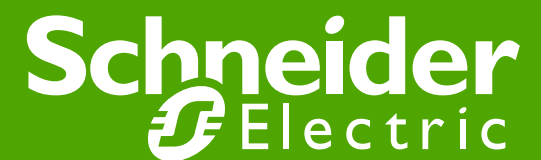


Q3 2010 sales

October 20, 2010



Disclaimer

All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.



04

Highlights

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Q3 sales by business

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Q3 sales by region

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Acquisition of 50%
of Electroshield –TM Samara

23

Outlook

Highlights



Q3 sales highlights

+12%

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

+16%

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

Areva
Distribution

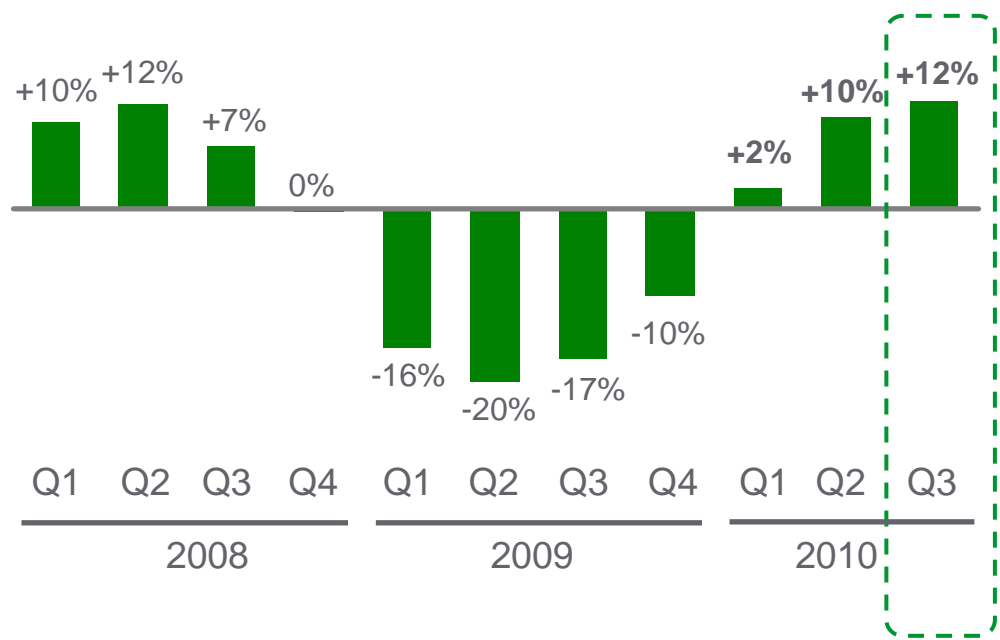
- ✓ 4-month integration in financial statements in this quarter, **on track** with targets

15.5%-16%

- ✓ Full-year margin target raised to a range of **15.5% to 16%** EBITA before restructuring and consolidation impact of Areva Distribution

