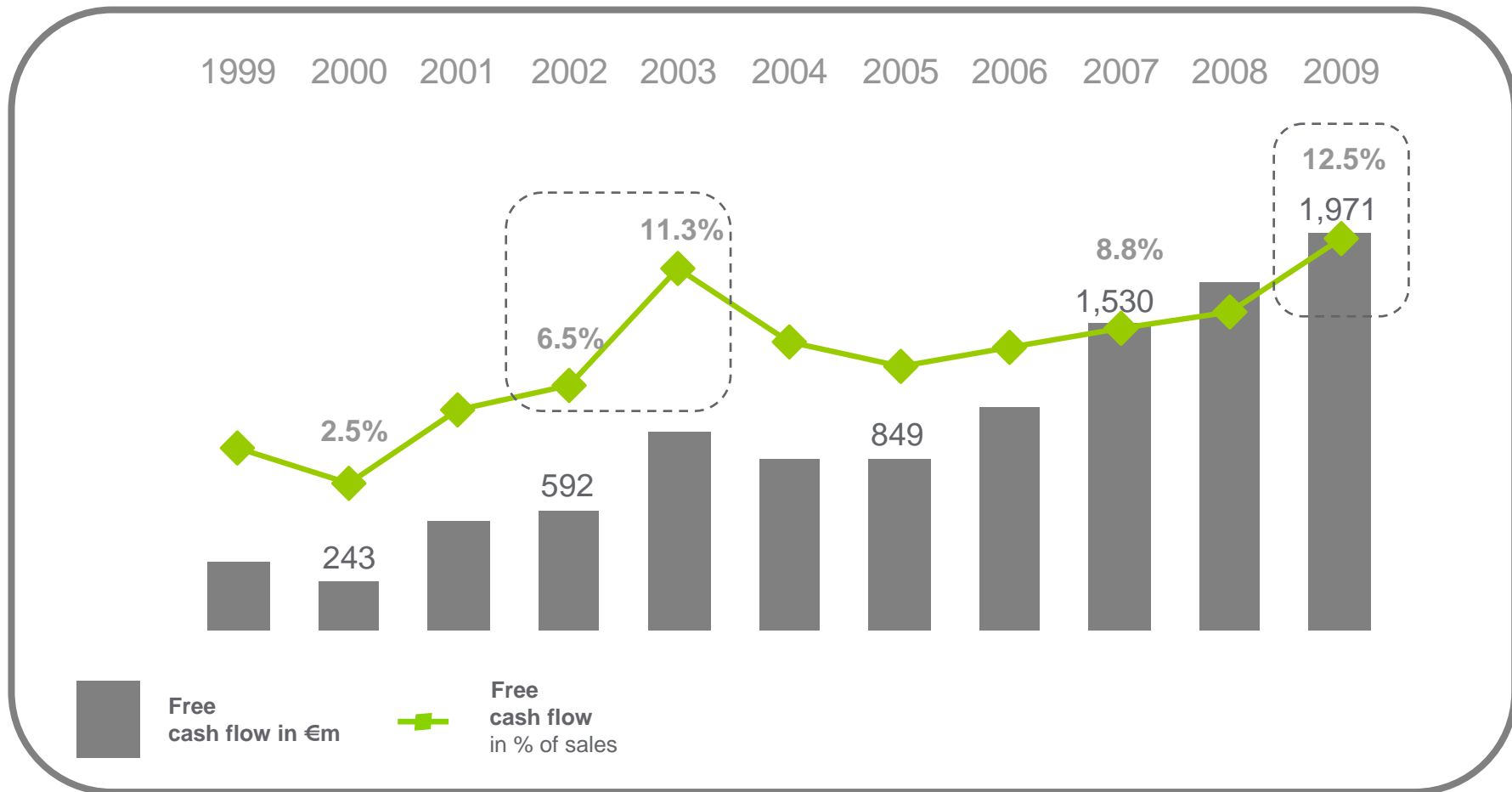
2009: We delivered in a
tough business environment
while preparing our future



A strong execution of program One priorities to face unprecedented downturn



Our cash generation has structurally improved



Program One is at work to lay a strong base for sustainable growth and profitability

1 solution provider

- ✓ **EcoStruxure:** already in the market with key architectures providing best **Energy Efficiency**
- ✓ **Green** is a reality: Renewables – Low-consumption buildings – Smart Grid – more to come...
- ✓ **Innovation** in offers and solutions

World GDP
+ 5pts

Organic growth
across the cycle

1 leader
in new economies

- ✓ Accelerating **penetration** thanks to local R&D and marketing
- ✓ On track **to reach 50%** of low-cost production

World GDP
+ 6pts

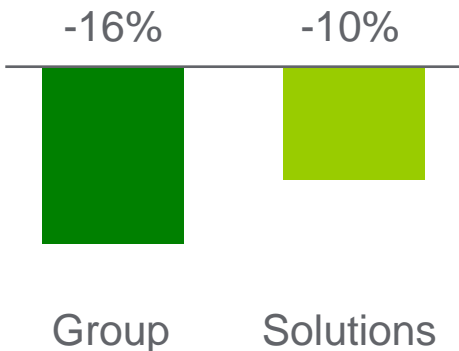
1 global
company

- ✓ **Leaner supply chain** and supplier concentration
- ✓ **Simplification** of SG&A functions
- ✓ **Brand** simplification to boost marketing efficiency
- ✓ **New organization** to raise value creation potential

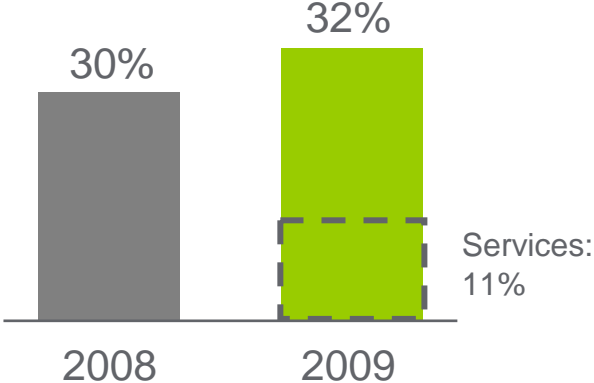
Less
complexity

Solutions and services to capture a bigger share of the value chain

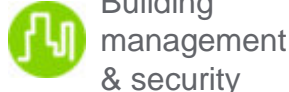
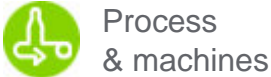
Sales organic growth



