Full-year 2010 Results

February 17, 2011

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 – the global specialist in energy management

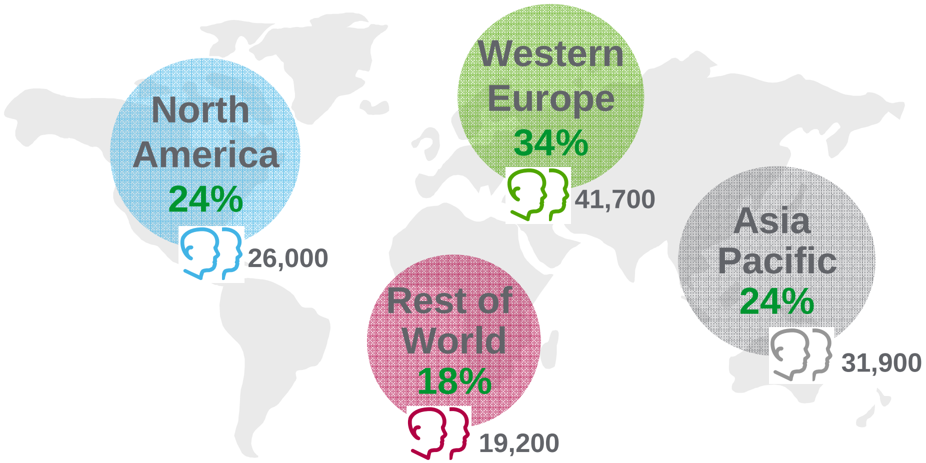
20
billion € sales in 2010

37
% of sales in new economies

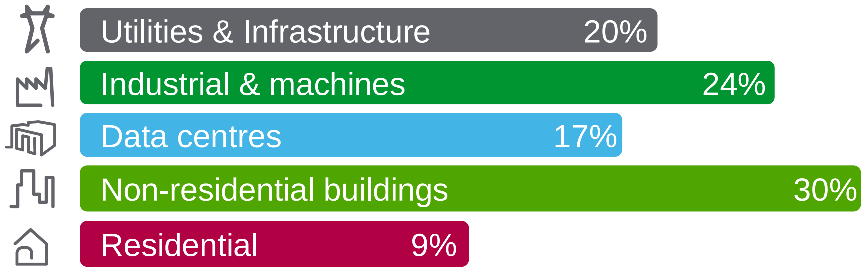
110 000+
people in 100+ countries

4–5%
of sales devoted to R&D

Balanced geographies – FY 2010 sales
Year-end 2010 employees



Diversified end markets – FY 2010 sales[1]



[1] *Proforma with Areva D integrated on 12-month basis*

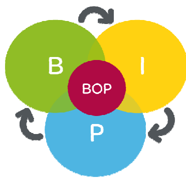
A comprehensive sustainability approach

Environment
- Apply standards like RoHS, REACh, WEEE
- Eco-design
- ISO14001 certification

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

Ethics
- Global compact of the United Nations
- Internal ethical frame: Our Principles of Responsibility and Responsibility & Ethical Dynamics

Access to energy
- Provide solutions for access to a reliable, affordable and clean electricity
- Train disadvantaged young people in the field of energy
- Support local entrepreneurs in create economic activity around energy



A measurable commitment
- The planet & society barometer

7.44/10 Q4 2010

3.0 /10 Grade in Jan. 2009

Target 8/10 by 31 Dec 2011

Part of the DJSI StoXX, ASPI and Ethibel Ethical stock indexes

Strategy and business update

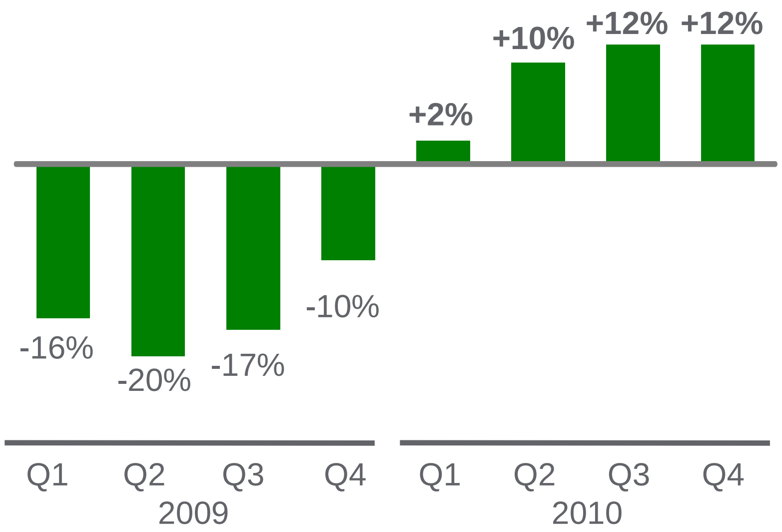
Solid execution in 2010

+9.3%	✓ 2010 **organic growth** at +9.3%, new economies up **15%** ✓ Sales reached **€20bn** (organic + acquisitions)
16.2%	✓ EBITA margin **up 3.4 points** before restructuring and consolidation impact of Areva Distribution ✓ Free cash flow of **€1.7bn,** against strong sales rebound
Areva Distribution	✓ **Strong start**, and now set to deliver **synergies** in **2011**
€1.2bn	✓ Exceeded €1.2bn in **cost savings** Cumulative since Jan. 2009

a strong foundation for growth in this new phase of the cycle

Deployment of strategy roadmap drove the rapid rebound

Group organic growth



Businesses organic growth

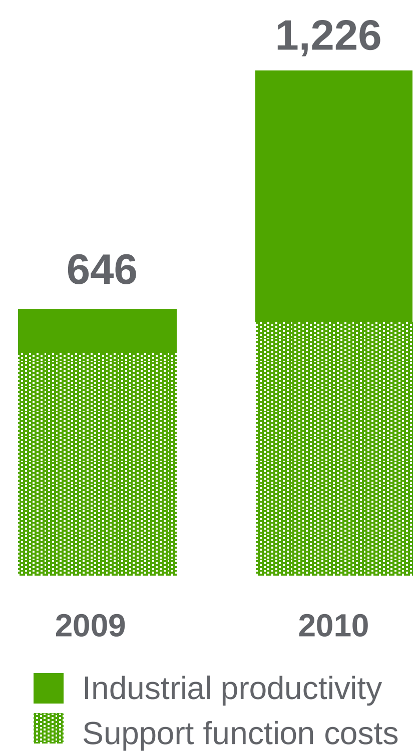
Industry	**+24%**
IT	**+10%**
Power	**+6%**
Buildings	**+3%**

- ✓ Shorter-cycle **Industry, CST** and **IT** businesses first to rebound
- ✓ Longer-cycle **Buildings** and **Medium Voltage** within Power turned positive later in 2010

Strong organic growth of +9% in 2010
Right positioning and exposure of our business portfolio

Efficiency savings above €1.2bn since the launch of One program in 2009

Cumulative efficiency savings (€m)



2011

Continue to drive industrial productivity

Further reservoirs of efficiency in purchasing, lean manufacturing, rebalancing

~€400M savings

Invest for growth: commercial and R&D resources

Drive operating leverage with SFC growth (incl. inflation) below topline growth

Further improvement of SFC ratio from 2010 record low of 24.1%

Continuous quest for **efficiency** and **growth** in the future

Invest in growth opportunities arising from the favorable trends in our market

Energy efficiency is mainstream

Smart grid is emerging

New economies are driving world growth

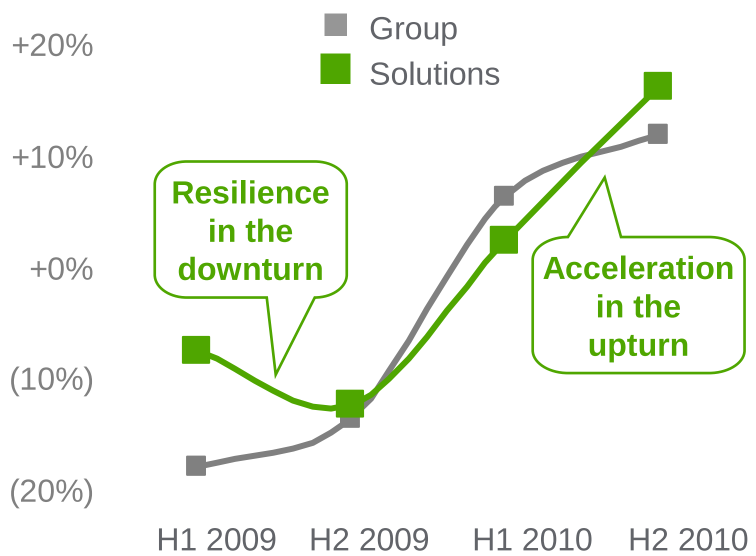
Group targets
organic growth across a normal cycle
at world **GDP +3 points**

+

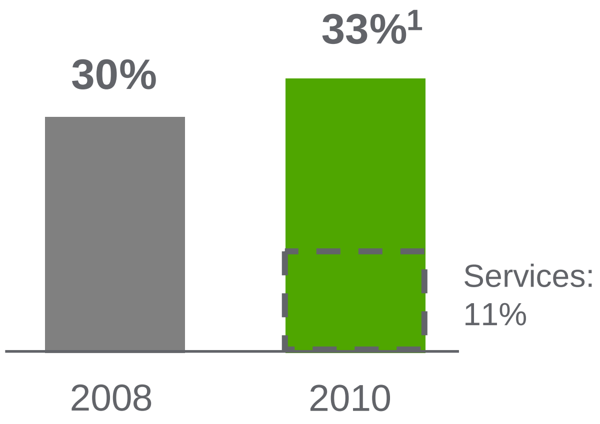
M&A
- **new economies**
- **skills for solutions and services**
- **reinforce businesses leadership**

