

# *Schneider Electric in China and Asia Pacific*

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Square D

Telemecanique

**Schneider**  
 **Electric**  
*Building a New Electric World*

# **Asia Pacific in the world and Schneider Electric today**

**Our assets in Asia Pacific**

**Our priorities in Asia Pacific**

**Schneider Electric in China**

**Schneider Shanghai Industrial Control (SSIC)**

**Conclusion**



Asia Pacific represents 28% of the worldwide electrical consumption and 14% of Schneider Electric sales

➔ **Worldwide split of macro economic indicators**

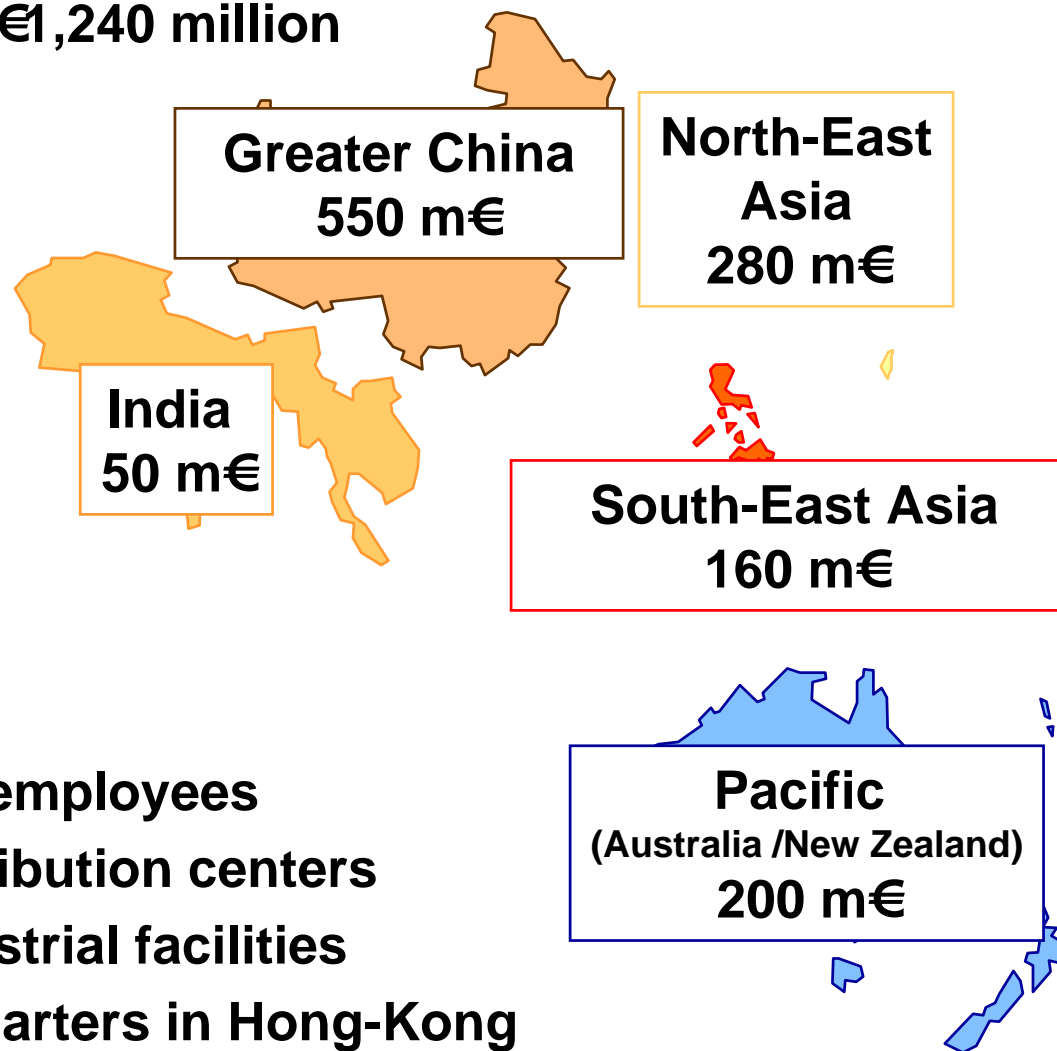
	Europe	Americas	Middle-East Africa	Asia-Pacific
Surface	20%	27%	29%	24%
Population	12%	16%	16%	56%
Gross Production	24%	44%	3%	29%
Electrical consumption	26%	40%	6%	28%
% of Schneider Electric sales	55%	27%	4%	14%