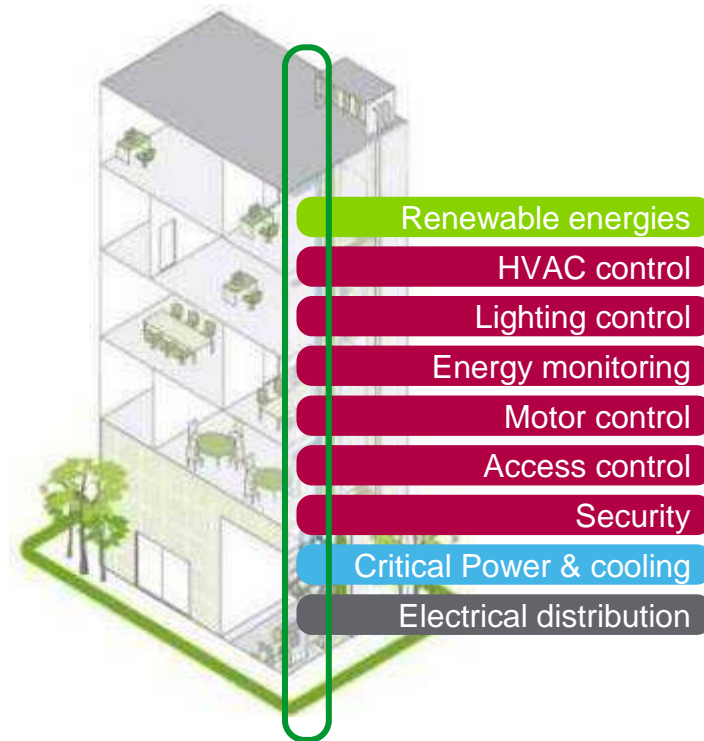
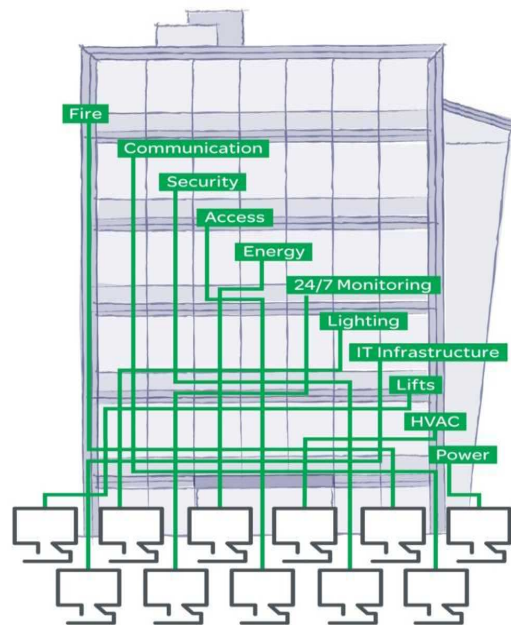
Solutions - Share in Group sales



Big progress of **EcoStruxure**: trained staff, dedicated architectures by market, customer awareness



From multi-silo to single backbone system: example of buildings



Simple Integration

Interoperability and openness
to third party systems

Eco**Struxure**™

Reliability

- Continuity of service of Electrical Power

Efficiency

- 30% energy savings
- Optimized Capex & Opex

Productivity

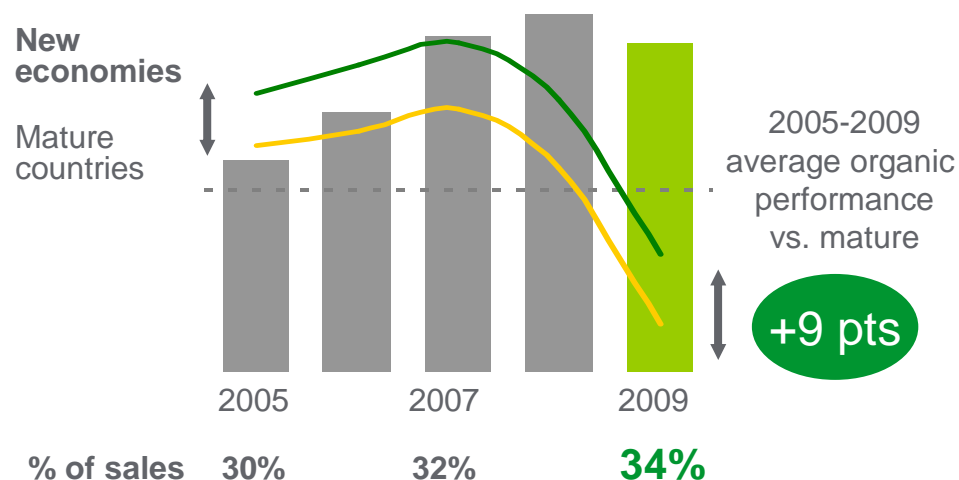
- Productive work places

Green

- Connection to renewable energies

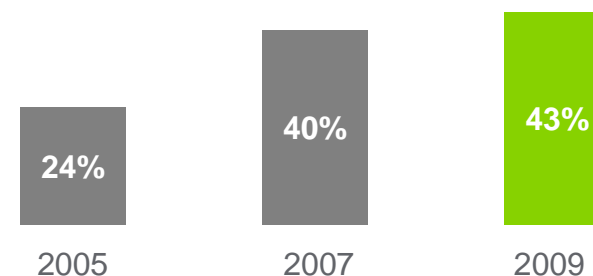
Strong in new economies, we will benefit from their structurally higher growth potential

Sales performance in new economies



Share of costs in new economies

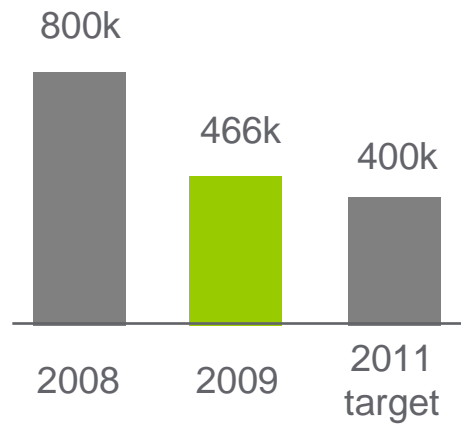
% of Group cost of goods sold



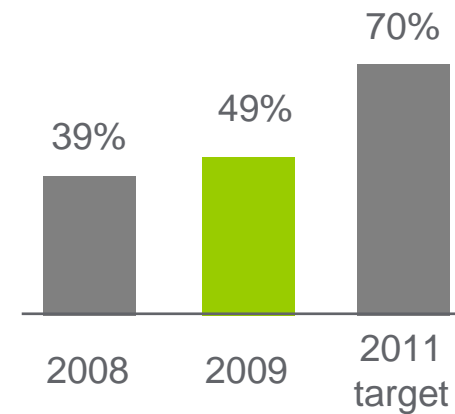
New economies to grow at **world GDP +6pts** across the cycle
 ~**50%** of cost of sales to come from new economies in 2011