Strong Q3 sales, up 12% like-for-like

Quarterly organic growth rates



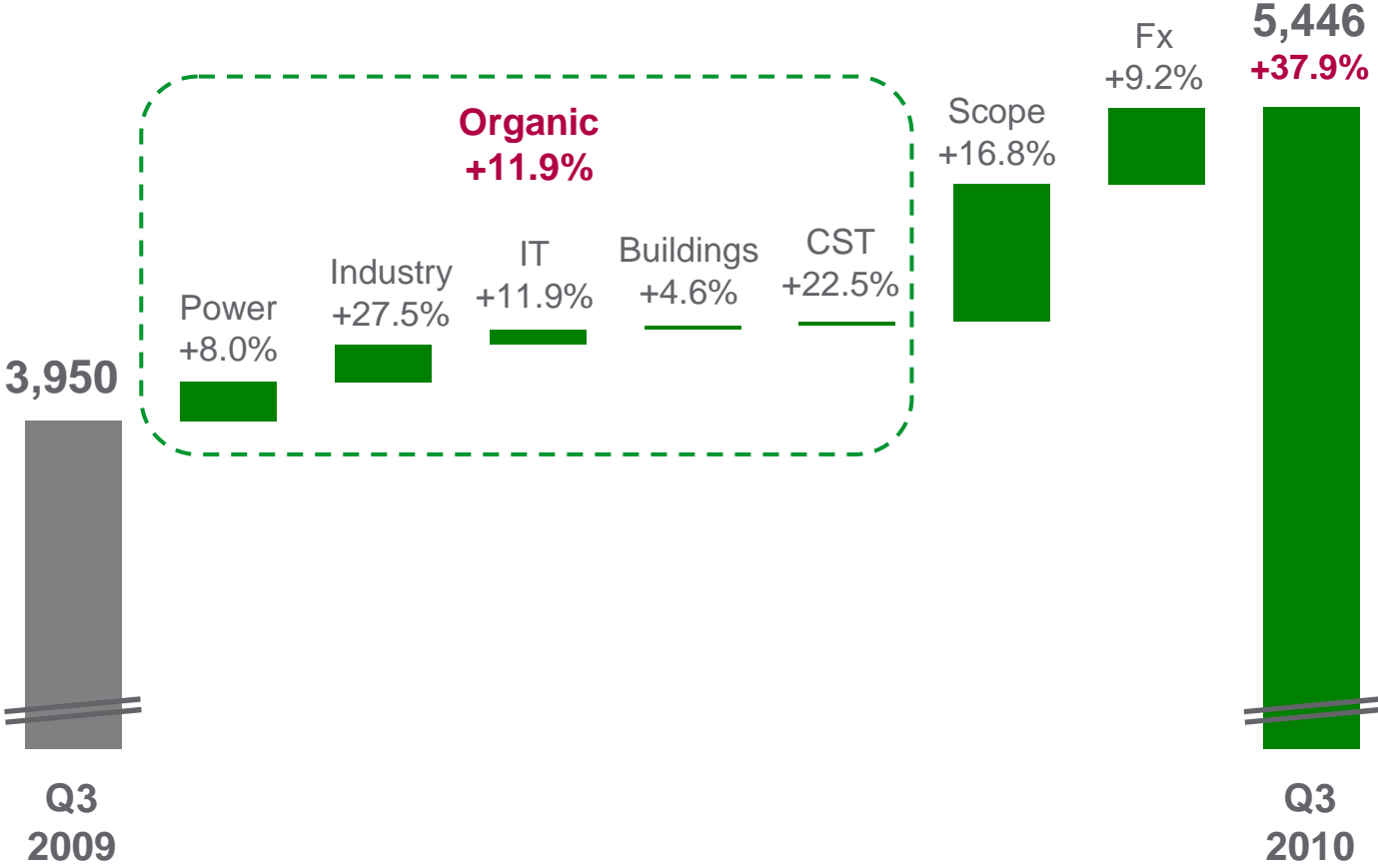
- ✓ Reported quarter sales at **€5,446** million
- ✓ Up **37.9%** year-on-year
- ✓ Scope impact +17% essentially linked with **Areva Distribution** integration (4 months)
- ✓ **Currency** impact +9%
- ✓ Insignificant working days impact