Develop offers and competencies for leadership in energy efficiency

Sales organic growth



Solutions - Share in Group sales



Product innovation

EcoStruxure

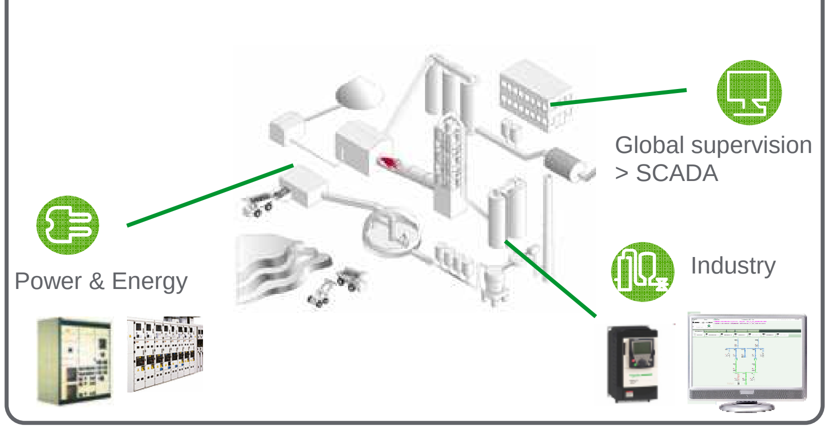
Projects & service skills

One signature brand

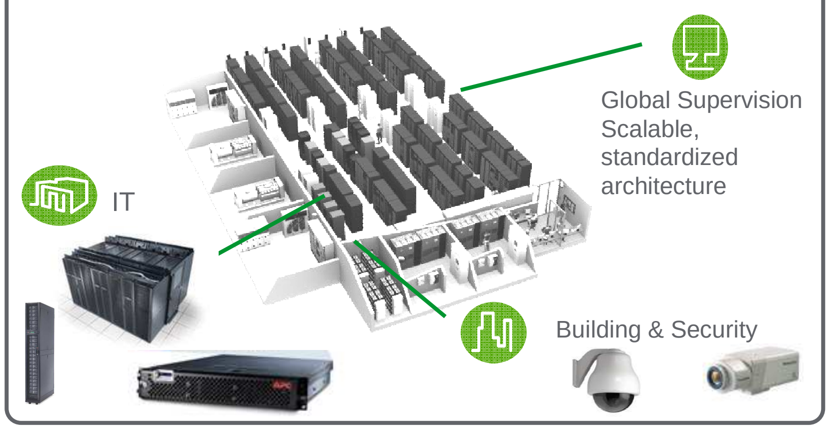
[1] *Based on last 12 month sales excluding Areva Distribution*

EcoStruxure: the architecture of efficiency

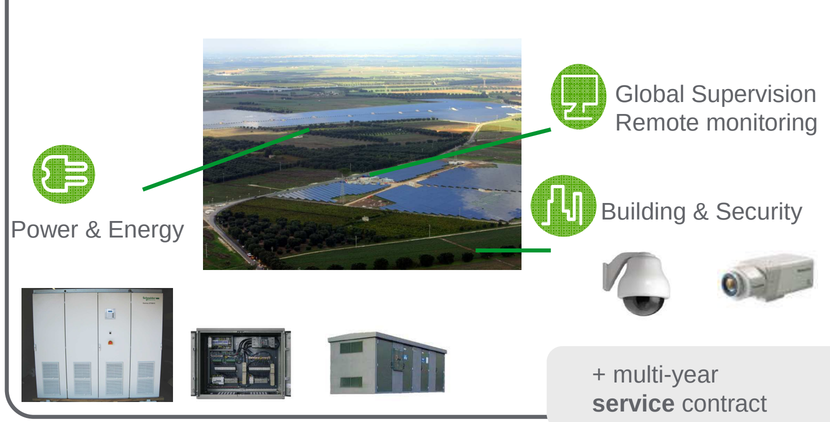
Industry
Cement plant, Colombia



IT
Data center for Financial Technologies, India



Power
Photovoltaic plant, Italy



+ multi-year **service** contract

Buildings
Green University of North Texas, USA

Lead the development of the smart grid

Renewables

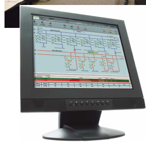
- **+600** solar photovoltaic projects in 2010
- Capturing business also in wind and hydro markets

Power System Solution for Dayton, Ohio solar farm

~2% of sales

Flexible Distribution

- Optimize network assets & increase energy efficiency
- Improve network reliability
- **+150** PACiS substation automation systems delivered in 2010



PACiS

MiCOM

Leveraging Areva Distribution

Electric Vehicle Infrastructure

- 1st installations in Brussels and Strasbourg
- Partner with Parkeon (joint payment system for parking and charging)

1st large contracts in 2011

Demand-Response management

- Leveraging our edge in energy efficiency
- Partner with Energy Pool in Europe
- Pilot projects in the US

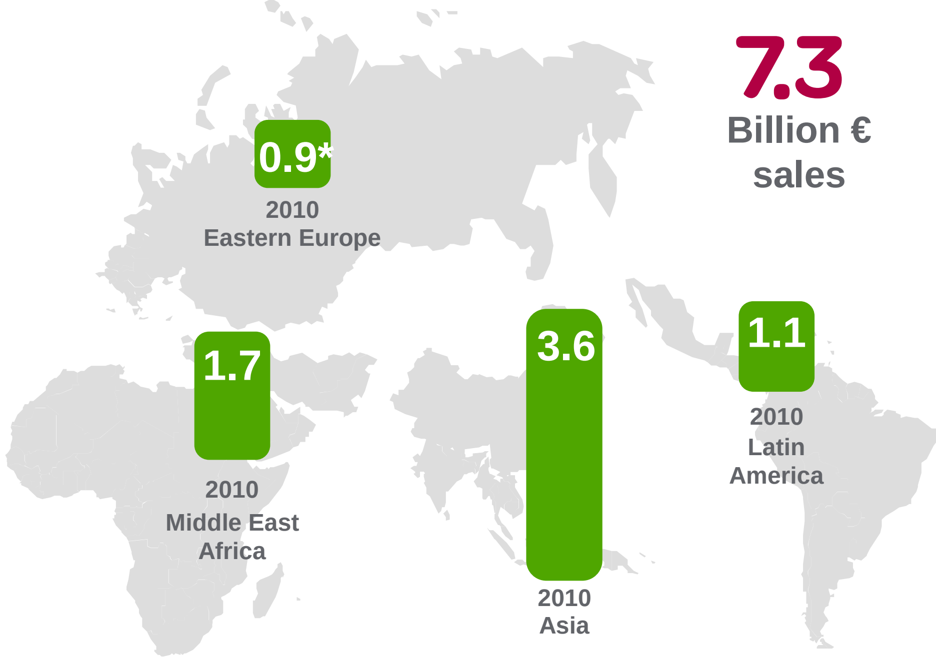
100,000 points of consumption connected

Kicked off in the US and Europe

A robust business model in new economies

Organic growth in new economies

Sales in new economies
37% of Group (32% in 2008)



* *Excluding Elektroshield TM Samara consolidated with the equity method (2010 sales: €0.4bn)*

Strong and deep-rooted presence established to fully benefit from the strong market potential in these regions

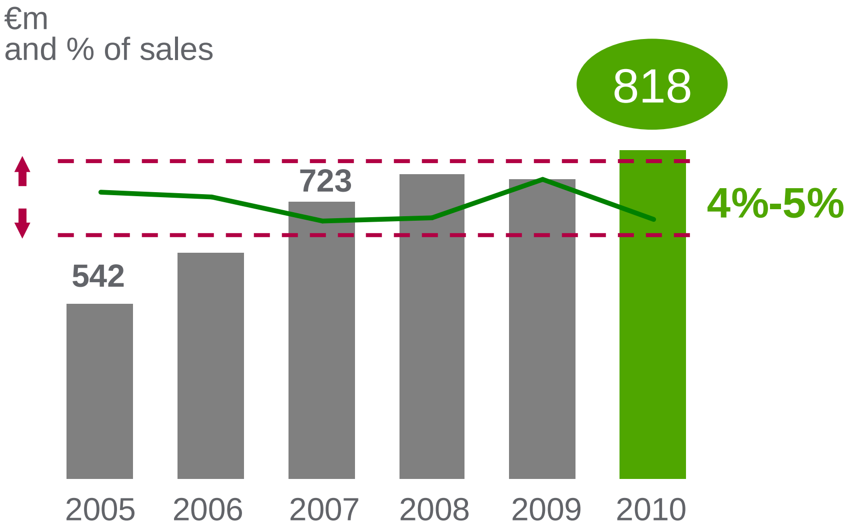
Further expand our presence in new economies

Product innovation, R&D dedicated for local markets	**Power**	• Offer adaptation with local R&D • Accelerate global footprint
	Energy	• Develop the commercial synergies of the business plan • Leverage Areva D industrial capacity
Expand geographical coverage	**Industry**	• Simple machine solutions for OEMs • Complete offer capabilities in mining, minerals & metals and water
	IT	• Boost local adaptation • Solve “stressed grid” situations
Investment in solutions integration & service skills	**Buildings**	• Further enhance commercial presence • Local offers

In the next few years, we will tap new business opportunities:
new regions to be urbanized, more automation, more solutions