In progress to boost productivity in the supply chain

References (number of SKUs)



Selected suppliers (% of purchasing)



€105m savings from productivity in 2009 despite volume drop

On track to achieve **€600m** savings target over 2009- 2011

Significant savings from the simplification of our support functions

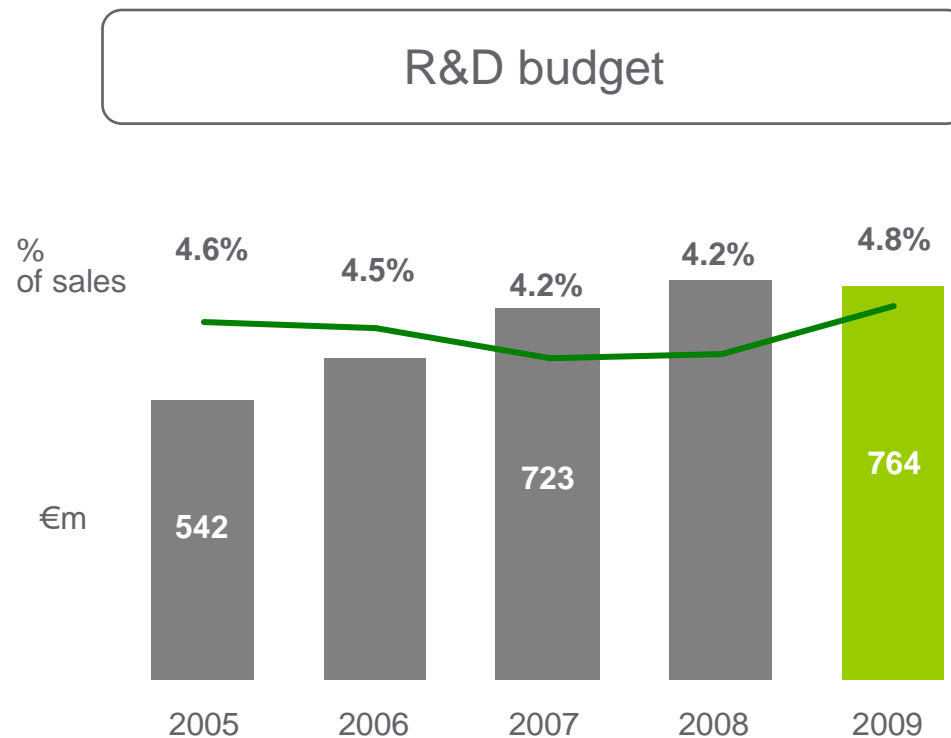
Simplification streams	Actions undertaken	Results
Finance & HR optimization	<ul style="list-style-type: none"> • On-going deployment of global shared services • Expertise globalization (tax, legal, finance, HR) 	<p>€541m savings</p> <p>or -10% of support function costs (on comparable fx and scope)</p>
Marketing simplification	<ul style="list-style-type: none"> • Audit of overlap business unit/zone and levers of efficiency • Marketing globalization • Launch of One Web in 138 countries 	
Sales Force Effectiveness	<ul style="list-style-type: none"> • Alignment on best practices on sales efficiency 	
Other actions	<ul style="list-style-type: none"> • Co-location • IT globalization • Commercial sites rationalization • Brand migration 	

New organization to raise value creation potential


5 businesses	2009 sales	Key products	Market segment leadership
<div style="border: 1px dashed red; padding: 5px;"> Power Energy¹ </div>	€9.1bn	<div style="border: 1px dashed red; padding: 5px;"> Low voltage Medium voltage¹ </div>	<ul style="list-style-type: none"> • Residential • Marine <div style="border: 1px dashed red; padding: 5px; margin-top: 5px;"> <ul style="list-style-type: none"> • Oil and gas • Utilities </div>
Industry	€2.7bn	Industrial Automation & control	<ul style="list-style-type: none"> • OEMs • Water • Mining
IT	€2.4bn	Critical power & cooling	<ul style="list-style-type: none"> • Data centers • Bank / Insurance
Buildings	€1.3bn	Building automation & security	<ul style="list-style-type: none"> • Retail • Hotels • Hospitals • Offices
CST	€0.4bn	Customized sensors	

¹ Upon closing of Areva Distribution acquisition, a new business called **Energy** will be created in which MV assets from Schneider Electric and Areva Distribution will be combined.


Commitment to innovation and R&D in products and solutions to support future growth




Innovation for products and solutions




Harmony™
Biometric Switch



Wireless systems for
home automation



SoMachine: One
single software to
reduce time to market



Sarix IP security
systems

R&D spending **maintained** despite tough market conditions

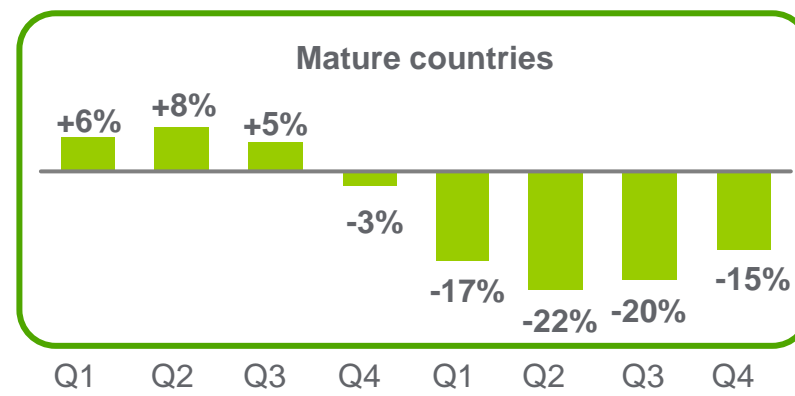
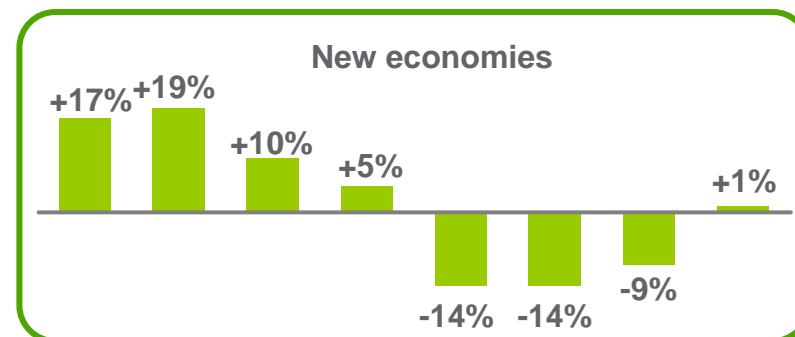
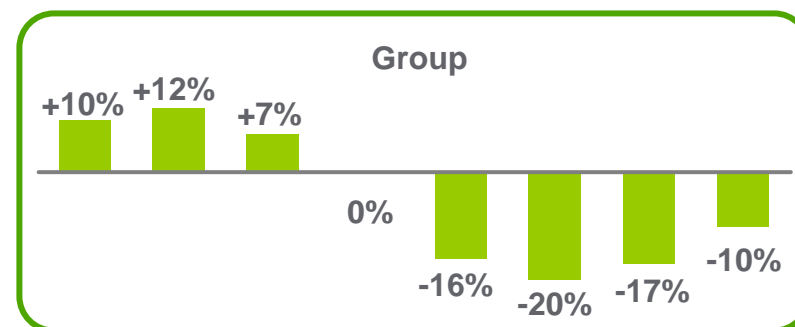
Finance presentation