Q3 sales by
business



All businesses back to growth in the quarter

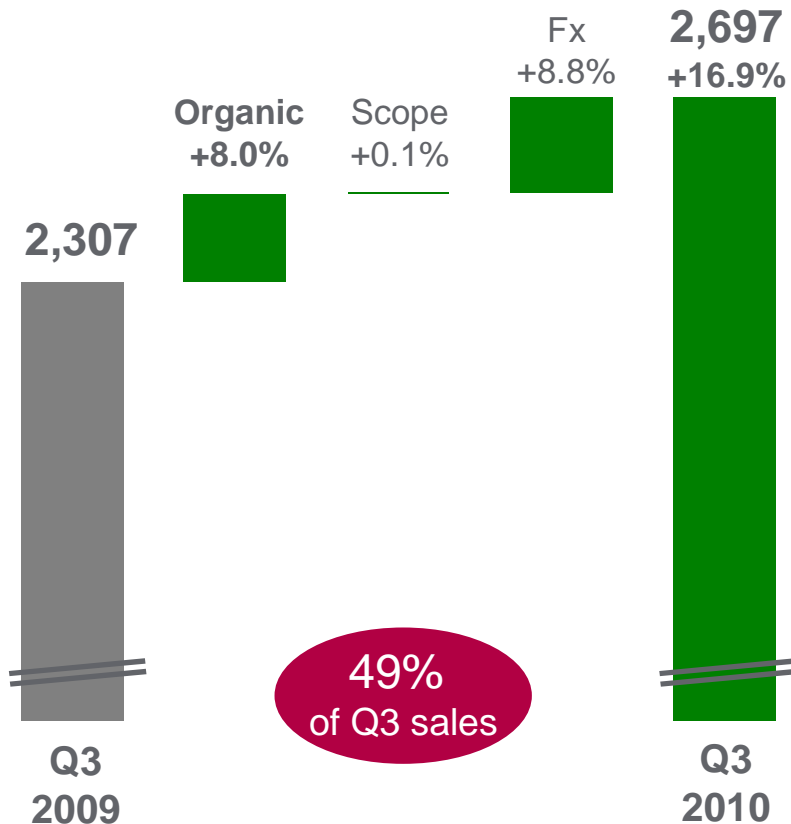
Analysis of change in Group sales



Power Business

Strong low voltage, medium voltage turned positive

Analysis of change: Power



By product lines

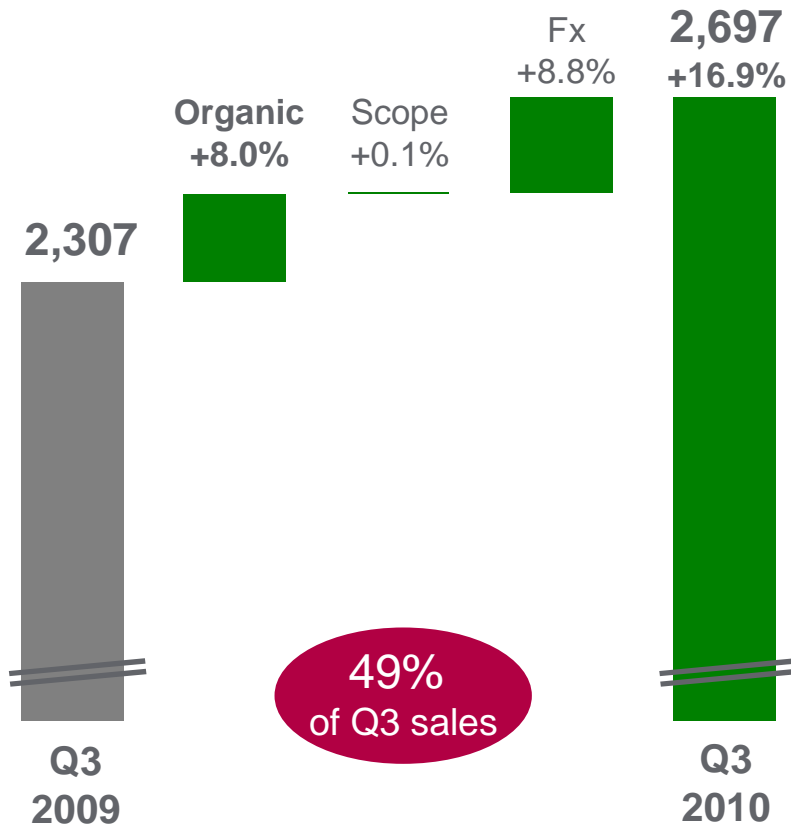
- ✓ **Medium Voltage***: started to post some sequential improvement from Q2 trough, as construction markets stabilized
- ✓ **Low Voltage**: products growth accelerated in the quarter, driven by good dynamics in new economies, strong industrial demand and improving construction market that bottomed in Western Europe
- ✓ **Solutions**: still slightly behind products rebound but were supported by i) solid growth in oil & gas and metals & mining projects in Eastern Europe and South America and ii) successes in the field of renewable energy projects across Europe

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

Power Business

Strong in new economies and Western Europe

Analysis of change: Power



By region

- ✓ **Western Europe:** solid growth, partly helped by easier comparison, but also improvement in medium voltage and growing number of solar farm projects
- ✓ **North America:** slightly negative
- ✓ **APAC:** robust across the board, with South-East Asia, India and the Pacific catching up with China
- ✓ **RoW:** South America further improved this quarter, reflecting the overall good economic fundamentals. Russia continued the strong rebound - other Eastern European countries improved after the severe weakness endured a few quarters ago

Areva Distribution

First consolidation, in line with targets

Areva Distribution

€629m
(€459m over 3 months)



