

Juno Lighting: Schneider Electric enhances its position in the US

Paris, June 30, 2005

Merlin Gerin

Square D

Telemecanique



Schneider
 **Electric**

Building a New Electric World

Acquisition rationale

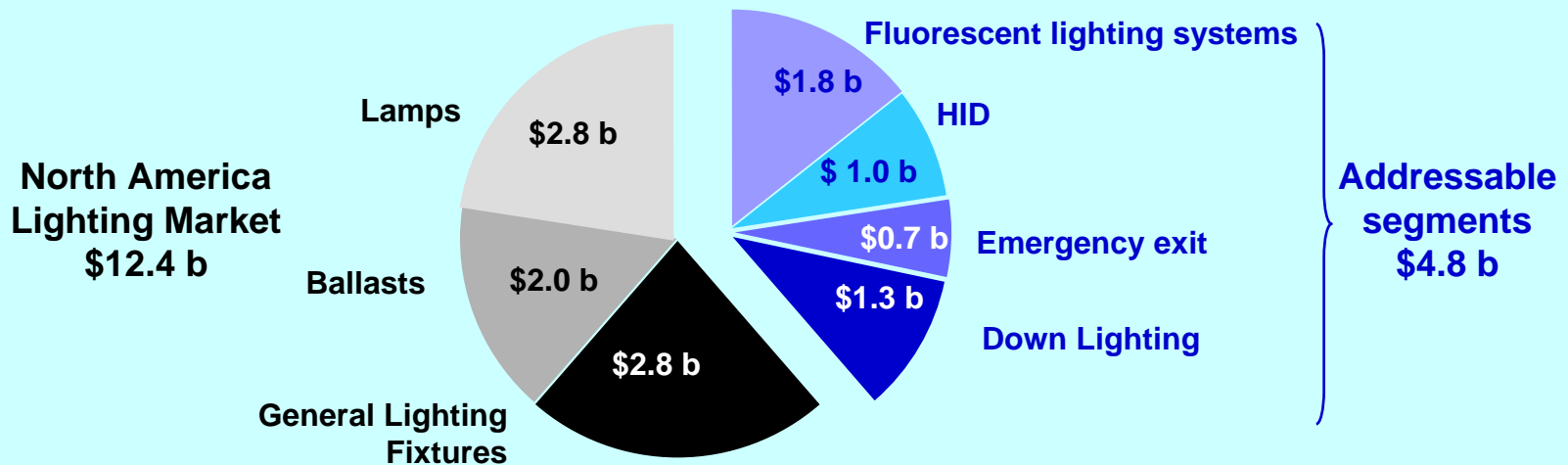
- US down lighting market enjoys a **rapid** and **sustained growth**
- Juno is the **industry reference** in the US down lighting market
- Juno achieved an **outstanding financial** track record
- The underlying **revenue** and **cost synergies** between Juno and our North American business are very significant
- Juno enhances our **position** on the **Residential** market in the US
- Juno will accelerate the **penetration** of our **Ultra Terminal** offering in the US
- Juno enables us to position for the **LED** promising technology
- Juno operates within a **business model** we know well

Juno Lighting

**Enhancing our position in
the United States**

Down Lighting: an attractive growth potential

Juno Lighting addressable segments in the lighting market



Growth drivers of the market

- Growing expectations for design characteristics
- Increasing size and number of rooms in homes
- Enhanced strategic lighting in retail stores
- Heightened focus on energy efficiency

Down Lighting is an attractive segment with a 5% annual growth, i.e. 2x General Lighting

Juno Lighting: “Changing Lighting Forever”



→ Juno Lighting operates in the down lighting fixtures sub segment selling high end lighting fixtures to the commercial and residential markets in the US and Canada

Recessed (65%)



Track (30%)



Other (5%)