➔ **Estimated annual market growth rates over the next 5 to 10 years: ~4% in Pacific and 8% to 10% in Asia**



## Key figures (end of 2003 and excluding Clipsal Acquisition)

→ Sales: €1,240 million



→ 10 230 employees

→ 24 distribution centers

→ 38 industrial facilities

→ Headquarters in Hong-Kong

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## Schneider Electric assets in Asia Pacific

- ➔ **Leadership positions in a large number of countries**
- ➔ **A network of solid and profitable operations capable of future investments in growth**
- ➔ **Local managers with longstanding knowledge of Group culture**
- ➔ **A business model founded on partnership, adapted to the local environment and maximising the coverage of our end markets**
- ➔ **A strong offering in all global standards (IEC, NEMA, CCC)**
- ➔ **A SGBD (Schneider Global Business Development) organisation supporting the development of our international customers**



## Sustainable presence and controlled risk

- ➔ **A sustainable presence**
  - A liaison office, a subsidiary with local legal status, a distribution center, a plant
  - Constant presence despite of the crises
- ➔ **A development matched with the country's maturity: electrification, industrialisation and automation**
- ➔ **A development based on local partners**
- ➔ **A controlled risk**
  - Gradual development
  - Priority given to organic growth
- ➔ **An adapted culture to economic upheaval**

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## Absolute priority to organic growth

- ➔ **Develop geographic spread**
  - China & India obviously
  - But also Korea, Vietnam, Taiwan, etc
- ➔ **Adapt offering to local markets and address intermediary market segment mainly with specific products**
  - Anjia, Enerpact, Simpact, etc
- ➔ **Leverage the technology of acquisitions (specialists)**
  - SEOOCR, Nu-Lec, Digital Electronics, etc
- ➔ **Search for market niches**
- ➔ **Monitor key regional and global accounts**



## Highly selective acquisitions combined with partnerships

### ➔ **A selective acquisitions policy to get:**

- Access to market (eg Clipsal in Asia Pacific)
- Specialist technologies (eg Digital Electronics in Japan)
- Complementary and/or economic offering (eg Wangao in China)

### ➔ **7 recent examples of acquisitions**

- Digital Electronics (Japan)
- Crompton Greaves (India)
- Samwha SEOOCR (Korea)
- Nulec (Australia)
- PDL (New Zealand)
- Clipsal (Australia / Singapore)
- Wangao (China)

### ➔ **A partnership strategy to leverage specific technologies (eg Toshiba in Japan)**



## With Clipsal, a specific branding and differentiation strategy throughout Asia Pacific



*Data Com*



*Integrated systems*

- ➔ **A high value-added brand, recognized as number 1 or 2 in wiring devices in 12 countries in the Asia Pacific region**
- ➔ **Makes Schneider Electric world number 2 in the wiring devices business**
- ➔ **Combined sales of €350 million with 5,600 employees**
- ➔ **Enhances access to the Residential market**
- ➔ **Expands our ability to design and manufacture a wiring devices offering**

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## Schneider Electric on the road with China

- ➔ **Schneider Electric is present in China since 1979**
- ➔ **Starting period: 1979 to 1985**
  - Exploration through licenses
- ➔ **First investment: 1986 to 1994**
  - Creation of the first joint venture in Tianjin, Tianjin Merlin Gerin Co
- ➔ **First wave: 1995 to 1998**
  - Creation of six industrial facilities through joint-ventures