Q3
2010

12%
of Q3 sales

Integration impact

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

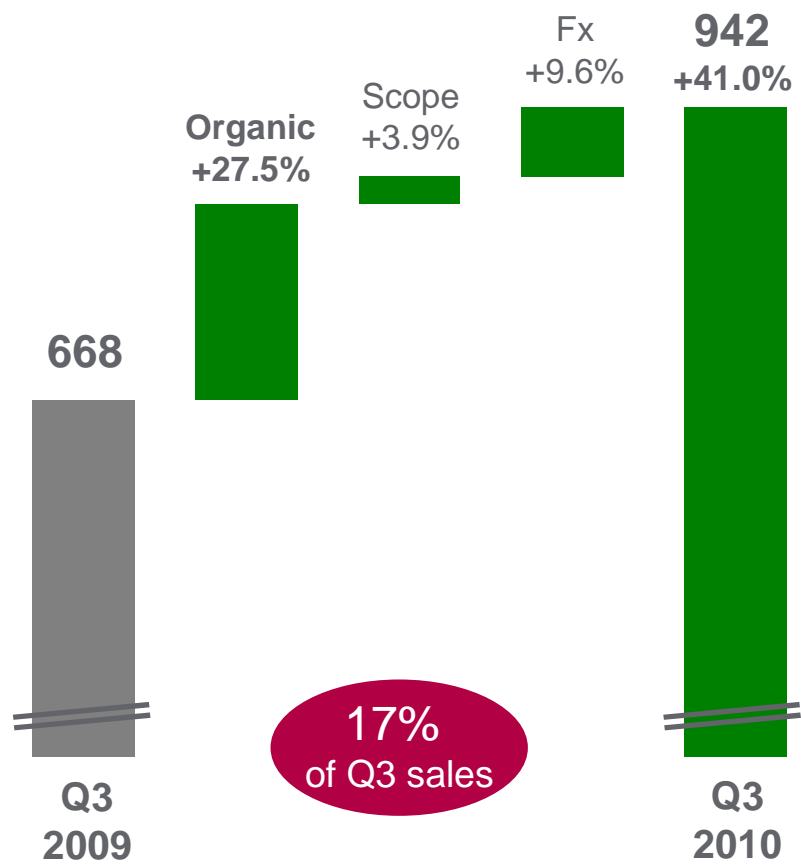
Targets

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

Industry Business

High level of performance sustained in Q3

Analysis of change: Industry



By product lines

- ✓ **OEMs** a key driver to the performance – driving demand for both products (notably control & signaling, drives & motion, sensors) and solutions (SoMachine v2 and successes in packaging and HVAC).
- ✓ Automation **end-users** segments, though not as strong, was supported by better momentum in the mining and water segments
- ✓ Sales still benefited from some anticipated orders because of component shortages, but supply tension is easing progressively

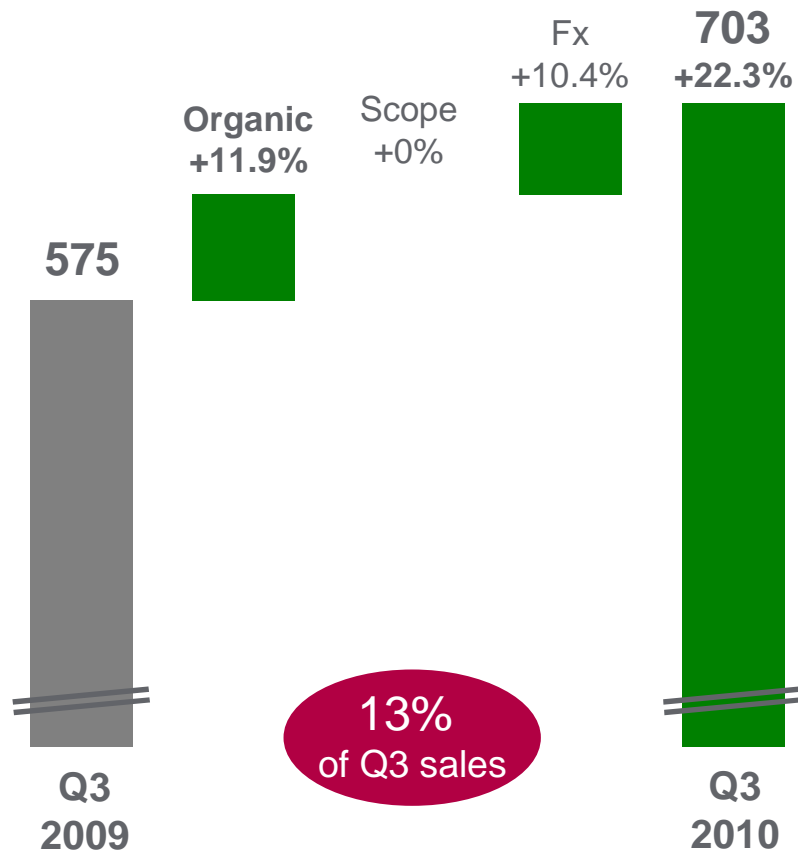
By region

- ✓ Trends were strong both in **mature** and in **new economies**
- ✓ **Western Europe** and **North America** accelerating compared to Q2

