

# Schneider Electric strengthens its Asia Pacific presence in Electrical Wiring Devices

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Merlin Gerin

Square D

Telemecanique



# Schneider Electric

**A growth booster for Schneider Electric in Asia Pacific**

**Clipsal, the right partner for Schneider Electric**

**Description of the transaction**



# Asia Pacific represents 28% of the worldwide electrical consumption and 12% of Schneider Electric sales

## ➔ World-wide split of macro economic indicators

	Europe	Americas	Middle East-Africa	Asia-Pacific
Surface	20%	27%	29%	24%
Population	12%	16%	16%	56%
Gross Production	24%	44%	3%	29%
Electrical consumption	26%	40%	6%	28%
% of Schneider sales	50%	34%	4%	12%

**Estimated annual market growth rates over the next 5 to 10 years in Asia Pacific: 4% to 10%**



# A growth booster for Schneider Electric and the acquisition of a leading worldwide brand

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## ➔ Enhancing Schneider Electric's presence in Asia Pacific

- Developing significantly Schneider Electric's presence in the high growth markets of Asia
- Providing an avenue to penetrate Asia Pacific's large markets by complementing Clipsal offer with Schneider Electric products

## ➔ Growing the Residential and Buildings Markets

- Gaining access to the Residential and Buildings markets in Australia and South Africa, where Schneider Electric was absent
- Developing Schneider Electric sales, with wider product offering, in Asia first, and then throughout the world

## ➔ Developing Schneider Electric's Wiring Devices and Installation System manufacturing and product development capabilities

- Acquiring the leading British Standard (BS) Wiring Devices offer (the 1<sup>o</sup> world-wide standard) plus the ability to develop and manufacture new products using the low-cost capabilities of South China

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## Clipsal: the right partner for Schneider Electric

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- ➔ **A powerful brand recognized as the n°1 or 2 brand in the Wiring Devices business in 12 Countries**
  
- ➔ **Combined sales of about 350 M€:**
  - 250 M€ of net sales in Pacific: Australia, South Africa, India and New Zealand, with a pro-forma EBIT of around 14%
  - 100 M€ of sales in Asia: Greater China, South East Asia, and Middle East (including 10 M€ from activities contributed by Schneider Electric)
  
- ➔ **4 key activities:**
  - Wiring Devices (plugs and sockets, ...)
  - Industrial Products (Miniature Circuit Breakers, Industrial Plugs, ...)
  - Data Com (Voice Data and Image)
  - Integrated Systems (home automation features)
  
- ➔ **About 5,600 employees globally**



# Clipsal encompasses the entire Wiring Devices product range

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## Wiring Devices



## Industrial Products





# ... to Voice Data Image transmission and Automation and Control systems

Data Com



Integrated Systems





# Some prestigious references



**Jin Mao building  
Shanghai**



**Convention and Exhibition center  
Hong Kong**



**Petronas Towers  
Kuala Lumpur**



**Sydney Olympic Stadium**



**Changi Airport  
Singapore**



**Beijing Conference Center**

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# The deal will comprise two simultaneous and interdependent transactions

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- ➔ **The Pacific transaction will consist of purchasing the core business of Gerard Industries Pty. Ltd., an Australian Company, which incorporates:**
  - The world-wide ownership of the Clipsal brand
  - 100% of the electrical wiring devices business located in Australia, South Africa, India and New Zealand (excluding non core businesses)
  
- ➔ **The Asian Transaction will consist of a 50% / 50% JV with Clipsal Industries (Holdings) Ltd. encompassing:**
  - An exclusive right to the Clipsal trade mark for Asia and Middle East
  - Clipsal electrical wiring devices assets in Asia (excluding non core assets)
  - Schneider Electric current operations in that field (PDL Asia in Singapore and Malaysia and SEDD in China)
  
- ➔ **Schneider Electric will have the ability to acquire the remaining 50% through put and call options**



## Transaction value and expected synergies

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- ➔ **The Pacific transaction will be satisfied by a cash payment of 450 M€**
  
- ➔ **The Asian transaction will be financed through the contribution of assets, the sale of Schneider Electric's current 18,7% stake in Clipsal Industries (Holdings) Ltd. and a 5 M€ cash outlay**
  
- ➔ **Main Synergy flows (Asia and Pacific):**
  - Sourcing of Schneider Electric product ranges to enrich the current Clipsal offer (mainly for Industrial Products)
  - Manufacturing, purchasing, logistics, R&D and back-office synergies (in all countries)
  - Sourcing of Wiring Devices from Clipsal to complete Schneider Electric's offer
  
- ↪ **Total expected full year impact on EBIT: at least +10 M€**



# A positive impact on Schneider Electric's Earnings Per Share

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- ➔ **Impact on Schneider Electric net earnings (after goodwill amortization)**
  - Neutral impact on the 1<sup>o</sup> year (2004)
  - Positive impact from the 2<sup>o</sup> year (2005)
  
- ➔ **The completion of both transactions are inter-dependent and mainly conditional on:**
  - Regulatory approvals (including anti-trust clearances in Australia, New Zealand and South Africa)
  - Clipsal Industries (Holdings) Ltd. shareholders approval
  
- ➔ **The JV, to be incorporated in HK, will be called Clipsal Asia Holdings Ltd.**
  - To avoid any future confusion, Clipsal Industries (Holdings) Ltd. will change its corporate name immediately following completion of both transactions