Commitment to innovation and R&D

R&D budget

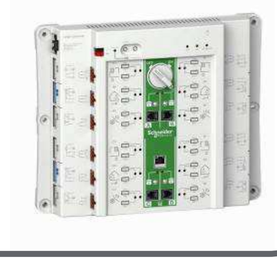


Odace

a new
innovative range
for LifeSpace

Roombox

power protection,
metering, KNX,
Zigbee, IP-ready



EcoBreeze

data center cooling
efficiency, offers PUE
approaching unity

Acti 9

the new reference
in the field of LV final
distribution

Motion control

adapted for new
economies

External growth accelerates the strategy roll-out

2010 acquisitions

		Sales	Solutions for energy efficiency		Smart Grid	New economies
Energy	**Areva Distribution**	€1,878m	●	Utilities, Oil & Gas	●	●
	50% of Elektroshield TM Samara (Russia)	~€425m	●	Utilities, Oil & Gas		●
Industry	**Cimac** (Middle East)	~€40m	●	Water, Oil & Gas		●
	SCADAgroup (Australia)	~€68m	●	Water		
IT	**Uniflair** (Italy)	~€80m	●	Datacenters		
	APW President (India)	~€10m	●	Datacenters		●
Buildings	**Zicom** (India)	~€30m	●	Buildings		●
	Vizelia – D5X (France)	~€8m	●	Buildings	●	

Market segments: Utilities, Oil & Gas, Water, Datacenters, Buildings

A strong start for Areva Distribution, exceeding expectations

- Continuity of operations
- Merger of front offices in all countries
- Continued commercial successes
- Action plans rolled-out to deliver €120m synergies by 2014
- Areva T&D India mandatory offer completed

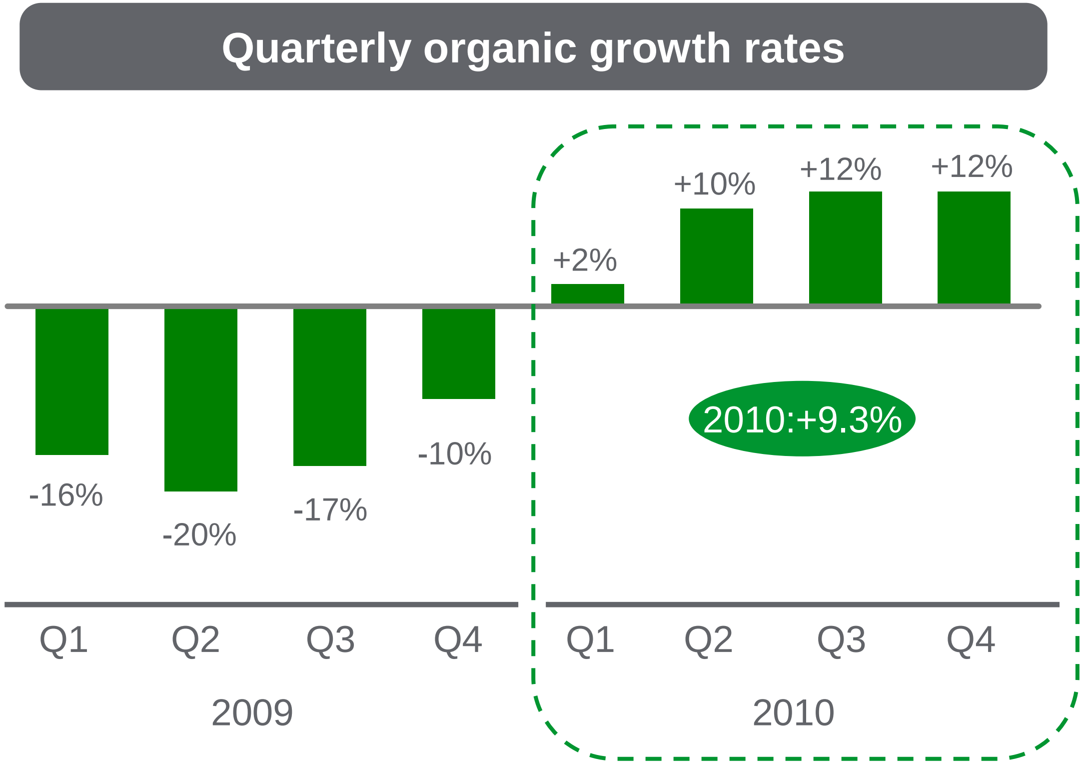
In €m	Reported June-Dec	Proforma 12 months
Sales	1,230	1,878[1]
EBITA	85	94
EBITA margin	6.9%	5.0%

1 Includes ~€75m of non-core zero-profit business to be discontinued

Key separation & integration milestones reached
Now in position to start delivering synergies

Finance presentation

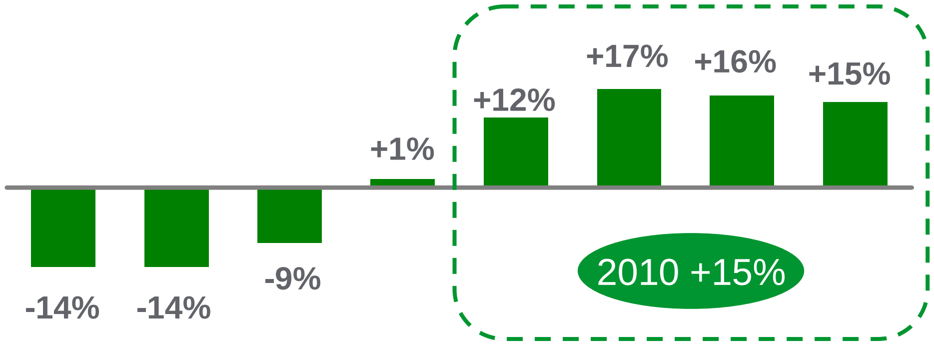
Strong momentum through the year



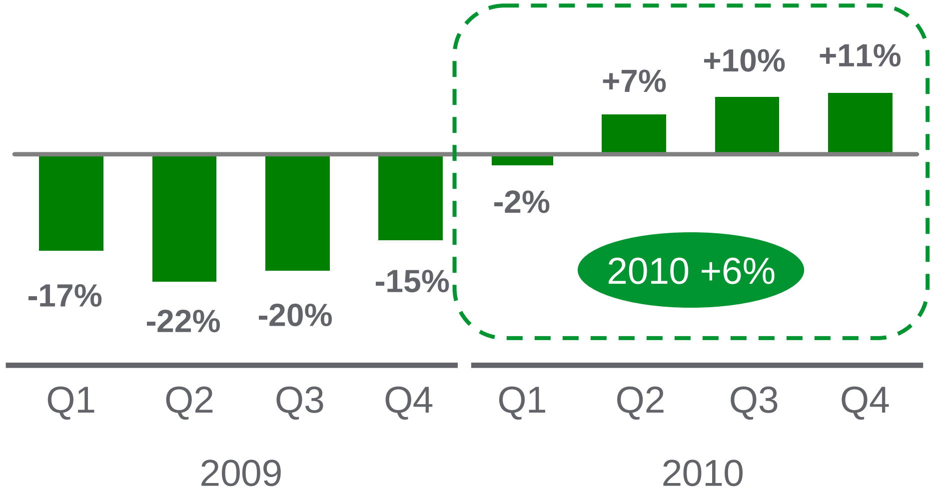
- Organic growth of **9.3%**
- Reported FY sales of **€19.6bn,** up **24.0%**
- Sales exceeded the **€20bn** mark on pro-forma basis for the first time