→ Sales ————— • **\$242 million**

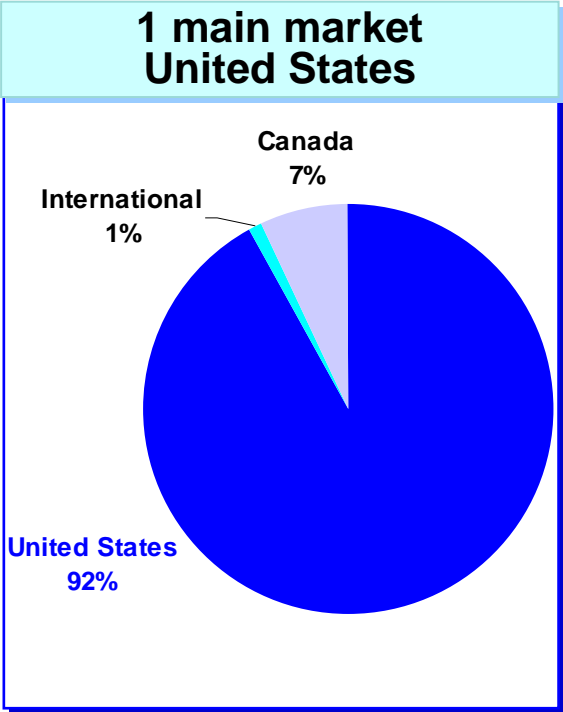
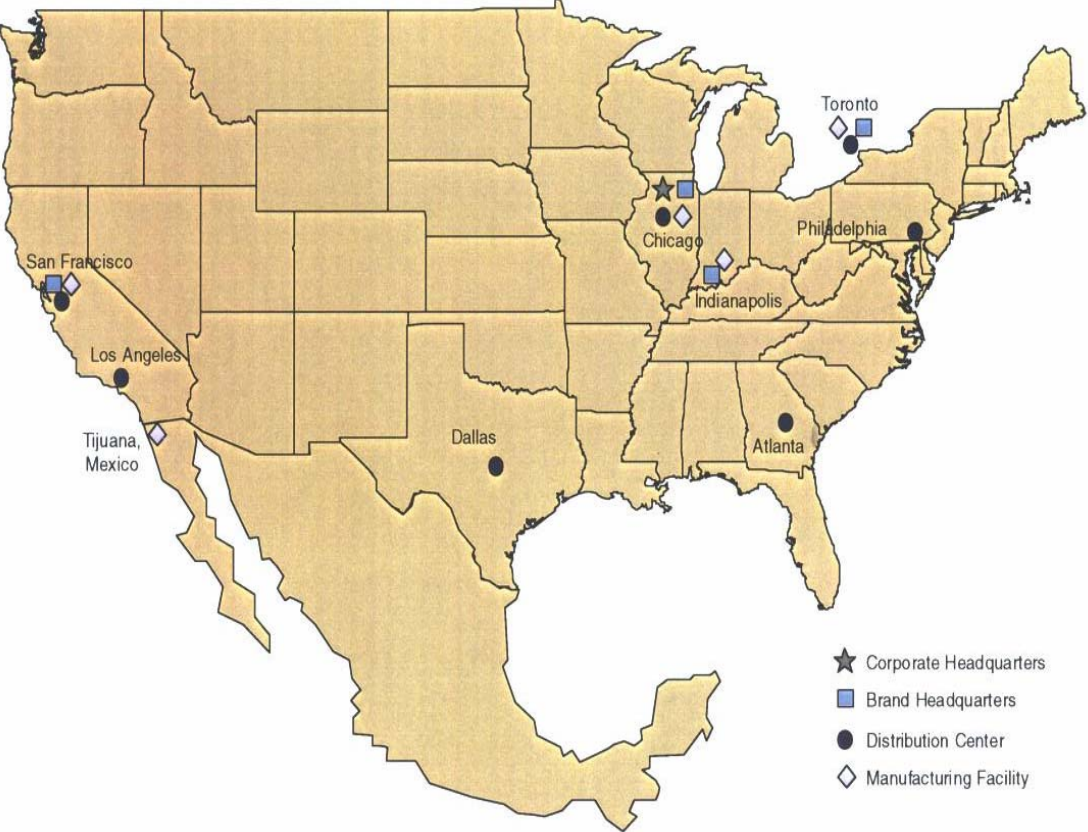
→ Operating margin ————— • **21%**