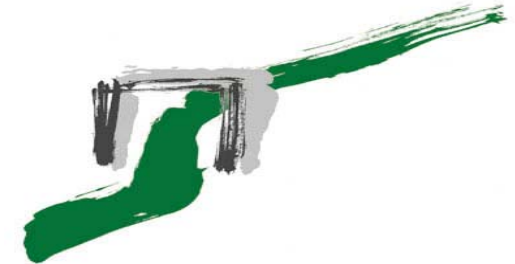
***In 1995, Schneider Electric is the first company in the electrical sector to obtain the right to create a holding company in China: Schneider Electric (China) Investment Co. Ltd.***



## Schneider Electric on the road with China (cont'd)

### ➔ A milestone in 1999

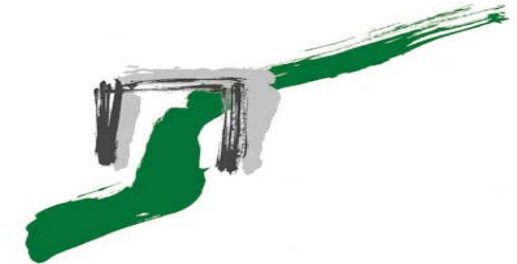
- *A Research & Development Center was established in China.*
- *All sales were grouped together under the leadership of Schneider Electric (China) Investment.*
- *Schneider Electric was the second company to be allowed to distribute all products of its catalogue, coming from its different Joint Ventures, making it easier for its customers to make business with.*
- *A large and effective distribution network could then be set up.*





## Schneider Electric on the road with China (cont'd)

- ➔ **Second wave: since 2000**
- **2000 Schneider Electric - Tsinghua Joint Training Center**  
**Distribution Center Beijing**  
**Distribution Center Shanghai**  
**Distribution Center Guangzhou**
- **2001 Joint Training Center between Schneider Electric and Shanghai Jiaotong University**
- **2002 Schneider (Suzhou) Drives Co. Ltd.(SSD)**  
**Schneider Electrical Devices (Dongguan) (SEDD)**  
**Schneider Shihlin Suzhou Transformers (SSST)**
- **2003 Schneider (Suzhou) Enclosure Systems (SSES)**  
**Distribution Center Chengdu**



# Schneider Electric in China



- 4000 Employees
- Over 400 Distributors
- 15 Industrial Entities
- 28 Regional Offices
- 4 Distribution Centers
- 1 R&D Center
- 2 Training Centers





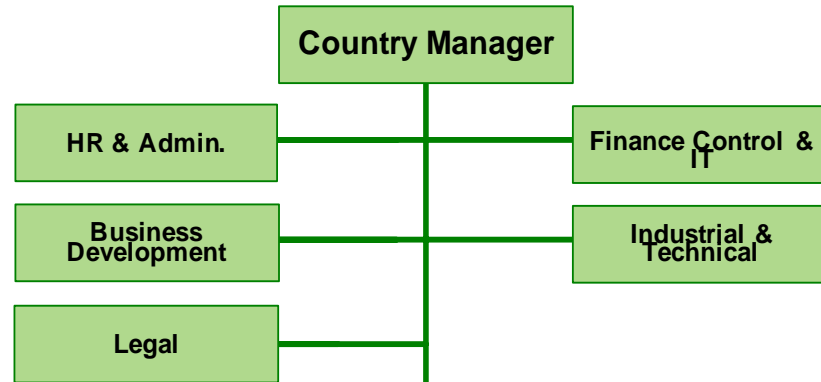
## Industrial entities of Schneider Electric in China