New economies were back to growth in Q4

Sales organic growth by region

	Q4	2009
Europe	-13.6%	-18.5%
North America	-12.4%	-19.9%
Asia-Pacific	-3.0%	-9.7%
Rest of the World	-1.3%	-2.4%
Group	-10.0%	-15.7%



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

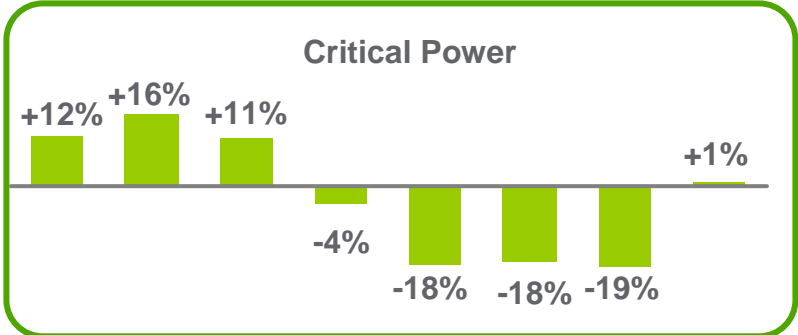
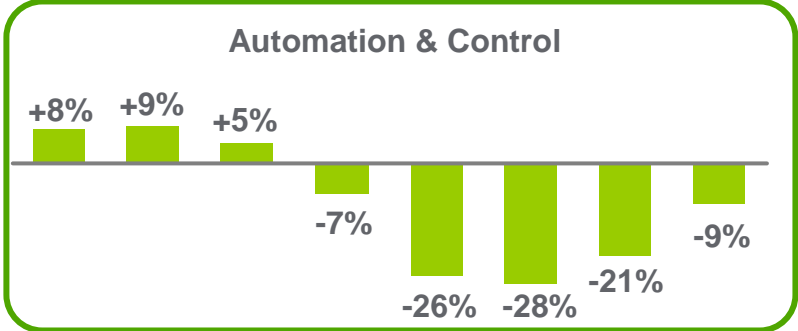
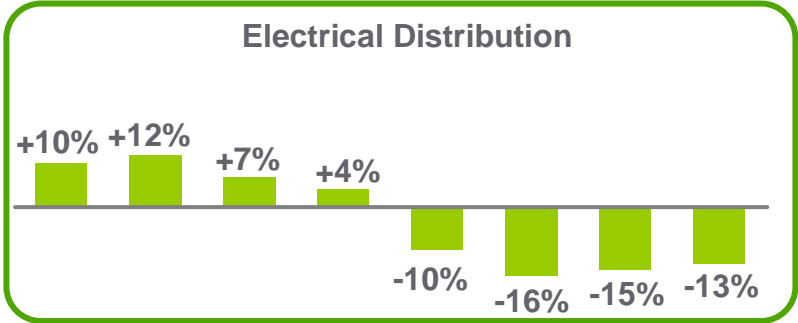
2008

2009

Critical Power returning to growth and industry-related business improving in Q4

Sales organic growth by division

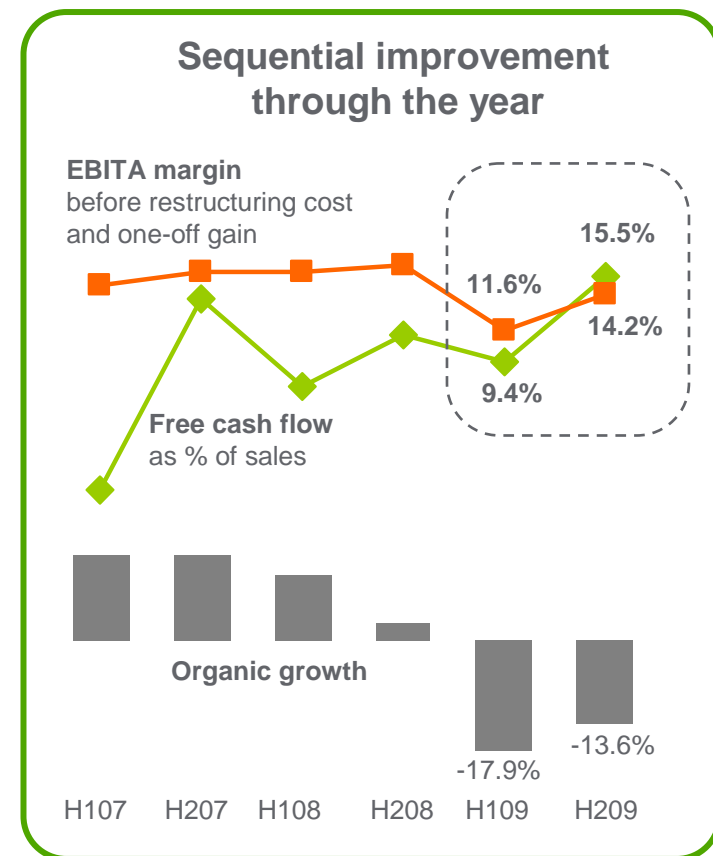
	Q4	2009
Electrical Distribution	-13.0%	-13.4%
Automation & Control	-9.2%	-21.3%
Critical Power	+1.1%	-13.6%
Group	-10.0%	-15.7%



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
2008 2009

Margin resilience to 12.9% thanks to active cost management

In m€	2008	2009	Change
Sales	18,311	15,793	-13.8%
<i>Organic growth</i>			-15.7%
Gross margin	7,432	6,221	-16%
<i>Margin %</i>	40.6%	39.4%	-1.2pt
R&D expenses	(402)	(403)	0%
SG&A expenses	(4,120)	(3,770)	-8%
EBITA^{1,2} before restructuring and one-off gain	2,937	2,044	-30%
<i>Margin %</i>	16.0%	12.9%	-3.1pts



¹ After reclassification of the interest component of defined benefit plan costs (see appendices for details)