Solid pace in new economies, mature countries gaining momentum

New economies



Mature economies

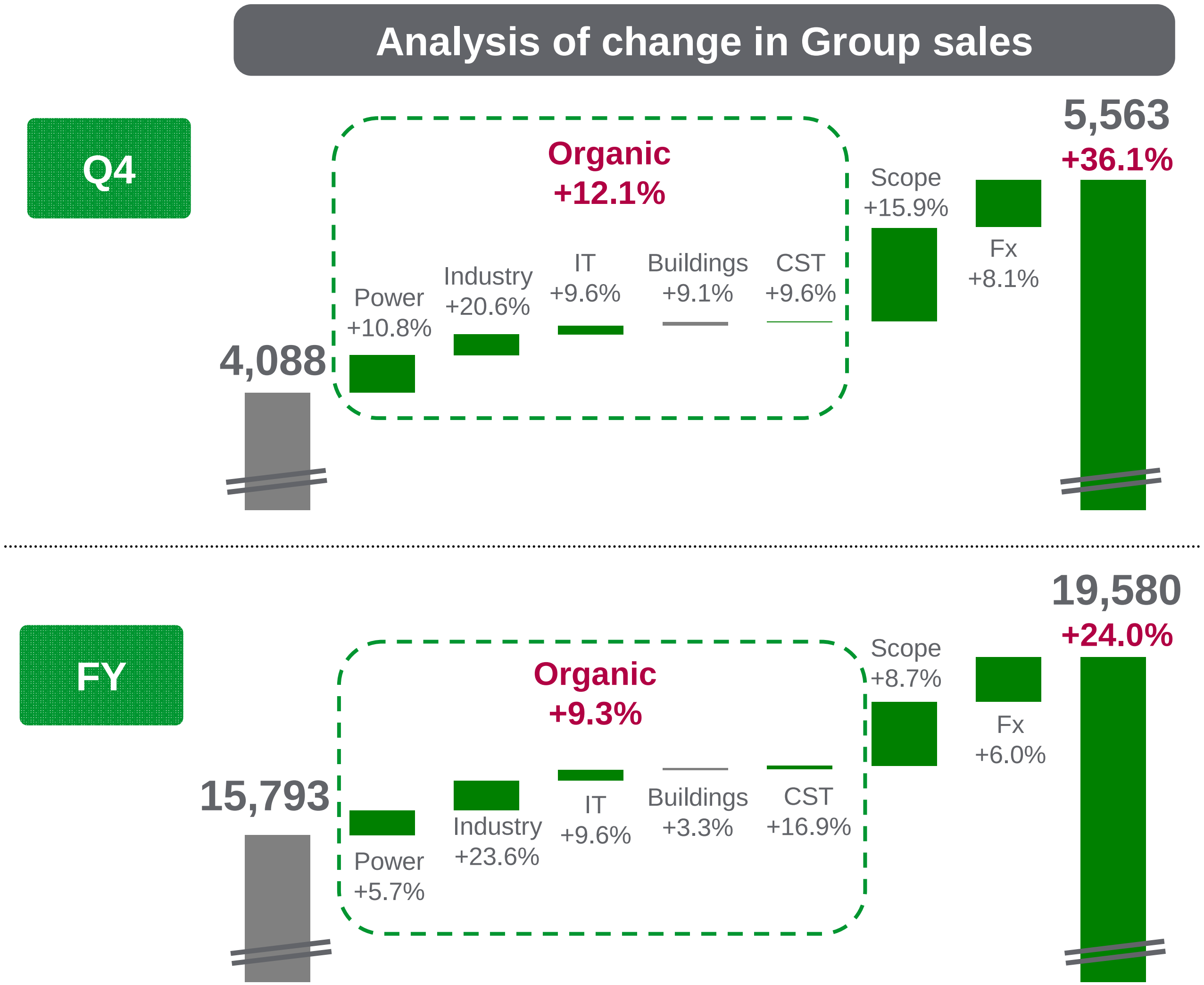


- ✓ **New economies** continued to outperfom mature countries
- ✓ **Asia-Pacific** was very strong through 2010 (+22%), becoming the #2 region
- ✓ **Lat Am, Russia** and **Central Europe** grew double-digit, **Middle East** positive, **Africa** was negative (vs a high 2009)

- ✓ Rebound firmed up in **mature countries** during the course of 2010
- ✓ In **Europe** performance was driven by Germany and Italy, followed by France. Nordics and Spain improved in H2
- ✓ In **North America** growth was in steady recovery, aided by IT and Industry; order backlog in Power increased in H2
- ✓ **Japan** and **Australia** were strong

New economies: Asia (excl. Japan), Eastern Europe (incl. Russia), Middle East, Africa, Latin America (incl. Mexico)

All businesses posted positive organic growth in 2010



% of 2010 sales

Power +Areva D	59%
Industry	18%
IT	14%
Buildings	7%
CST[1]	2%

[1] Business will be consolidated within the Industry business from 2011 onwards.

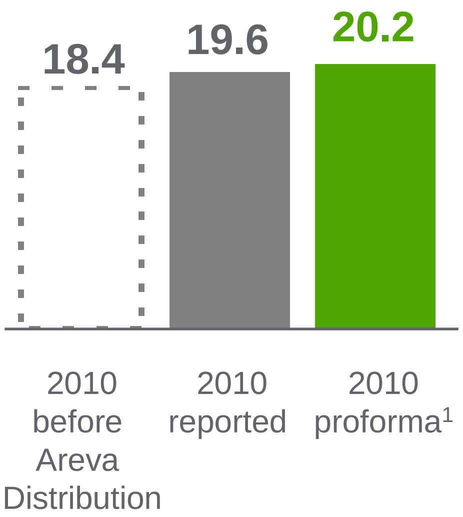
Strong margin recovery in 2010 led to record EBITA before restructuring at €3bn

In m€	2009	2010 excl. Areva Distribution	2010 reported
Sales	15,793	18,350	19,580
Organic growth		*+9.3%*	*+9.3%*
Gross margin	*39.4%*	*40.5%*	*39.5%*
EBITA[1] before restructuring and Areva D integration costs	2,018	2,967	3,052
Margin %	*12.8%*	***16.2%***	*15.6%*
		+3.4 pts	
EBITA[1] margin	*11.4%*		*15.0%*
			+3.6 pts

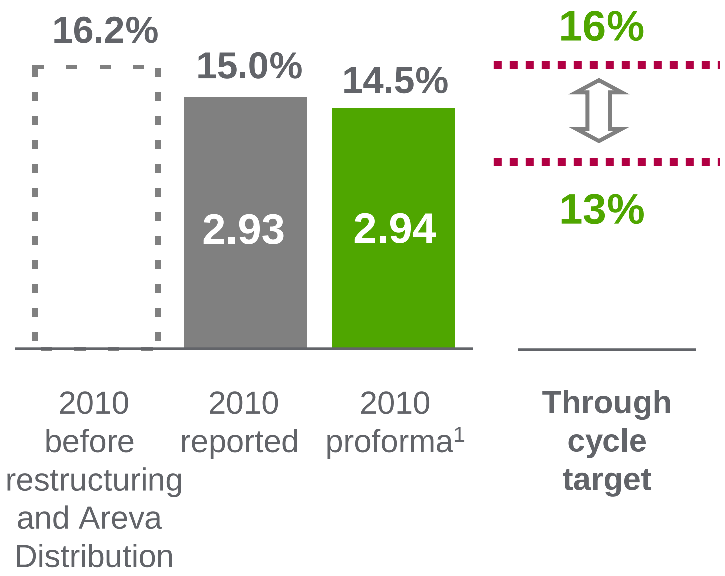
1 EBIT before amortization and impairment of purchase accounting intangibles

On a proforma basis, sales exceeded €20bn and EBITA margin reached 14.5%

Group sales (in €bn)



Group EBITA (in €bn, % margin)

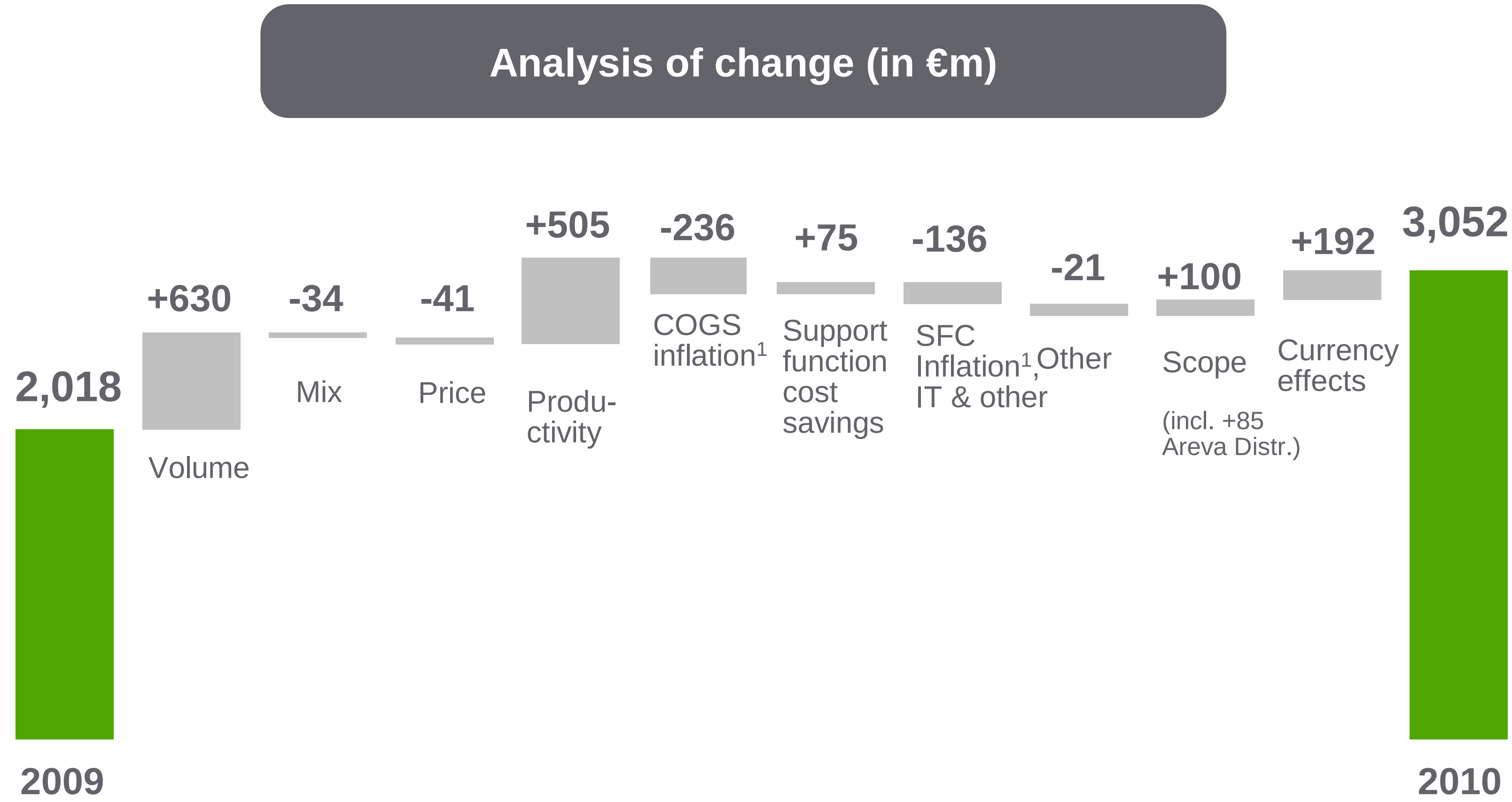


[1] *Proforma including Areva Distribution acquisition on a 12-month 2010 basis*

Net income above 2008 level, EPS of €6.6

In m€	2009	2010	
EBITA before restructuring and one-off items	2,018	3,052	*+51%*
Margin %	*12.8%*	*15.6%*	*+2.8pts*
One-off pension gain	92		
Areva D integration charges		(25)	
Restructuring costs	(313)	(96)	
EBITA	1,797	2,931	*+63%*
Amortization & impairment of purchase accounting intangibles	(231)	(228)	
EBIT	1,566	2,703	
Net financial expense	(384)	(347)	
Income tax	(295)	(566)	
Equity investments	(21)	6	
Minority interests	(42)	(76)	
Net income (group share)	824	1,720	*+109%*
Earnings per share	*3.32*	*6.59*	*+99%*