IT Business

All business lines and geographies now positive

Analysis of change: IT



By product lines

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

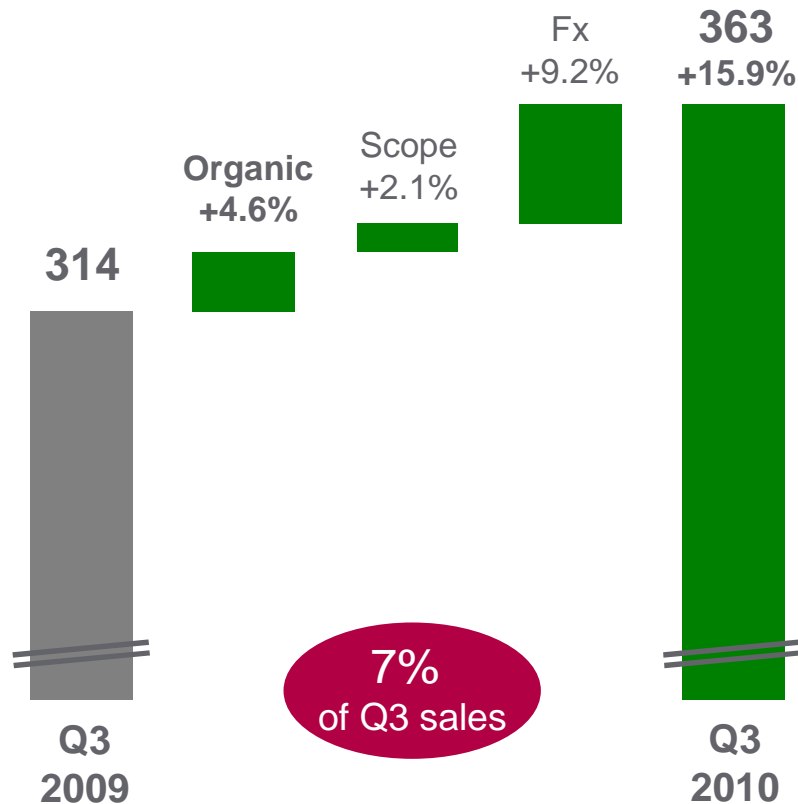
By region

- ✓ **Western Europe** renewed with growth thanks to improving market conditions
- ✓ **Asia-Pacific** still faced some component shortage
- ✓ **North America** remains strong, up double-digit
- ✓ Rebound of Russia and Latin America continued to support the **Rest of World** region