² Excluding €92m one-off pension gain in 2009

Net income impacted by exceptional items

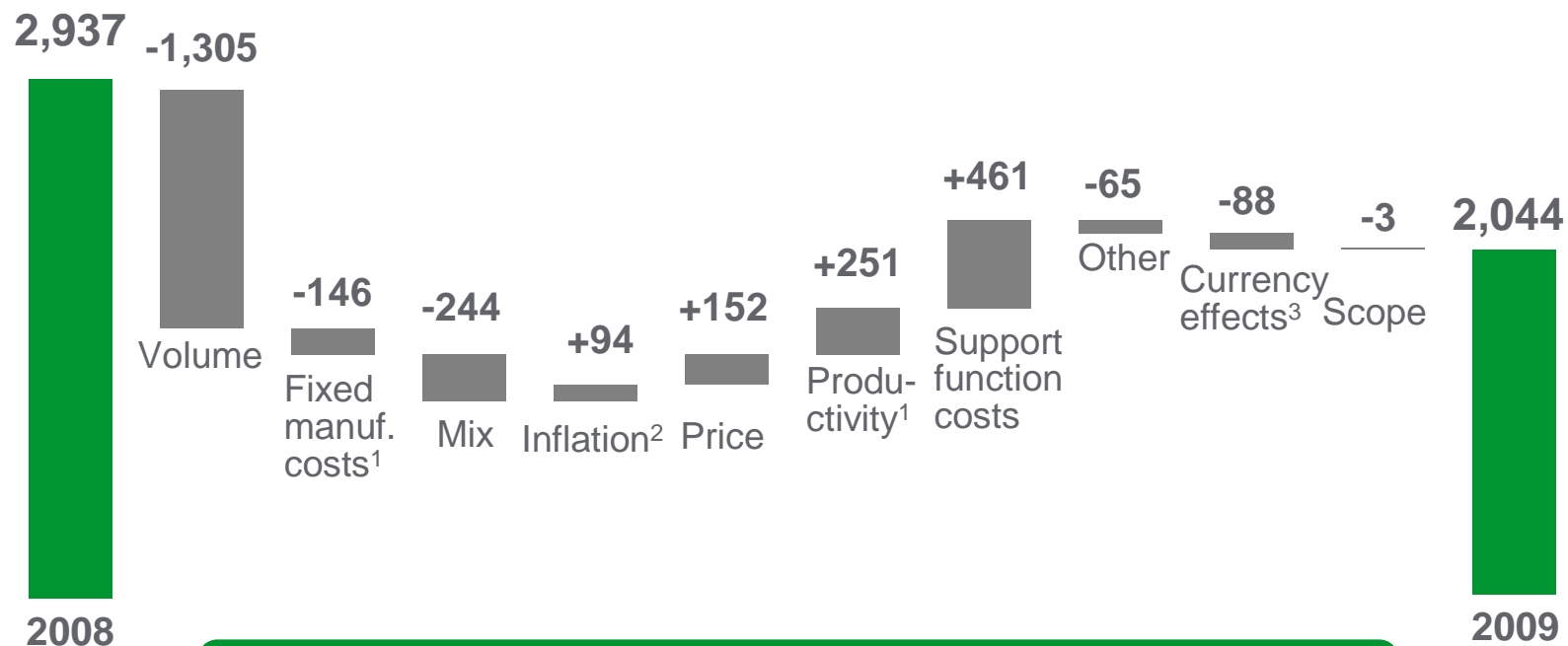
In m€	2008	2009	
EBITA before restructuring ¹ and one-off gain	2,937	2,044	Gain on US pension curtailment
One-off pension gain	-	92	
Restructuring costs	(164)	(313)	Step-up in restructuring charges to support cost initiatives
EBITA	2,773	1,823	
Amortization & impairment of purchase accounting intangibles	(174)	(231)	Including €118m impairment for Customized Sensors business unit in 2009 (€70m in 2008)
EBIT	2,599	1,592	
Net financial expense ¹	(333)	(384)	Underlying tax rate remains attractive at 22.6%
Income tax	(555)	(293)	
Equity investments	12	(21)	
Minority interests	(41)	(42)	
Net income (group share)	1,682	852	
<i>Earnings per share</i>	<i>7.02</i>	<i>3.43</i>	
Adjusted net income²	1,806	1,060	Adjusted net income down 41%

¹ After reclassification of the interest component of defined benefit plan costs (see appendices for details)

² Adjusted for exceptional restructuring costs, one-off pension gain and impairment charges, at the period's underlying tax rate

Strongly negative volumes partially offset by productivity, SG&A savings and prices

Analysis of change (in €m)



€864m brought by prices and cost savings

¹ Industrial productivity of +251 before -146 of under-absorption of fixed manufacturing costs

² Of which Raw materials: +144, Production labour & other Costs: -50

³ Of which translation: +47, transaction: -135

Strong effort to absorb manufacturing base costs despite sharply lower volume

2009 industrial productivity performance (in €m)

Purchasing	152
Lean Manufacturing	42
Rebalancing	57
Productivity before fixed manufacturing costs	251
(Under) absorption of fixed manufacturing costs	(146) ¹
Productivity including fixed manufacturing costs	105²