Entity	Products
<b>SBMV</b>	<b>Medium Voltage Switchgear</b>
<b>SSST</b>	<b>Merlin Gerin Trihal MV/LV Transformer</b>
<b>TJMG</b>	<b>Miniature Circuit Breakers</b>
<b>SELV</b>	<b>Miniature Circuit Breakers</b>
<b>SSLVTA</b>	<b>Miniature Circuit Breakers, Residual Current Devices, Isolator</b>
<b>SBLV</b>	<b>Low Voltage Moulded Case Circuit Breakers</b>
<b>SSPA</b>	<b>Air Circuit Breakers, High-power Molded Case Circuit Breakers</b>
<b>SSAM</b>	<b>MT 08-63 Fixed Poles and Moving Poles</b>
<b>SBG</b>	<b>Busways</b>
<b>Wingoad</b>	<b>Automatic Transfer Switch (ATS)</b>
<b>SEDD</b>	<b>Wiring Devices</b>
<b>SSIC</b>	<b>Circuit Breaker, Contactors, Overload relays, Motor starters, Pushbuttons, Osiconcept Series Sensors</b>
<b>WPF</b>	<b>Proface HMI, LEC Products, STR 22/23 Trip Units</b>
<b>SSD</b>	<b>Variables Speed Drives, Soft Starters</b>
<b>SSES</b>	<b>Wall-mounted/floor standing enclosure systems, and related accessories</b>