Volume rebound and industrial efficiency significantly offset inflation headwind

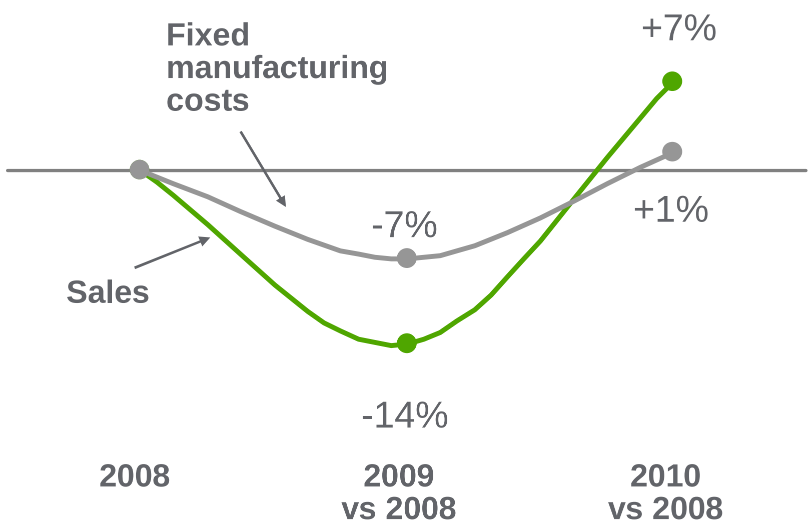


[1] Of which Raw materials: -184, Production labour & other Costs: -52, Support functions: -136; Global IT system: 0

Purchasing rationalization and fixed costs control boosted industrial efficiency

Fixed manufacturing costs evolution

*Excluding R&D and D&A, in €m
on a reported basis (incl. acquisitions)

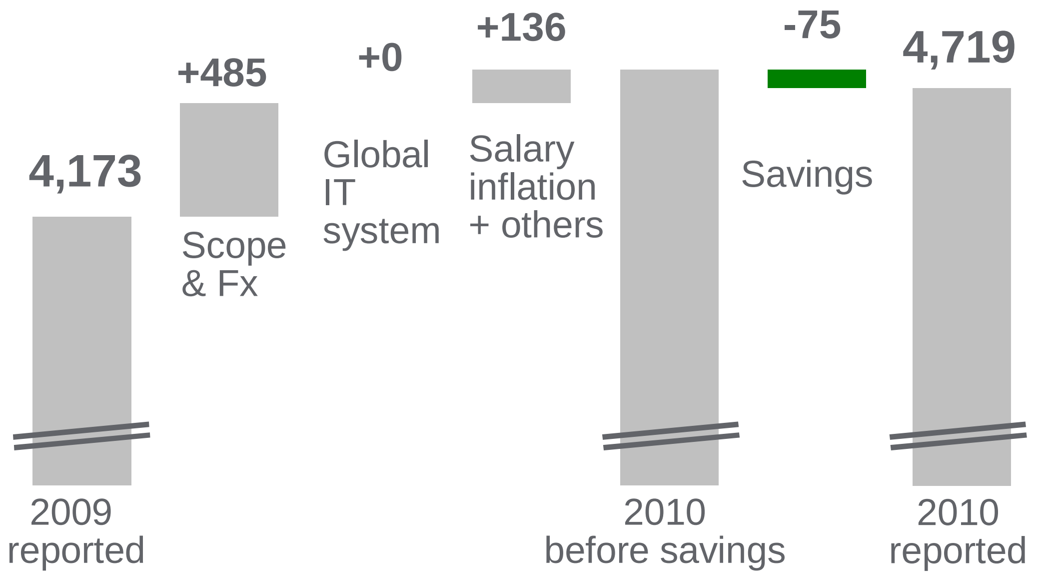


Industrial productivity (in €m)

	2009	2010
Purchasing	152	229
Lean Manufacturing	42	49
Rebalancing	57	92
(Under)Absorption of fixed manufacturing costs	(146)	135
Industrial productivity	**105**	**505**

Simplification efforts lowered SFC from 26.4% to 24.1% of sales

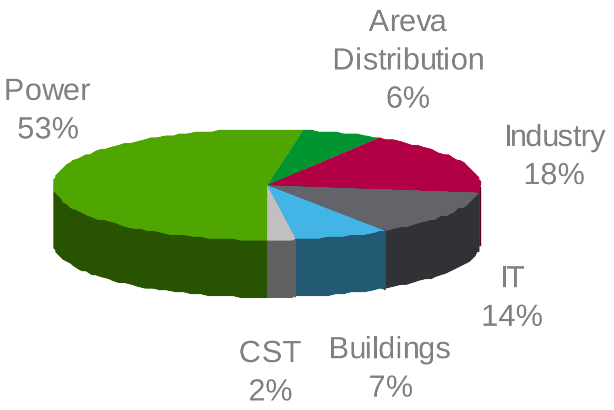
Support function costs analysis (in €m)



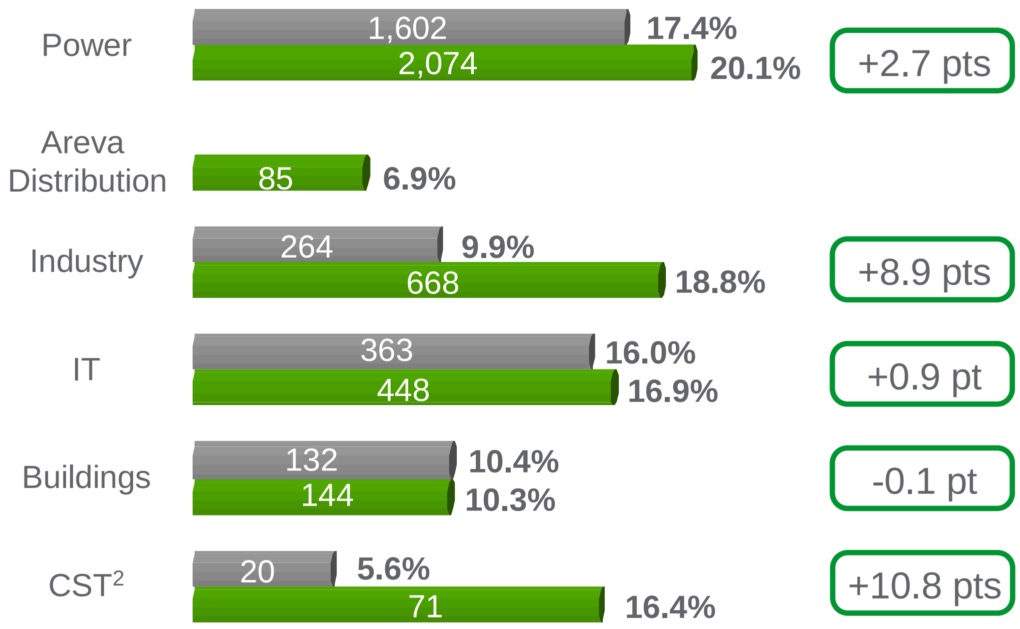
Note: SFC include R&D and SG&A but exclude other operating income and expenses

Strong rebound of Industry and CST margin, Power and IT further improved

Sales €19,580m



EBITA before restructuring by business[1]



2009
2010
€m and as % of sales

[1] Before restructuring and Areva D integration charges
Corporate costs of €438m in 2010 (€363m in 2009)

[2] Business will be consolidated within the Industry business from 2011 onwards.