¹ (95) in H1 2009, (51) in H2 2009

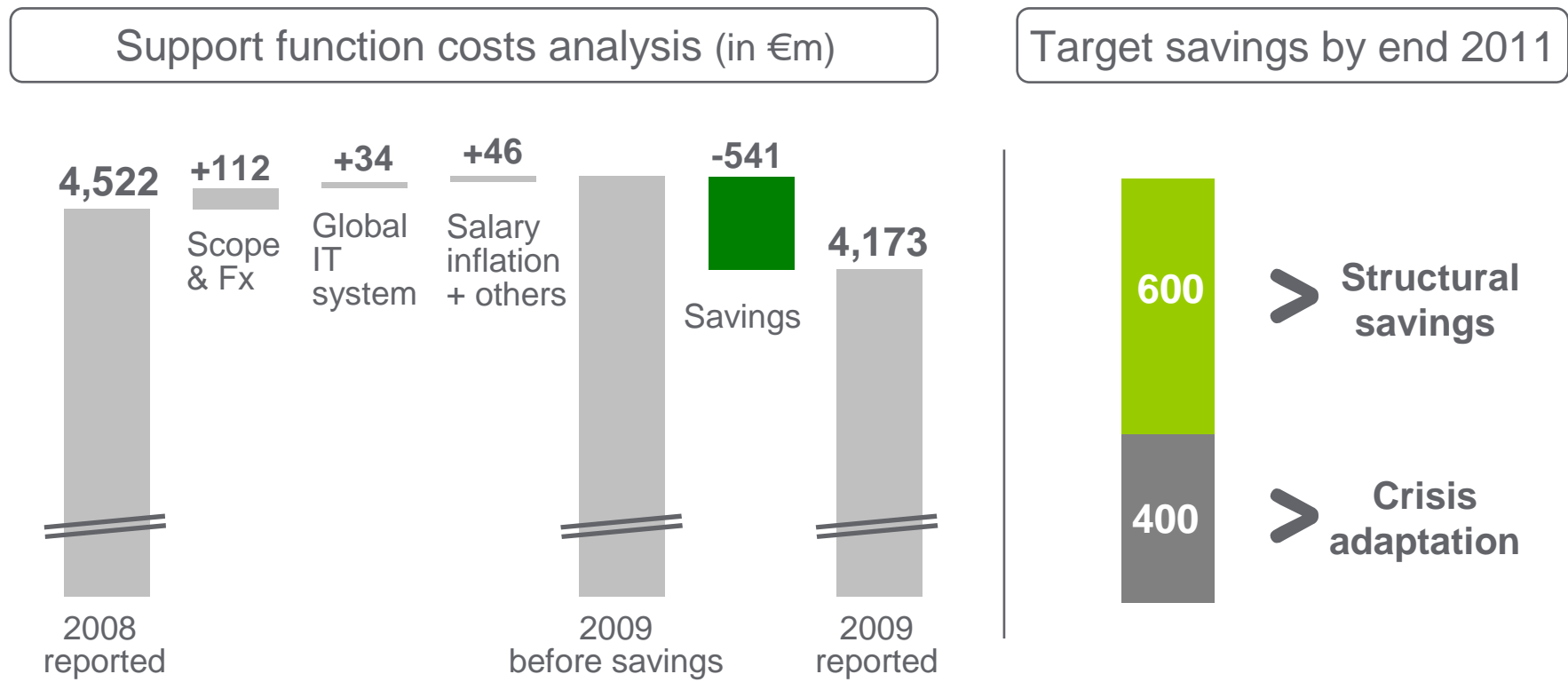
² 0 in H1 2009, +105 in H2 2009

Target savings by end 2011



Strong ramp-up of productivity in H2 leading to solid savings in full-year
 Swift capacity adaptation reduced under-absorption in H2

SFC reduction structurally improves cost base

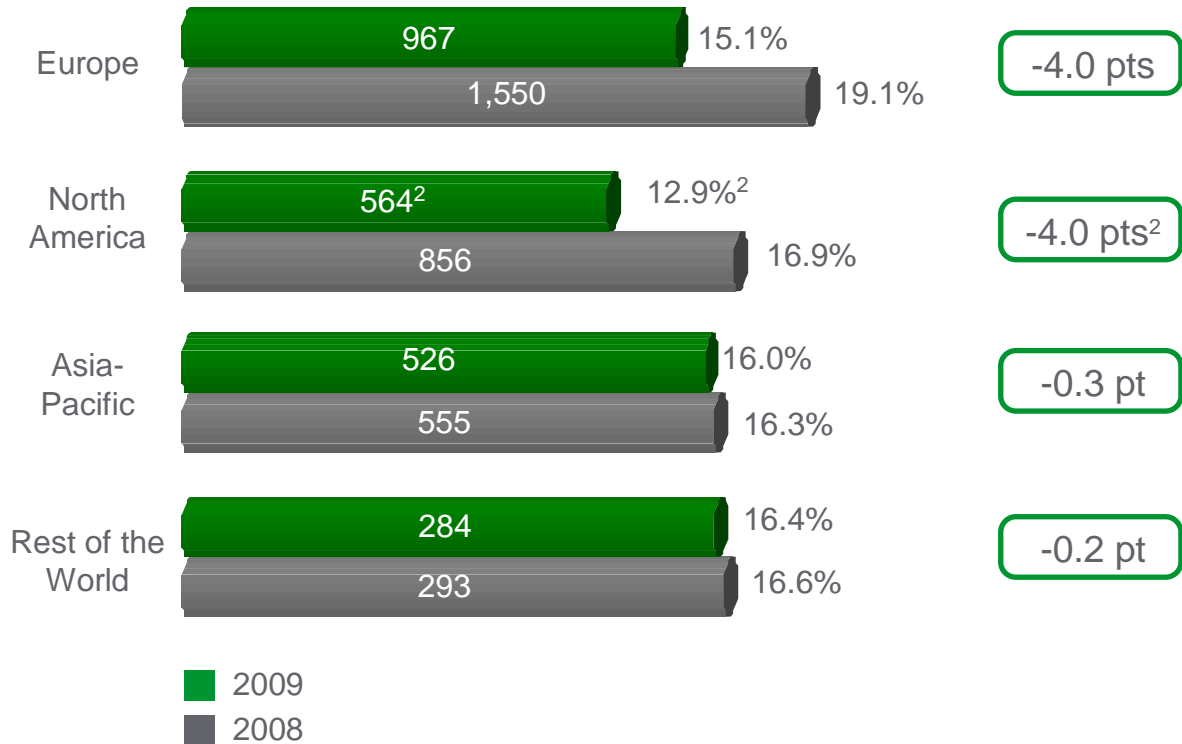
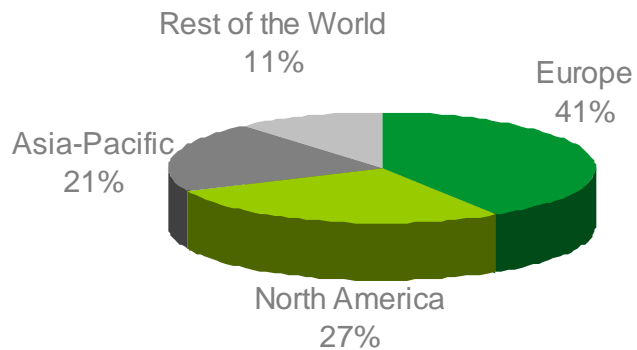


10% organic decrease of support function costs in 2009
 Continuous structural adaptation to reach a leaner SG&A cost base

Asia-Pacific and Rest of World support Group margins

Sales
€15,793m

EBITA before restructuring by region
(before corporate costs¹)