→ Employees ————— • **1,000 employees**

Juno Lighting: a leader in the US

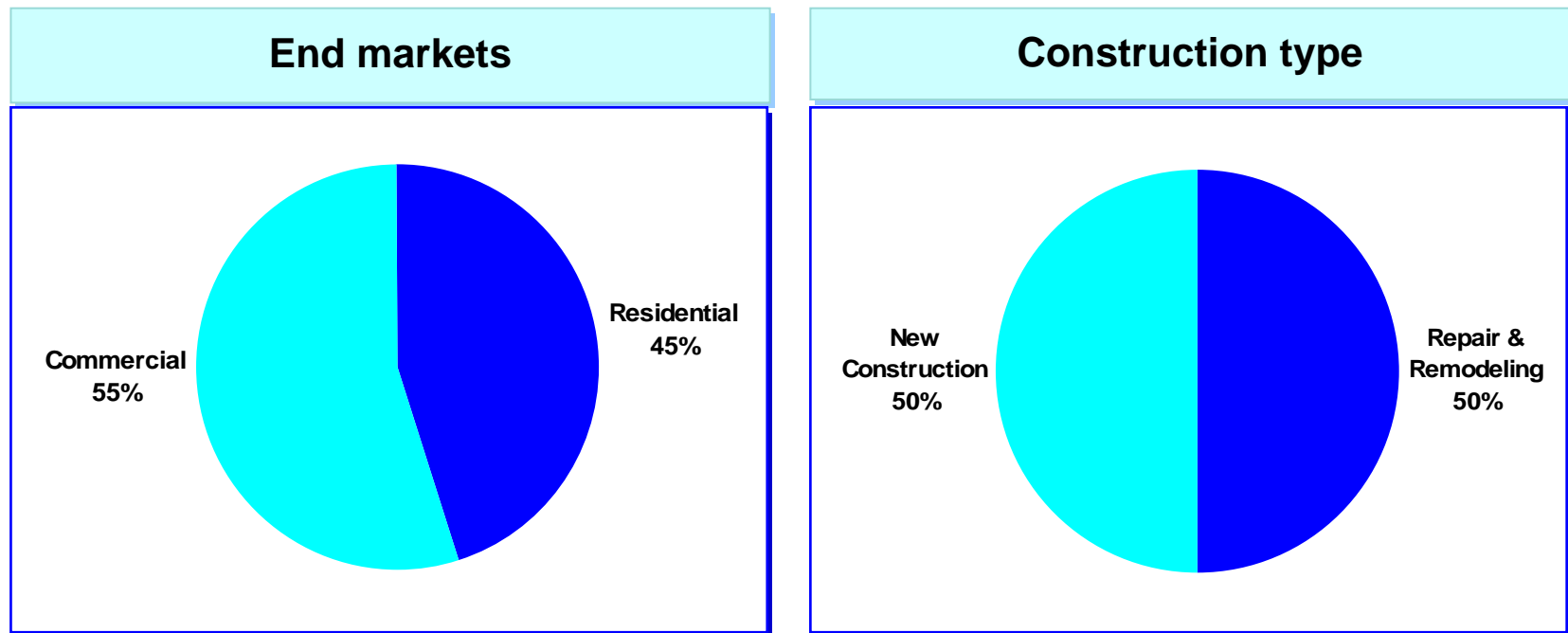
→ **Headquarters:** Des Plaines (Chicago), Illinois