Excellent free cash flow in 2010, net debt down, including Areva Distribution acquisition

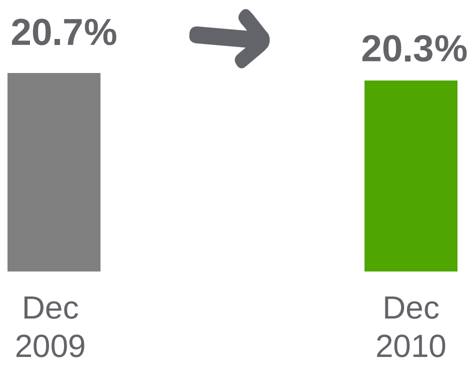
Analysis of debt change in €m	2009	2010
Net debt at January 1	(4,553)	(2,812)
Operating cash flow	1,708	2,468
Change in working capital	839	(206)
Capital expenditure – net	(576)	(528)
Free cash flow	1,971	1,734
Dividends	(317)	(195)[1]
Acquisitions	(103)	(1,749)
Capital increase	158	305
Other	32	(19)[2]
(Increase) Decrease in net debt	1,741	76
Net debt at December 31	(2,812)	(2,736)

[1] Dividends distributed in 2010 amount to €525m, of which ~63% have been paid in shares (at shareholders' option)

[2] Of which sale of shares held through Cofibel/Cofimines +€249m, dividend for minorities of -€46m, FX impact of approx. -€100m (53% of net debt is USD-denominated, after swaps)

Good control of working capital despite pressure from sales rebound

Trade working capital

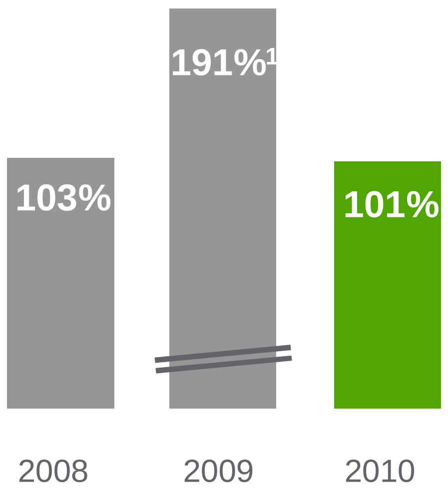


Receivables[1]	**48** days	(-3 d)
Inventories[2]	**82** days	(+1 d)
Payables[3]	**59** days	(-4 d)

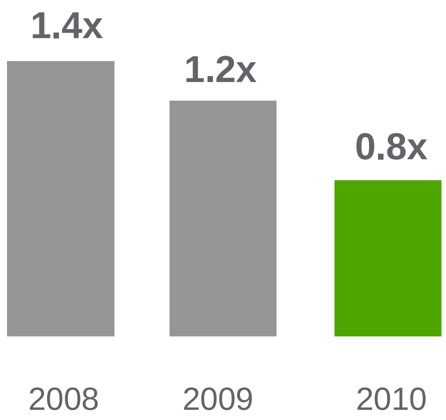
1 Days of sales
2 Days of COGS (cost of goods sold)
3 Days of purchases
NB Changes are in days vs. Dec 2009

Cash generation strengthened balance sheet and supported external growth

Cash conversion (Free cash flow / net income)



Net debt / EBITDA

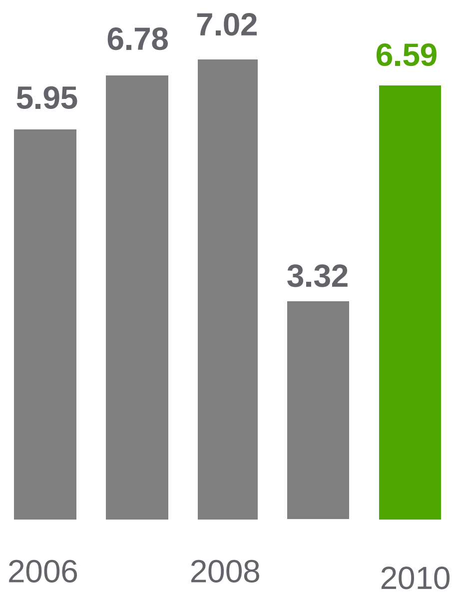


EBITDA of €3,481m in 2010
(€2,442m in 2009)

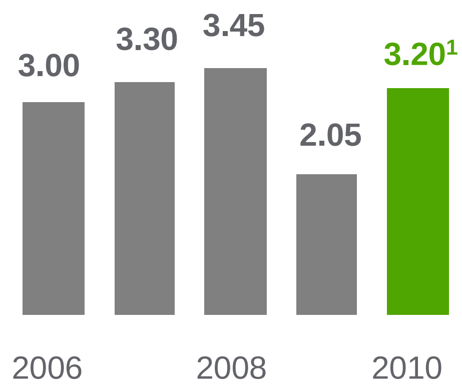
1 Based on adjusted net income (239% on a reported basis)

Proposed dividend of 3.20 euros

Earnings per share



Dividend per share



- Payable fully in cash
- Payout of **50%** of net income

[1] Subject to shareholder approval on April 21, 2011

Outlook

2011 outlook

Topline

Progressive improvement of ‘new’ **Power**

Energy to return to growth
(ex-Areva D activities still on scope until June)

Industry and **IT** to stay strong, but facing tougher comparison

Energy efficiency and better trends in mature markets to support **Buildings**

Profitability

Industrial **productivity** of ~€400m

Invest for new growth opportunities but keep SFC growth below sales growth (organic)

Raw material **inflation** ~€250m,
partly offset by **price increases** of ~1%

Schneider Electric targets for 2011:

Strong organic growth of 6% to 9%

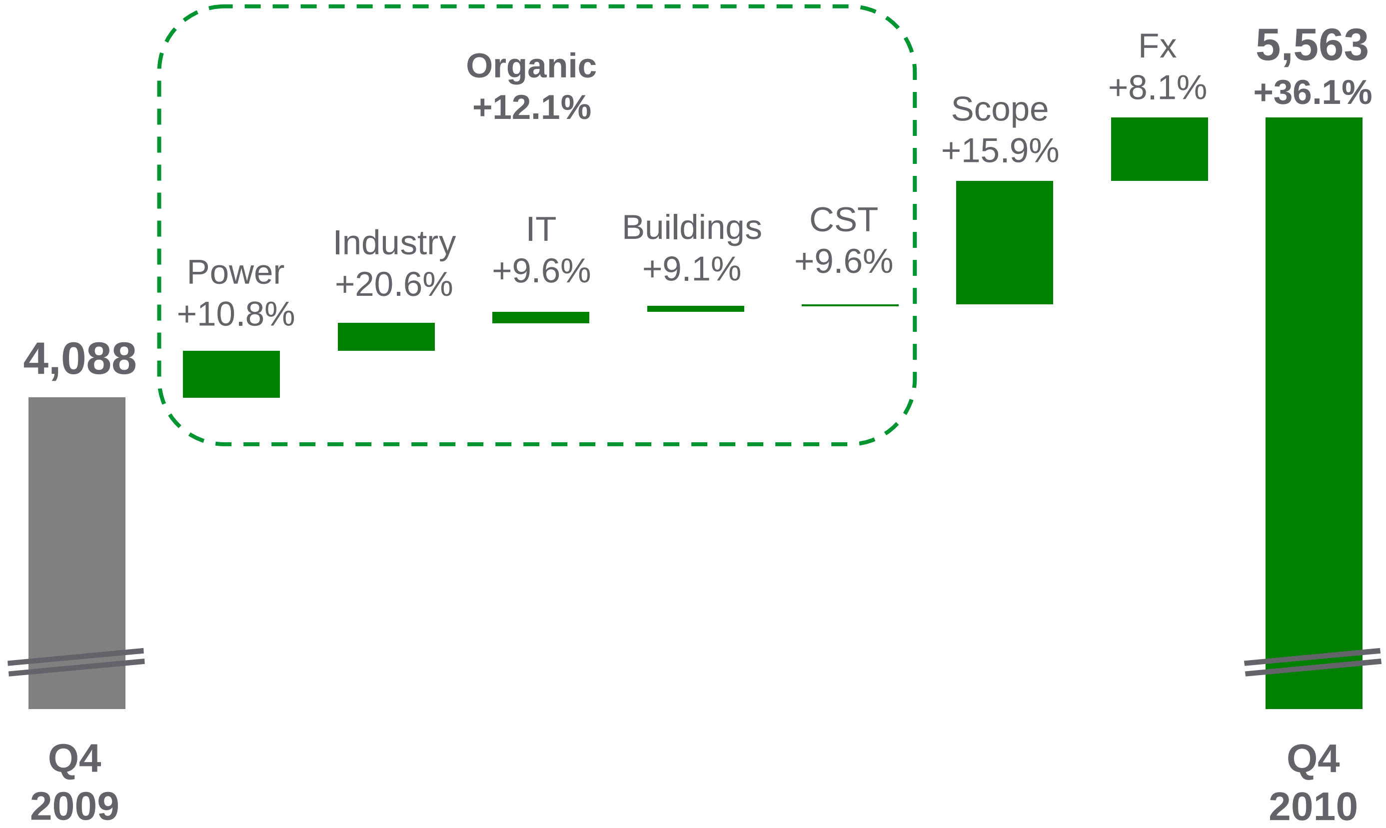
EBITA margin of 15.0% to 15.5%
(vs 2010 proforma of 14.5%)

Appendices

Q4 sales details

Solid organic growth in all businesses in Q4

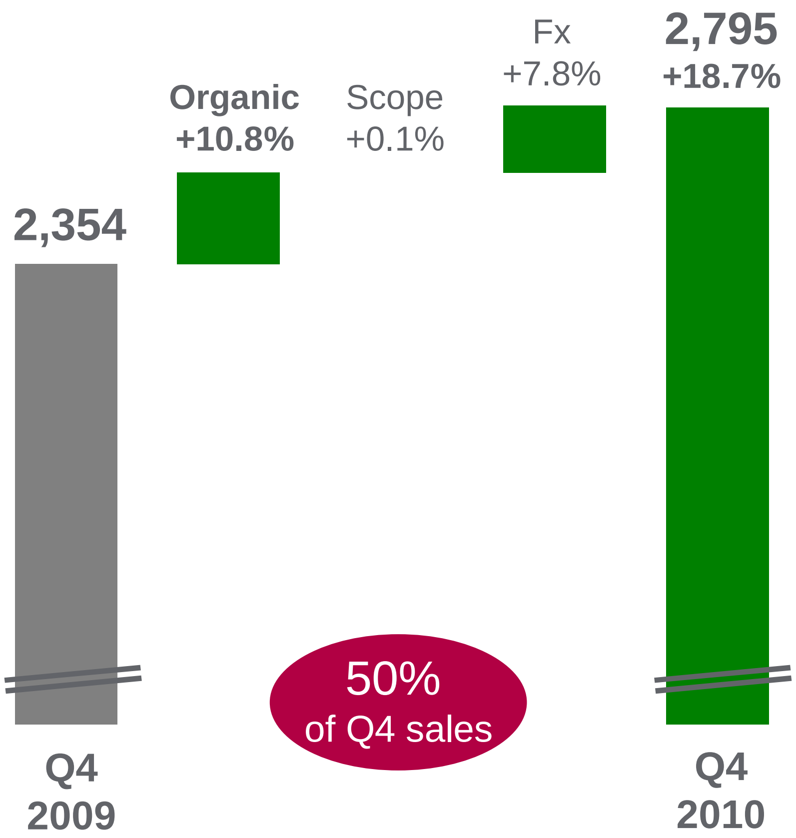
Analysis of change in Group sales



Power Business

Growing across the board

Analysis of change: Power



By product lines

- ✓ **Medium voltage**[1]: confirmed sequential improvement in Q4, aided by better trends in key markets, in particular the non-residential, energy and infrastructure segments
- ✓ **Low voltage** continued the acceleration, positive trends in most end markets and geographies
- ✓ **Solutions** outgrew products in the quarter thanks to renewables, as well as projects in the infrastructure and non-residential building end-markets