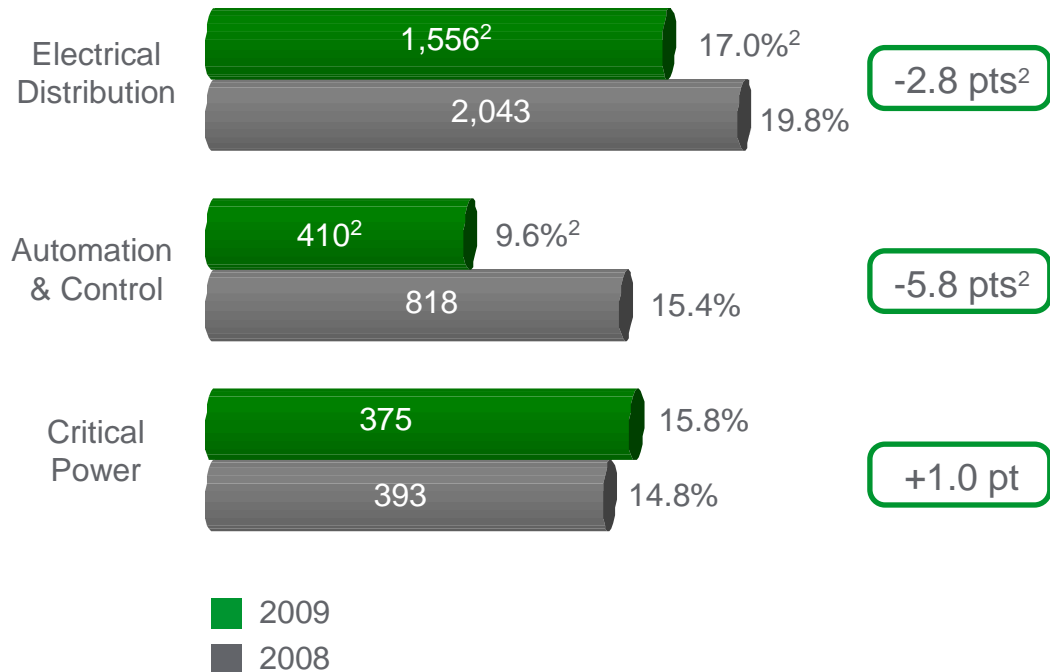
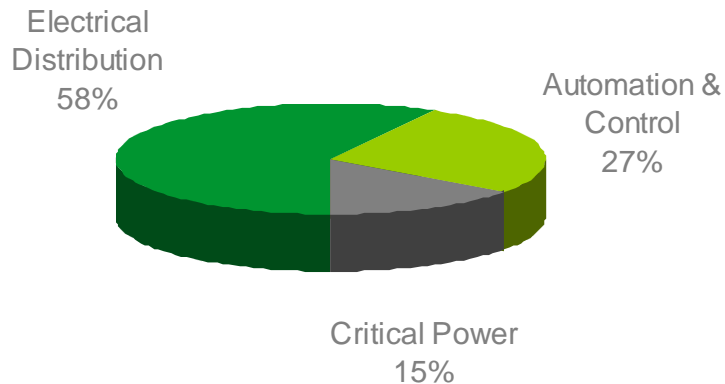
¹ Corporate costs of €297m in 2009 (€317m in 2008)

² Before €92m one-off gain from US pension curtailment

Critical Power margin ahead of last year, weak industry demand affecting Automation & Control

Sales
€15,793m

EBITA before restructuring by division
(before corporate costs¹)



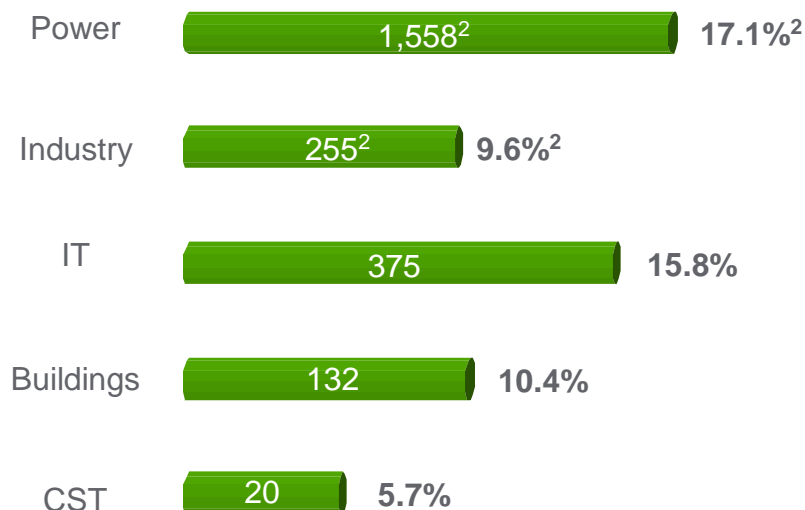
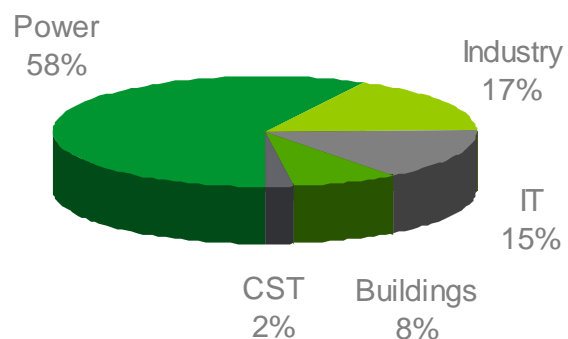
¹ Corporate costs of €297m in 2009 (€317m in 2008)

² Before one-off gain from US pension curtailment

Financial reporting to be adapted to new One organization from 2010

Sales
€15,793m

2009 EBITA before restructuring by business
(before corporate costs¹)



■ 2009 €m and as % of sales

¹ Corporate costs of €297m in 2009 (€317m in 2008)

² Before one-off gain from US pension curtailment

Net debt reduced by over €1.7bn thanks to robust free cash flow

Analysis of debt change in €m	2008	2009	H1	H2
Net debt at January 1	(4,936)	(4,553)		
Operating cash flow	2,500	1,734	770	964
Change in working capital	(72)	813		
Capital expenditure – net ¹	(693)	(576)		
Free cash flow	1,735	1,971	726	1,245
Dividends	(796)	(317) ²		
Acquisitions	(615)	(103)		
Capital increase	144	158		
Other	(85)	32		
Decrease in net debt	383	1,741	411	1,330
Net debt at December 31	(4,553)	(2,812)		

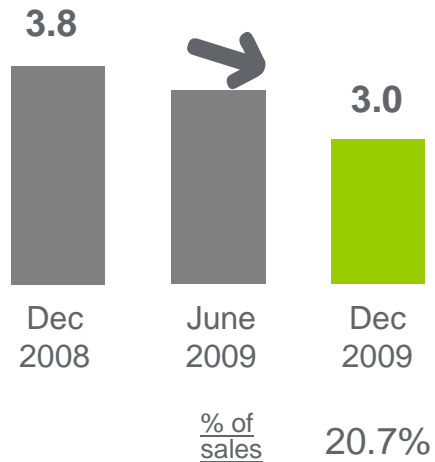
-38%

¹ Including R&D capitalization of €211m (€195m in 2008)