Buildings Business

Growing despite weak mature construction markets

Analysis of change: Buildings



By product lines

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

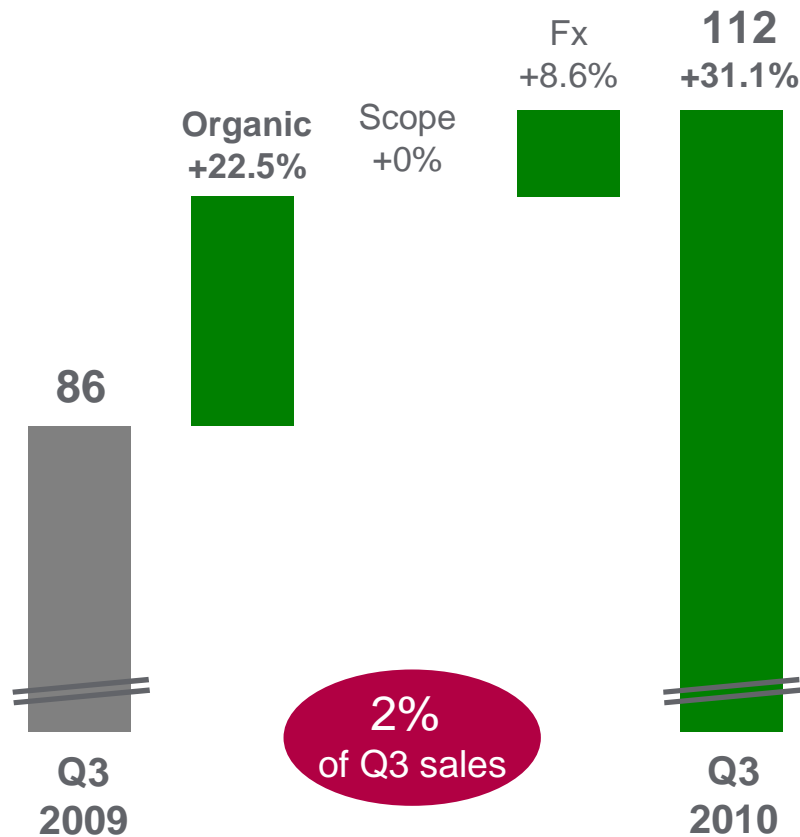
By region

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

CST Business

Continued rebound

Analysis of change: CST



By product lines

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

By region

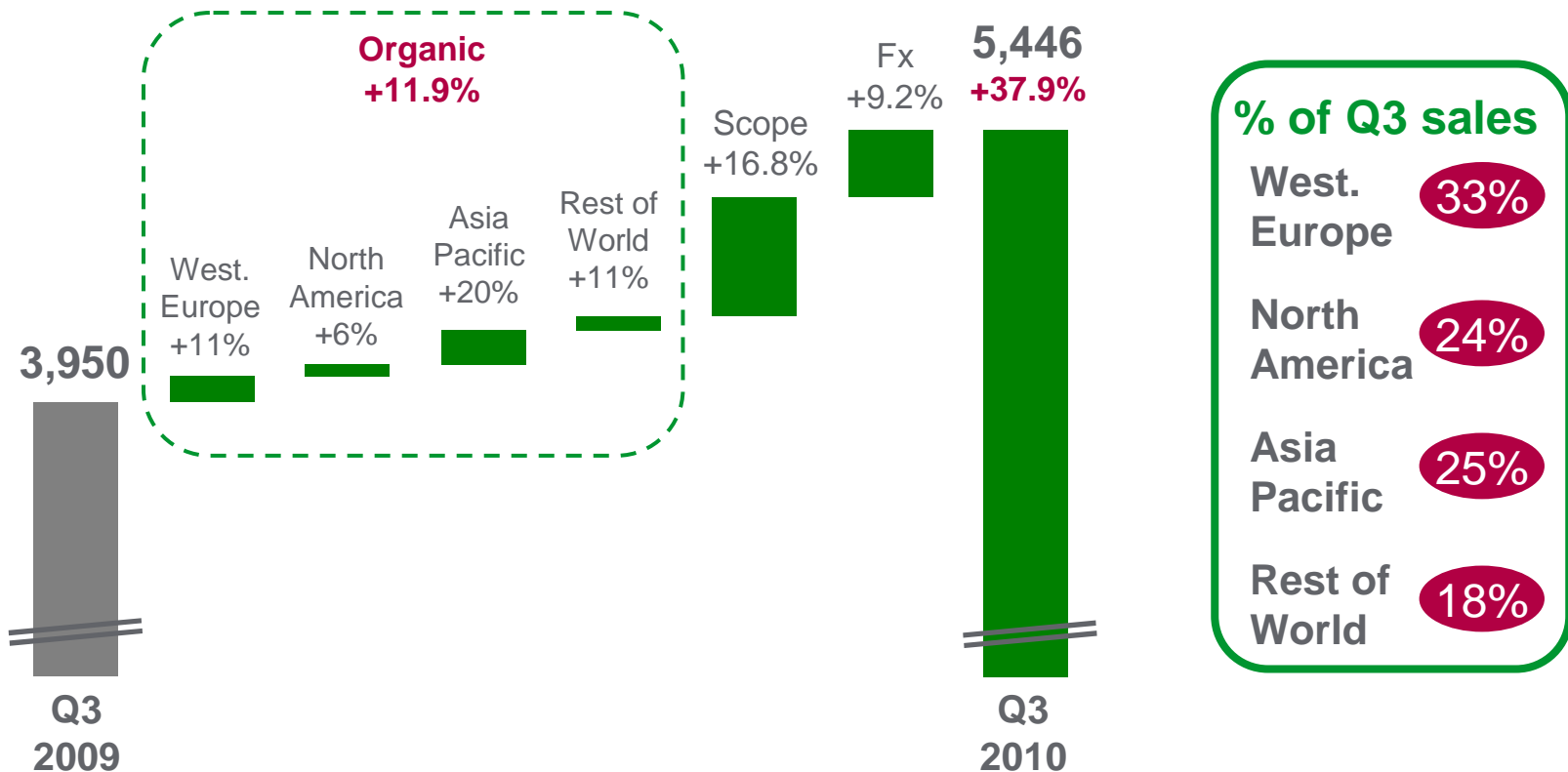
- ✓ Broad based growth
- ✓ **Europe** continued to improve
- ✓ **North America** as strong as in Q2

Q3 sales by
region



New economies ahead but mature countries also contributing significantly

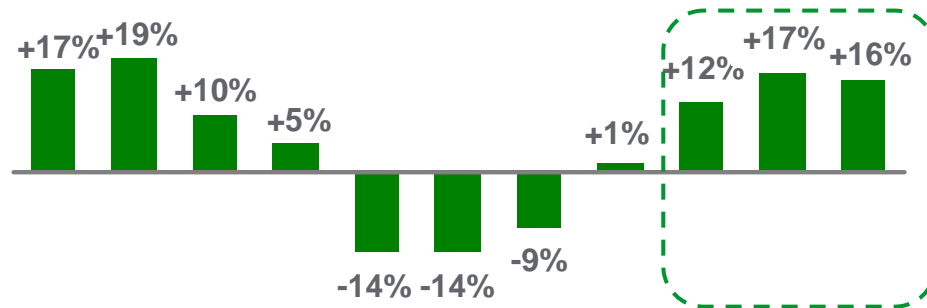
Analysis of change in Group sales



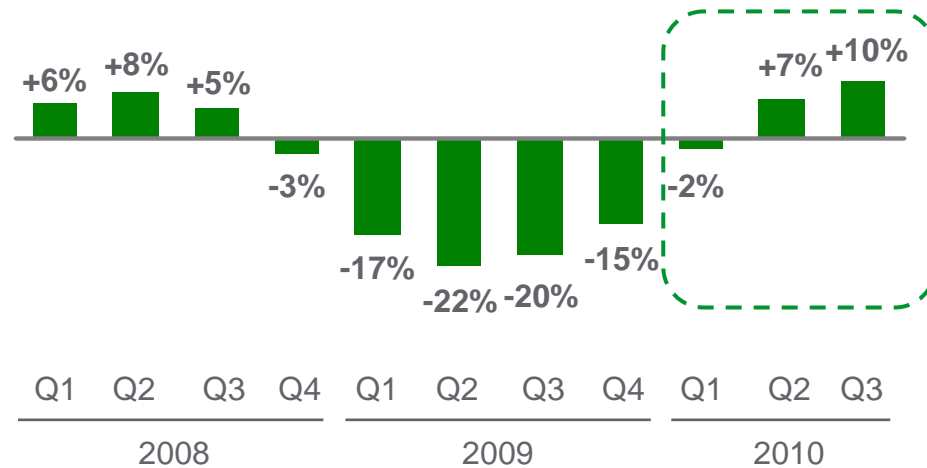
NB: Starting from 2010, the geographical reporting is based on sales by destination as opposed to sales by country of invoicing. The Rest of World region now includes Eastern Europe, in addition to Middle East, Africa and South America.