→ **10 facilities** for assembly and/or warehousing



Balanced revenue base with limited cycle sensitivity

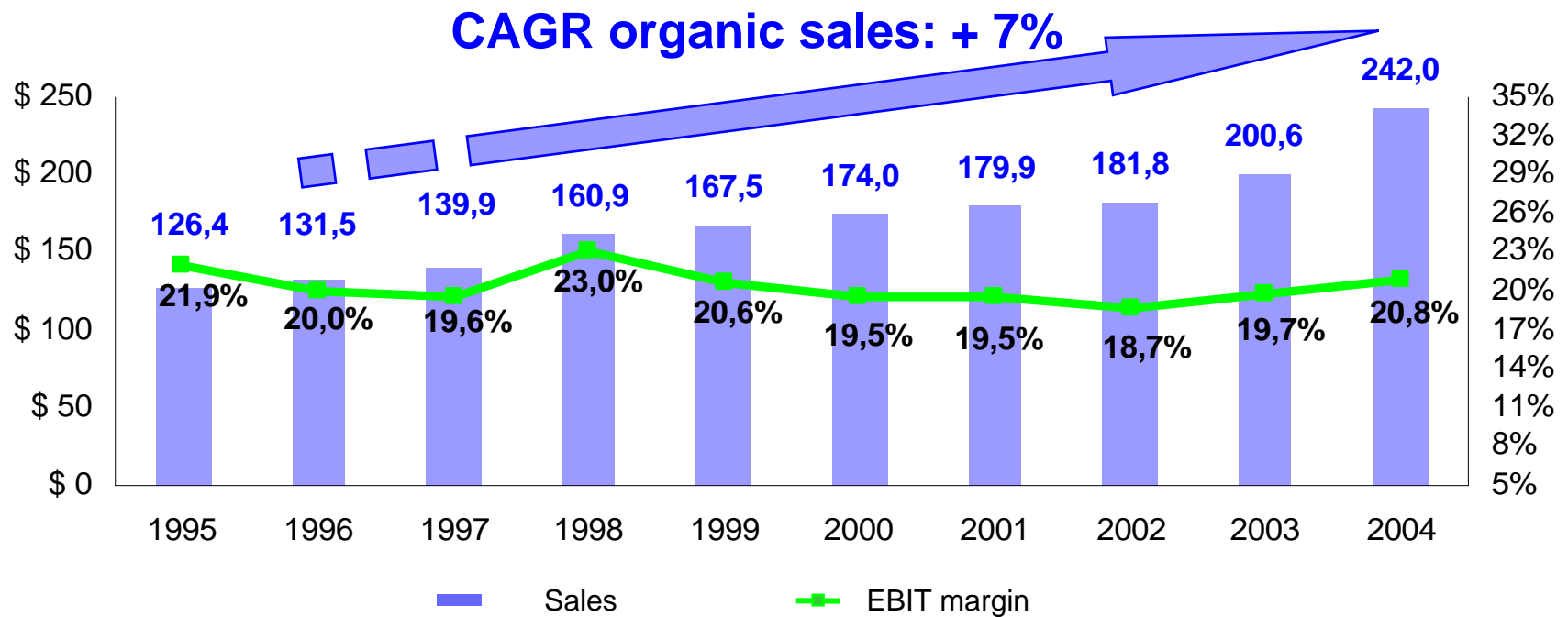
- Strong exposure to the **Residential** market
- Significant proportion of sales driven by repair and remodeling on existing **Buildings**



Outstanding financial track record

FY 2004

- Sustained organic sales growth ————— 21%
- Consistently high operating margin ————— 21%
- Strong free cash flow ————— 10%