By region

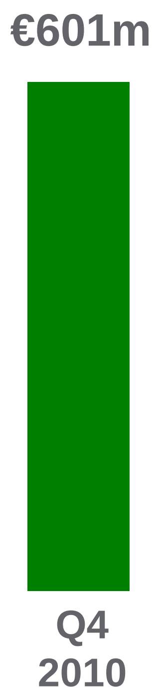
- ✓ **All regions** were positive in the last quarter, the business remains driven by **Asia-Pacific, Latin America** and **Russia**

[1] *Note: this comment excludes Areva Distribution performance which is consolidated as scope effect*

Areva Distribution

Strong start exceeding expectations

Sales



11%
of Q4 sales

Key points

- ✓ Sales impact is fully in **scope** (until June 2011)
- ✓ 7-month 2010 performance of **€1.2bn** slightly ahead of target (June to Dec. period)

Full-year view

- ✓ 2010 proforma sales of **€1,878m**, overall stable compared to 2009
- ✓ Includes ~€75m of non-core zero-profit business that will be discontinued

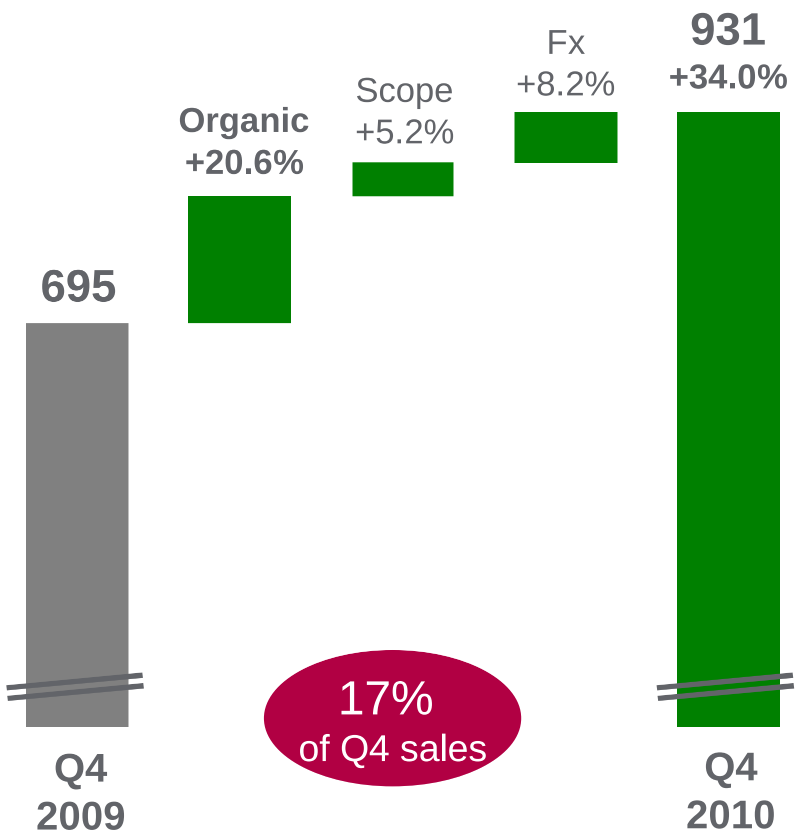
2011

- ✓ Areva Distribution is now merged with Schneider Electric's medium voltage activity to form the new business called **Energy**
- ✓ Energy will be reported separately from **2011** onwards

Industry Business

Solid growth across geographies and business lines

Analysis of change: Industry



By product lines

- ✓ Trends remained **very positive**, despite higher comps. Impact of component shortage that disturbed the previous quarters was reduced
- ✓ **All product lines** benefited from global growth in industrial production, driven by HMI & Control and Drives & Motion
- ✓ **Solution** business trend very strong, reflecting market share gain with **OEMs**, increasing capital investment in mining and water markets

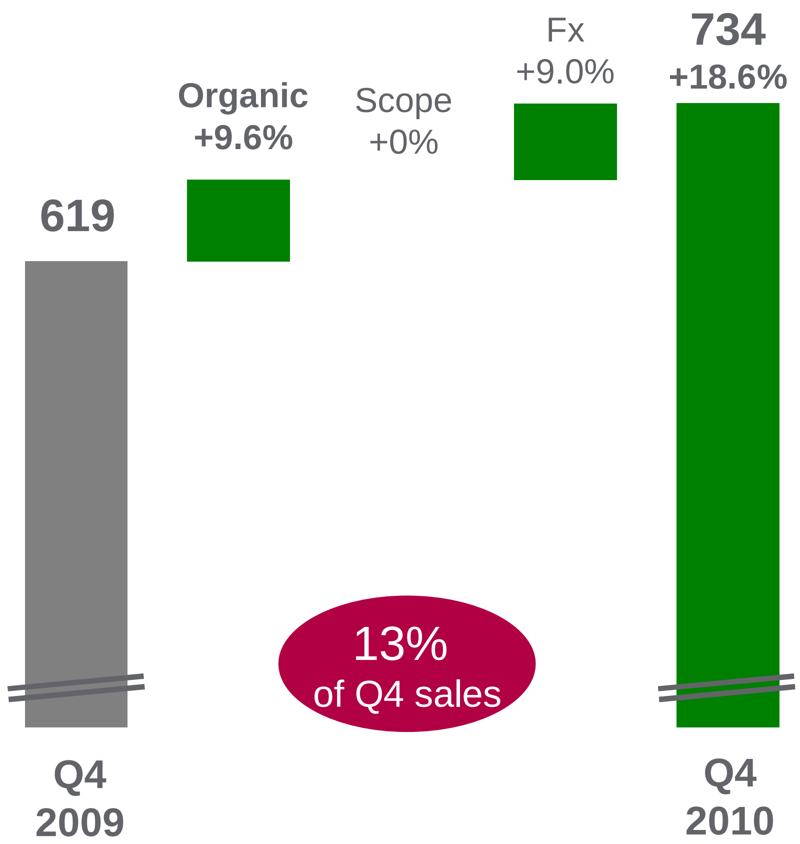
By region

- ✓ Growth was balanced **across all regions** thanks to positive business trends in key geographies (Germany, Italy, US, China, Brazil)
- ✓ Successful launches of new offer designed for **new economies**

IT Business

Growth fuelled by data center solutions

Analysis of change: IT



By product lines

- ✓ Growth in **solutions** topped the progression of **small systems** confirming the acceleration of demand for complete data center solutions on a global basis. Component shortage still an issue in some places

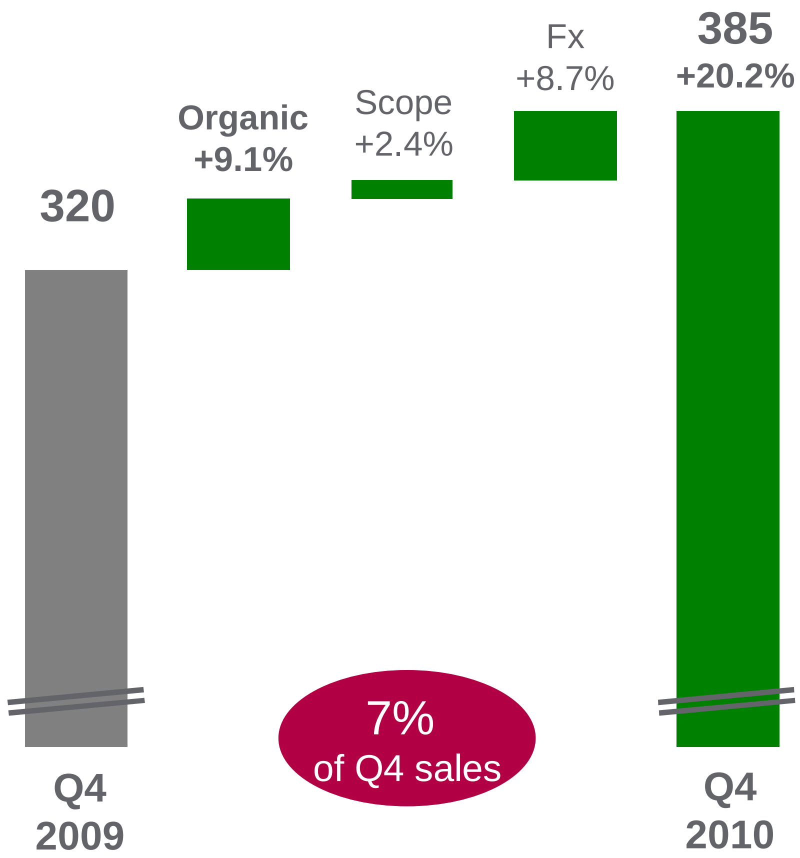
By region

- ✓ Performance was strong overall
- ✓ **North America** continue to lead, driven by excellent solutions growth as well as by new product launches in single-phase UPS
- ✓ **Western Europe** confirmed its sequential improvement, notably thanks to France and Germany
- ✓ **New economies** were also positive, especially in Russia and most of Asia