37% of sales in new economies on YTD basis

New economies



Mature economies



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

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

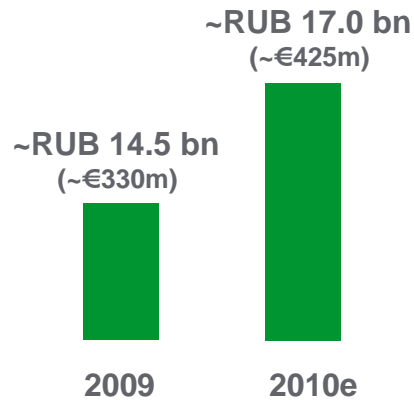
New economies: Asia (excl. Japan), Eastern Europe (incl. Russia), Middle East, Africa, Latin America (incl. Mexico)

Acquisition of 50% of
Electroshield - TM Samara

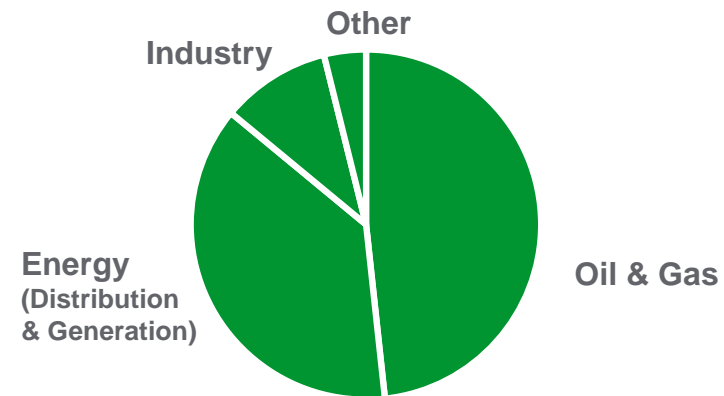


Electroshield – TM Samara is the leader in medium voltage in Russia

Sales



2009 sales breakdown



Industrial and employee data

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



Products & technologies

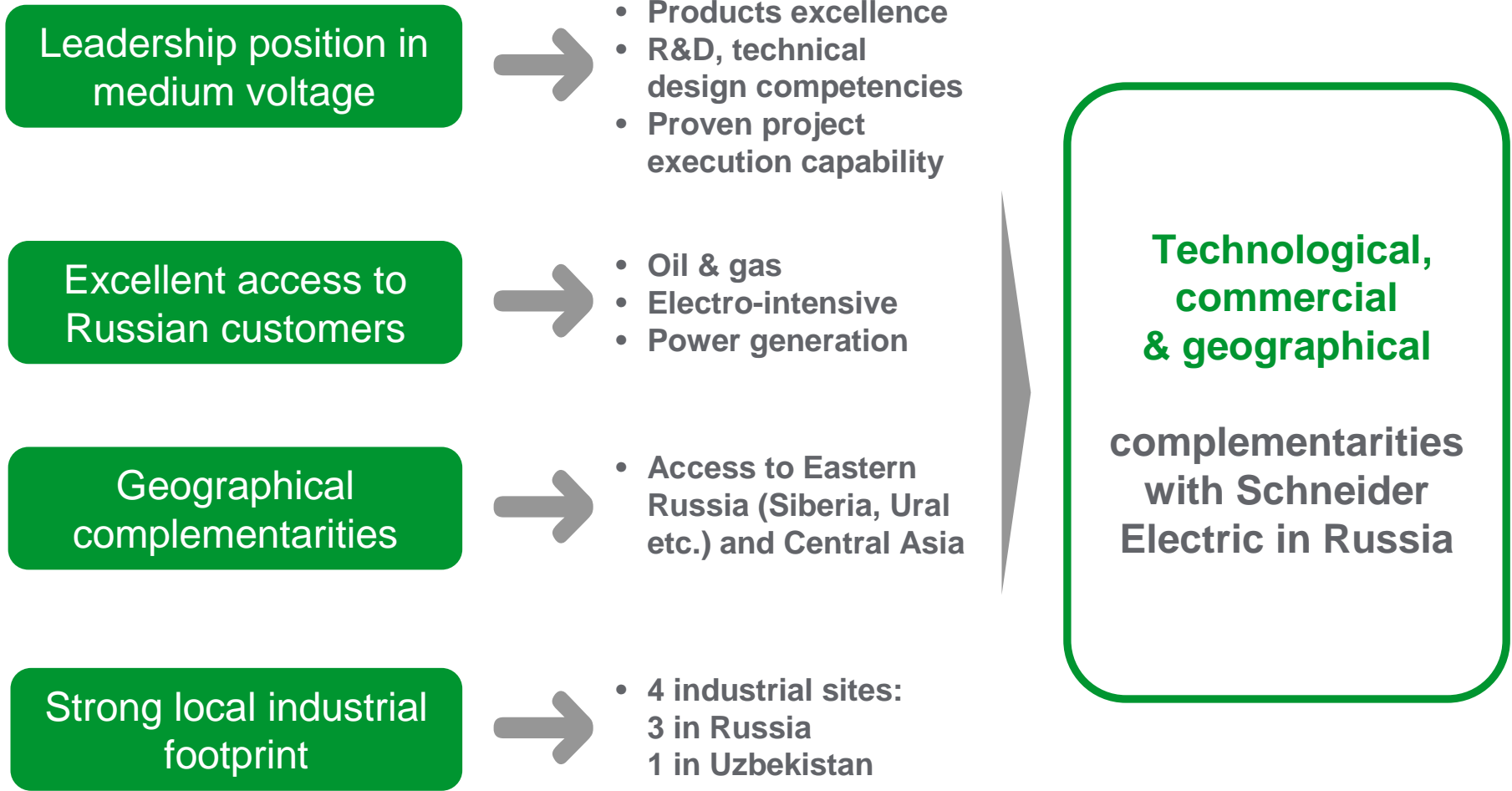
MV Products
(incl. switchgears, transformers, shelters)