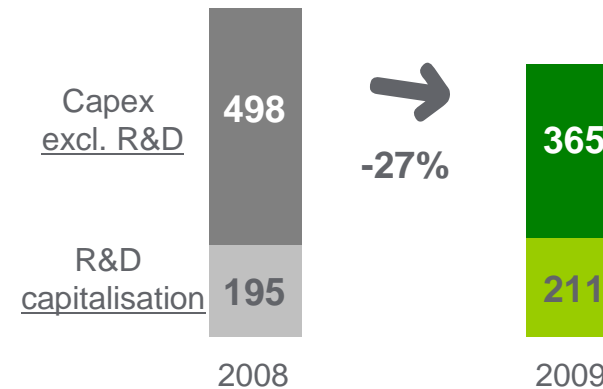
² Dividends paid in 2009 amount to €837m, of which €520m have been paid in shares (at shareholders' option)

Swift adaptation led to significant reduction of working capital and capex

Trade working capital (in €bn)



Capital expenditures (in €m)



Receivables¹ **51** days (-7 d)

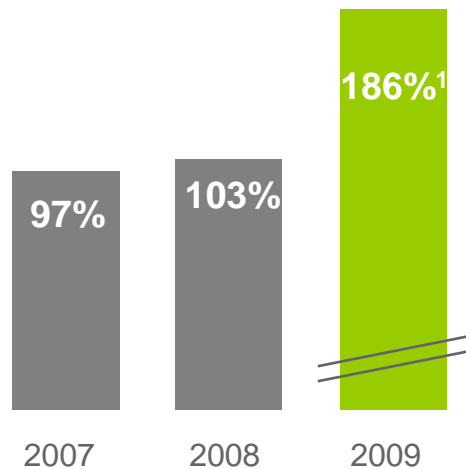
Inventories² **81** days (stable)

Payables³ **63** days (-4 d)

- ¹ Days of sales
- ² Days of COGS (cost of goods sold)
- ³ Days of purchases

Record cash performance, leading to a strengthening of Net debt / EBITDA ratio

Cash conversion
(Free cash flow / net income)



Net debt / EBITDA²



¹ Based on adjusted net income (231% on a reported basis)

² EBITDA of €2,417m in 2009 (€3,331m in 2008)

Strong liquidity secured by exceptional cash generation

Net financial expense of €384m, of which:

Cost of debt	323 ¹
Income from cash	(26)
FX differences	1
Finance portion of charges related to pensions and other benefits	56
Other (creditor fees, dividends received, capital gains/losses)	30

Breakdown of net debt
(in €bn)



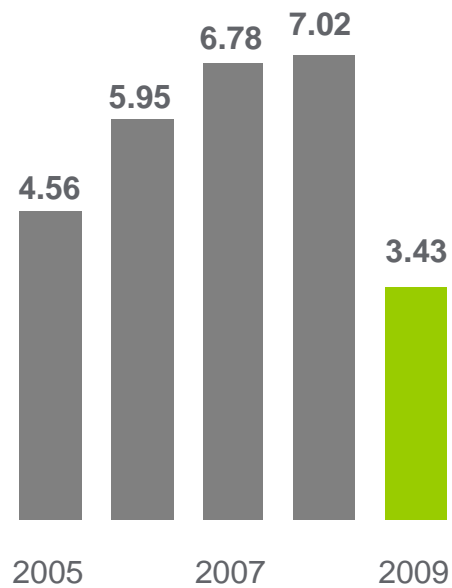
Liquidity of **€6.3bn** including undrawn credit facilities of €2.8bn

Ample liquidity for the ~ €1.1 billion Areva D acquisition and 2010 debt retirement

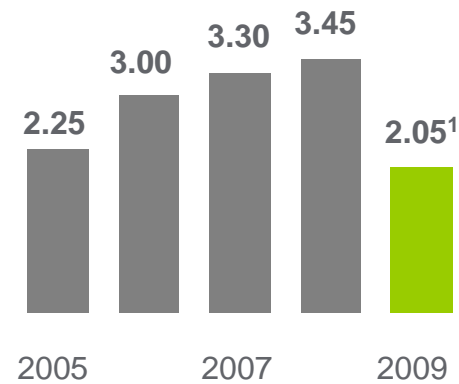
¹ Average cost of gross debt of ~ 5%

Proposed dividend of 2.05 euros

Earnings per share



Dividend per share



2009 dividend payout of **50%** of net income adjusted for exceptional restructuring, impairment charges and one-off pension gain

¹ Subject to shareholder approval on April 22, 2010 - payment in cash or in shares, at shareholder's option

Outlook



2010 outlook

Business trends

Industry and **data-center** end-markets to be first to return to growth

New economies to boost Group sales

Non-residential **buildings** slowdown to be partly offset by exposure to revamping

Business environment in **mature** countries remains uncertain

Profitability

Industrial **productivity** and support function **costs savings** to continue

Risks on **raw material** inflation

Restructuring charges expected at €150-200m

Assuming current economic conditions, Schneider Electric targets for 2010:

- a **return to growth:** low single-digit organic sales growth
- a **profitability improvement:** EBITA margin of around **14%** pre-restructuring costs (before Areva Distribution integration impact)

Appendices



Details on the pension reclassification

	2007	2008	2009
Interest cost	-120	-123	-130
Expected return on assets	106	104	74
Net charge reclassified	-14	-19	-56

- Change in presentation for the interest component of defined benefits plan costs
- Reclassification of the net charge from operating expenses to net financial costs
- Consistent with IFRS rules and in line with best practices
- Applied from 2009 onwards with 2008 restated accordingly

		FY 2008	FY 2009
Initial P&L reported	EBITA before restructuring	2,918	
	% of sales	15.9%	
	Finance costs	-314	
	Profit for the period	+19m 1,682	
After reclassification	EBITA before restructuring	2,937	2,044
	% of sales	16.0%	12.9%
	Finance costs	-333	-384
	Profit for the period	1,682	852

Definitions

- EBITDA: EBIT before net depreciation and amortization
- EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill
- Adjusted net income: Group share in net income adjusted for exceptional restructuring costs (above €100m), one-off pension gains/losses and impairment of goodwill and intangibles, at the period's underlying tax rate
- Cash conversion: Free cash flow / net income
- Free cash flow: Operating cash flow – change in working capital – net capital expenditures

Contacts & agenda

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gregoire.rougnon@schneider-electric.com

21 April

Q1 2010 Sales

Conference call
6:00pm (CET)

22 April

Shareholders'
Meeting

30 July

2010 Half-Year
Results

Conference call
9:00am (CET)

20 October

Q3 2010 Sales

Conference call
9:00am (CET)

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