Key strengths

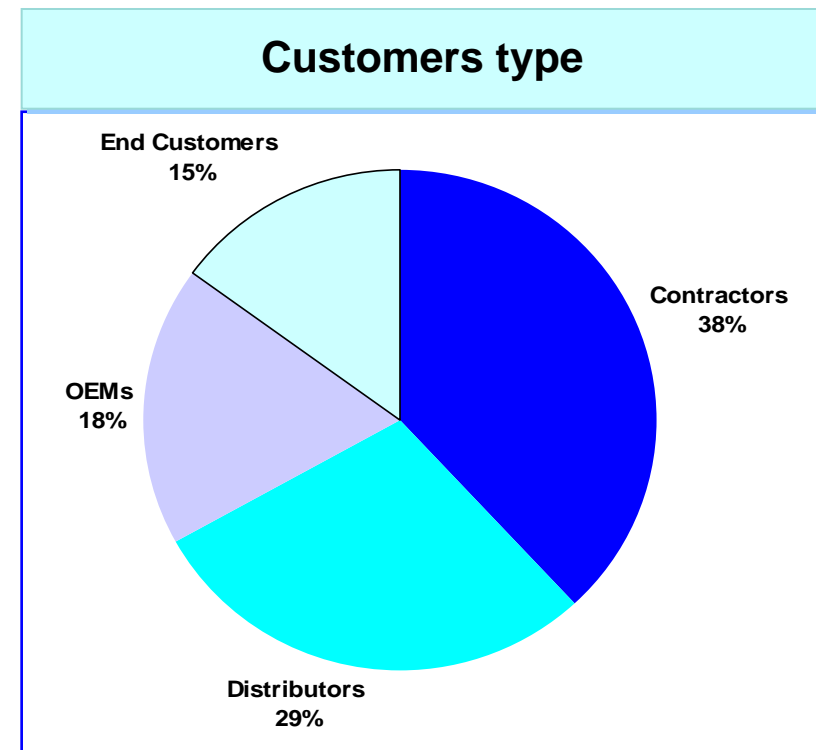
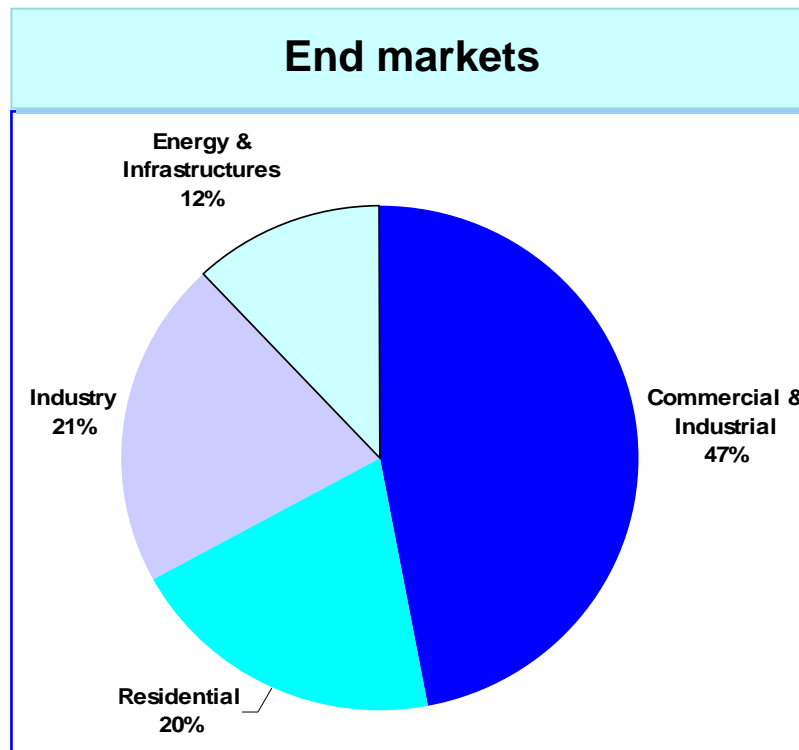
- **Leadership** in a niche market
- Selective targeting of **high-end** customers, technology oriented and performance minded
- Strong capabilities in **new products** development: 33% of sales growth over the last 2 year
- Powerful **representative network**
- Efficient **manufacturing model**: highly variable cost structure (outsourcing) and low-cost sourcing (Asia)
- Strong and sustained **financial performance**

Juno Lighting

**Enhancing our position in
the United States**

What is the position of our US business?

- ➔ Schneider Electric is well positioned across the value chain in its core **construction markets**
- ➔ Schneider Electric is a strong leader in **Electrical Distribution**



What Juno Lighting brings us?

- Enhance our presence in **current channels**
(electrical distributors and contractors, builders)
- Develop new access to **architects** and **specifiers**
- Increase our position on the **Residential** market
- Accelerate penetration of **Ultra Terminal** offering in the US
- Monitor and participate in **LED technological** evolution

For more comfortable and convenient Buildings

Synergies

Sales synergies

- Increase Juno sales through leverage of complementary channels
- Increase Juno sales through electrical contractor promotion
- Develop cross-selling to national accounts
- Develop Schneider Electric Ultra Terminal business in North America

Cost synergies

- Purchasing
- Lean manufacturing
- Back office

Target 

Impact on operating income: \$25 million in 2010

Description of the transaction

Merger agreement to provide for 100% control of Juno Lighting approved by the board of directors

Transaction subject to approval by the shareholders' meeting and antitrust clearance

Agreement of majority shareholder to vote in favor of the merger

Price to be paid in cash at closing expected by the 4th quarter 2005

Acquisition price is \$610 million (enterprise value)

→ Approximately \$200 million of financial debt

Acquisition meets the Group's criteria

→ Expected Return On Capital Employed to cover cost of capital in the 3rd year

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