LV Products



Electroshield – TM Samara a strong fit to Schneider Electric's presence in Russia



Electroshield – TM Samara an accretive transaction for Schneider Electric

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

- **EPS accretive** from Year 1
- Expected to beat **Schneider Electric's WACC** in Year 3
- **EBITA margin** close to Group average
- Consolidated under the equity accounting method
- Could obtain full ownership, subject to **antitrust approval and other conditions**, under similar financial conditions for the remaining 50%

Outlook



2010 outlook

H2 topline

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

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

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

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

FY profit drivers

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

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

Schneider Electric raises its targets for 2010:

Organic growth:

High-single digit organic growth in H2

Profitability Improvement:

Full year EBITA margin range of **15.5%** to **16%**
before restructuring and consolidation impact of Areva Distribution

Appendices



Recent acquisitions – consolidation impact

	2009		2010			
	Q3	Q4	Q1	Q2	Q3	Q4
Conzerv (India) Power 2008 sales €10 million	3m	3m	3m	~2m		
Microsol (Brazil) IT 2008 sales €24 million	3m	3m	3m	2.5m		
SCADAgrouP (Australia) Industry 2010e sales €75 million				3m	3m	3m
Cimac (M-E Gulf) Industry 2009 sales €40 million				~5m	3m	3m
Zicom (India) Buildings 2009 sales €30 million				2m	3m	3m
Areva Distribution Energy 2009 sales ~€1.8 billion					4m	3m
50% of Electroshield - TM Samara (Russia)						Equity accounting

9-month 2010 sales performance

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

€ m	9M 2010	Organic	Current
W. Europe	4,675	+4%	+13%
North America	3,481	+4%	+9%
Asia-Pacific	3,423	+22%	+41%
Rest of World	2,438	+7%	+23%
Group	14,017	+8.3%	+19.8%

Sales by quarter in 2009

€ m	Q1	Q2	Q3	Q4	2009
Power	2,256	2,316	2,307	2,354	9,233
Industry	644	658	668	695	2,665
IT	517	559	575	619	2,270
Buildings	318	316	314	320	1,268
CST	87	84	86	100	357
Group	3,822	3,933	3,950	4,088	15,793
W. Europe	1,445	1,378	1,301	1,422	5,546
North America	1,048	1,066	1,066	1,010	4,190
Asia-Pacific	701	827	897	881	3,306
Rest of World	628	662	686	775	2,751
Group	3,822	3,933	3,950	4,088	15,793

NB: Starting from 2010, the geographical reporting is based on sales by destination as opposed to sales by country of invoicing. 2009 reporting has been adjusted accordingly.

The Rest of World region now includes Eastern Europe, in addition to Middle East, Africa and South America.

Contacts & agenda

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November 17

February 17

Investor Day

Meeting in Paris
8:00am (CET)

FY 2010 Results

9:30am (CET)

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