Buildings Business

Solid performance driven by energy efficiency

Analysis of change: Buildings



By product lines

- ✓ **Solid finish** to the year
- ✓ **Product** sales improved thanks to the recovery of video security business, in particular in new economies
- ✓ **Solutions** business further accelerated in Q4, thanks in part to energy efficiency contracts, robust advanced and installed base service activity

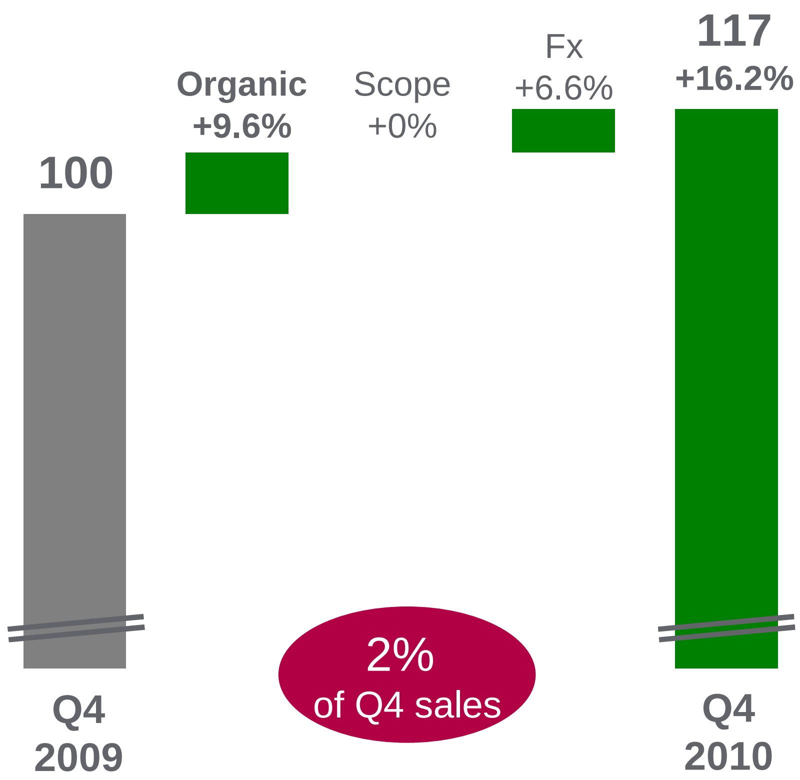
By region

- ✓ **North America** and **Western Europe** (especially the Nordic countries and Italy) accelerated in the last quarter
- ✓ **Asia Pacific** and **RoW** continue to see strong demand in the security business

CST Business

Industry end-markets continue to be a support

Analysis of change: CST



By product lines

- ✓ Growth in sales benefiting from the recovery of the truck and automotive markets and strong industrial demand
- ✓ Recovery of the aerospace segment

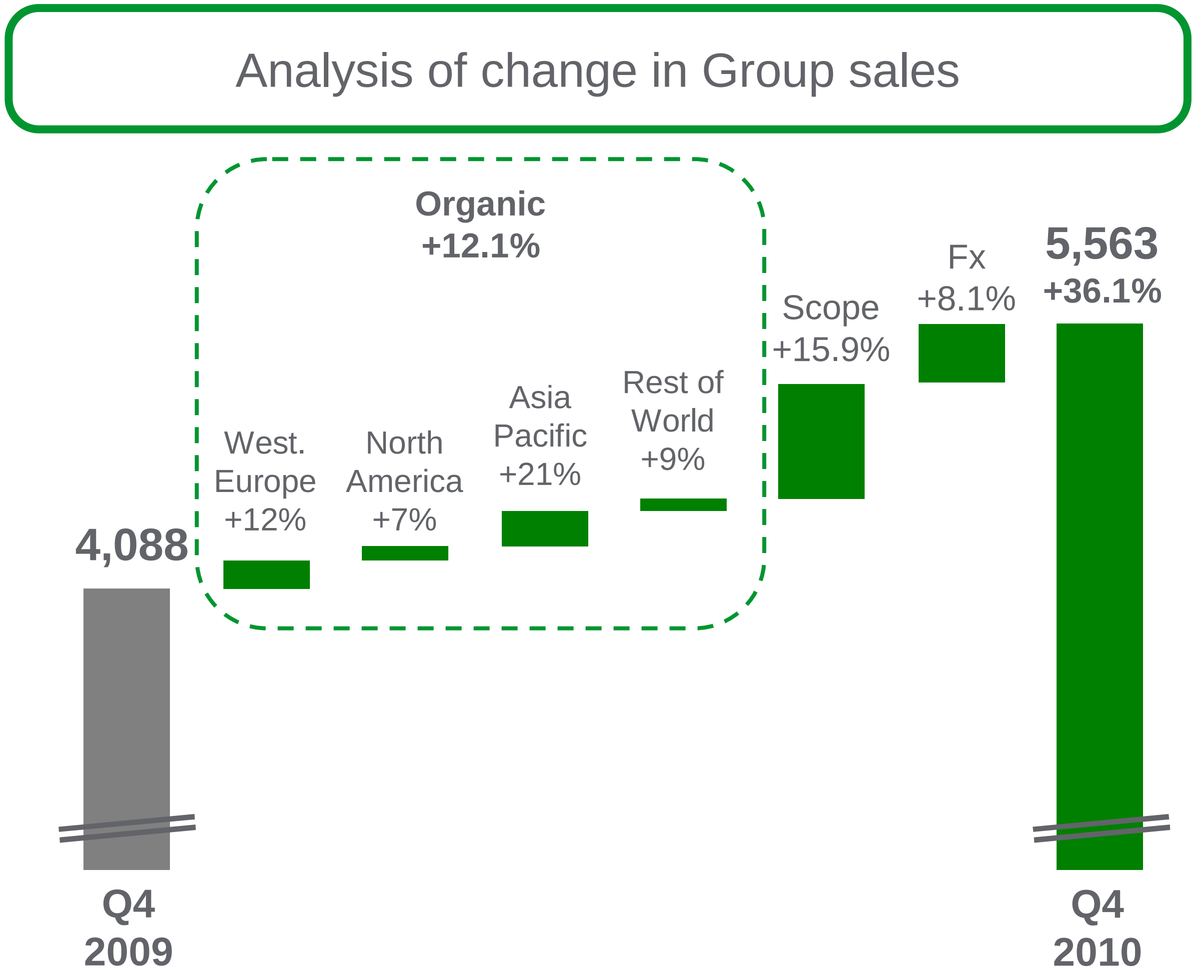
By region

- ✓ **Western Europe** continued to be strong
- ✓ **North America** slowed down, as the region was first to recover in 2009

2011

- ✓ Business will be consolidated within the **Industry** business from 2011 onwards

All regions contributing to organic growth



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.

Additional appendices

Recent acquisitions – consolidation impact

	2010 Q1	Q2	Q3	Q4	2011 Q1	Q2	Q3	Q4
SCADAgroup (Australia) Industry 2010e sales €75 million		3m	3m	3m	3m			
Cimac (M-E Gulf) Industry 2009 sales €40 million		~5m	3m	3m	3m	-2m		
Zicom (India) Buildings 2009 sales €30 million		2m	3m	3m	3m	1m		
Areva Distribution Energy 2009 sales ~€1.8 billion			4m	3m	3m	3m	-1m	
50% of Electroshield - TM Samara (Russia)					Equity accounting	Equity accounting	Equity accounting	Equity accounting
Uniflair (Italy) IT 2010 sales €80 million						3m	3m	3m

APW President acquisition (IT business, India) launched in January has yet to be finalized.

12-month 2010 sales performance

€ m	2010	Organic	Scope	Fx	Current
Power	10,318	+5.7%	+0.1%	+5.9%	+11.7%
Areva Distribution	1,230	-	-	-	-
Industry	3,551	+23.6%	+3.3%	+6.4%	+33.3%
IT	2,646	+9.6%	+0.7%	+6.3%	+16.6%
Buildings	1,402	+3.3%	+1.5%	+5.8%	+10.6%
CST	433	+16.9%	+0.0%	+4.3%	+21.2%
Group	**19,580**	**+9.3%**	**+8.7%**	**+6.0%**	**+24.0%**

€ m	2010	Organic	Current
W. Europe	6,568	+6%	+18%
Asia-Pacific	4,792	+22%	+45%
North America	4,704	+5%	+12%
Rest of World	3,516	+7%	+28%
Group	**19,580**	**+9.3%**	**+24.0%**

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

Carina Ho – Head of Investor Relations

Tel: +33-1-41-29-83-29

carina.ho@schneider-electric.com

Grégoire Rougnon – Investor Relations Manager

Tel: +33-1-41-29-81-25

gregoire.rougnon@schneider-electric.com

20 April	Q1 2011 Sales	Conference call (after market closes)
21 April	Shareholders' Meeting	
29 July	2011 Half-year Results	Conference call (in the morning)
20 October	Q3 2011 Sales	Conference call (in the morning)

Help people make the most of their energy