# Schneider Electric China organisation

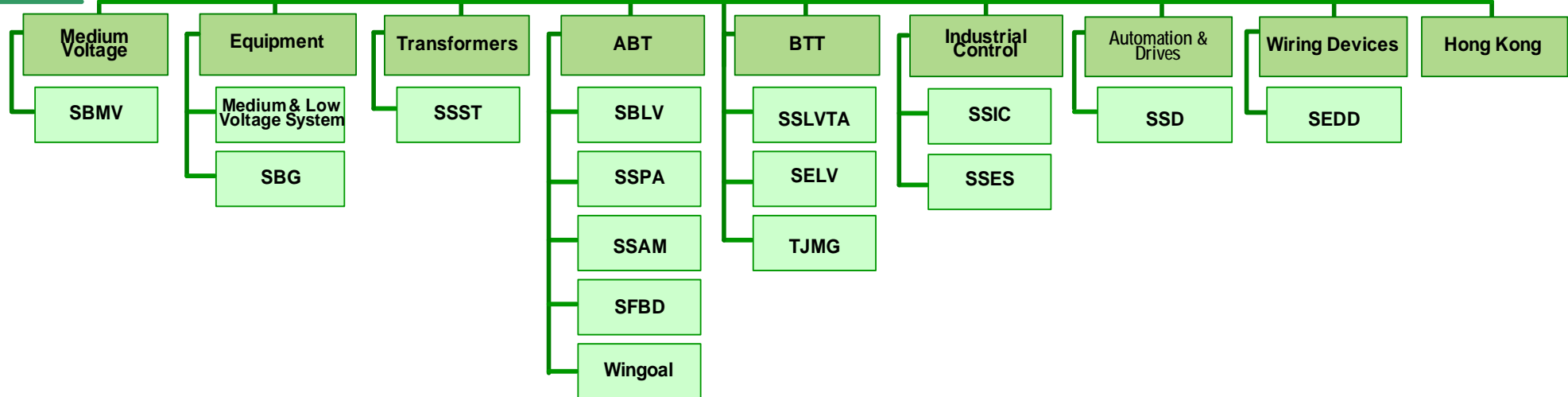
## Functions



## Commercials



## Activities



# Logistic process of Schneider Electric in China



Beijing  
Distribution  
Center

Chengdu  
Distribution  
Center

Shanghai  
Distribution  
Center

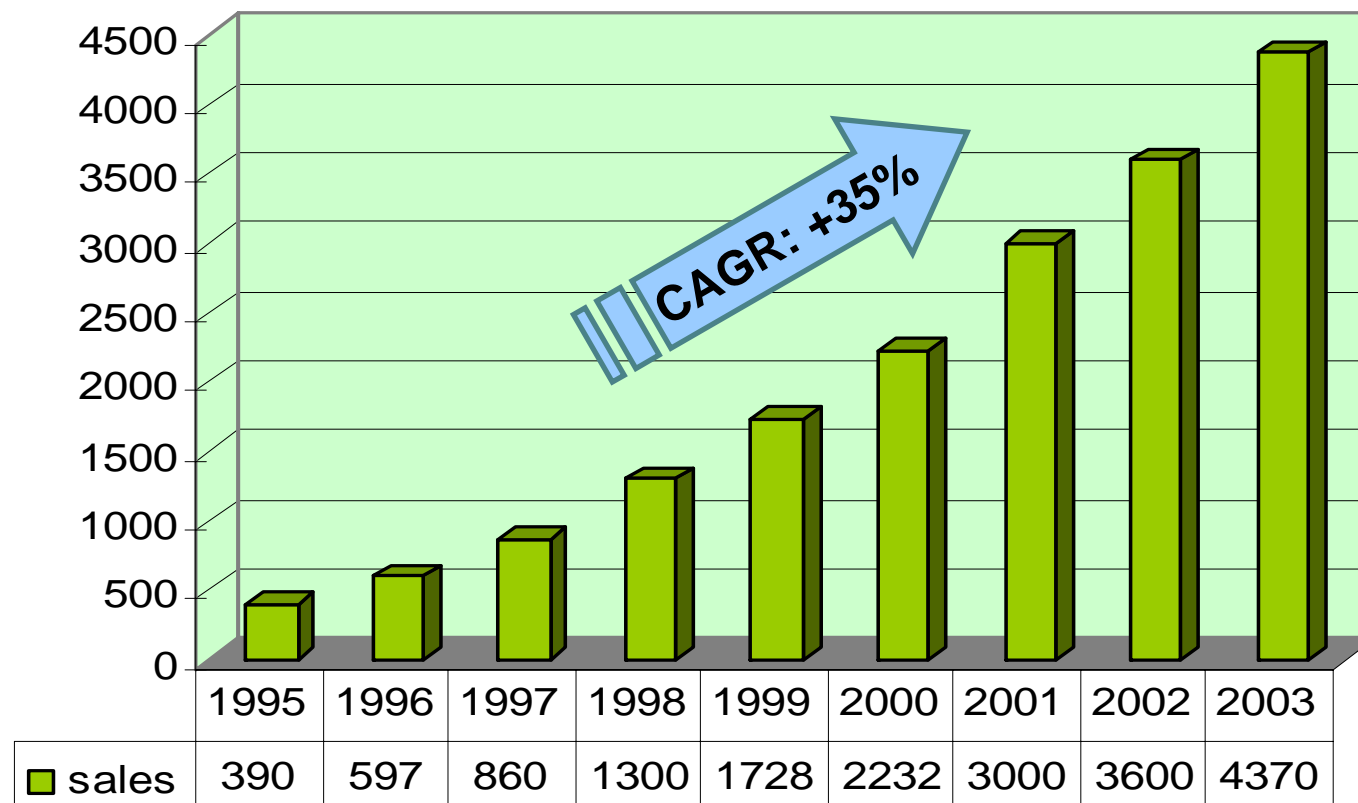
Guangzhou  
Distribution  
Center





# Sales growth of Schneider Electric in China

Million RMB (1 RMB = 0.11 €, end of 2003)



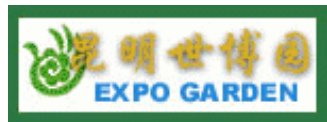
# Customers in China



**BASF**



intel.



# A socially responsible company in China



## ➔ Protecting the environment

- Environmentally-friendly product design
- Use of Best Available Practices
- ISO 14001 certified production facilities

## ➔ Helping young people build successful lives

- Support Yulin Orphanage continuously
- Set up Schneider Electric Education Assistance Fund
- Set up Schneider Electric HOPE School



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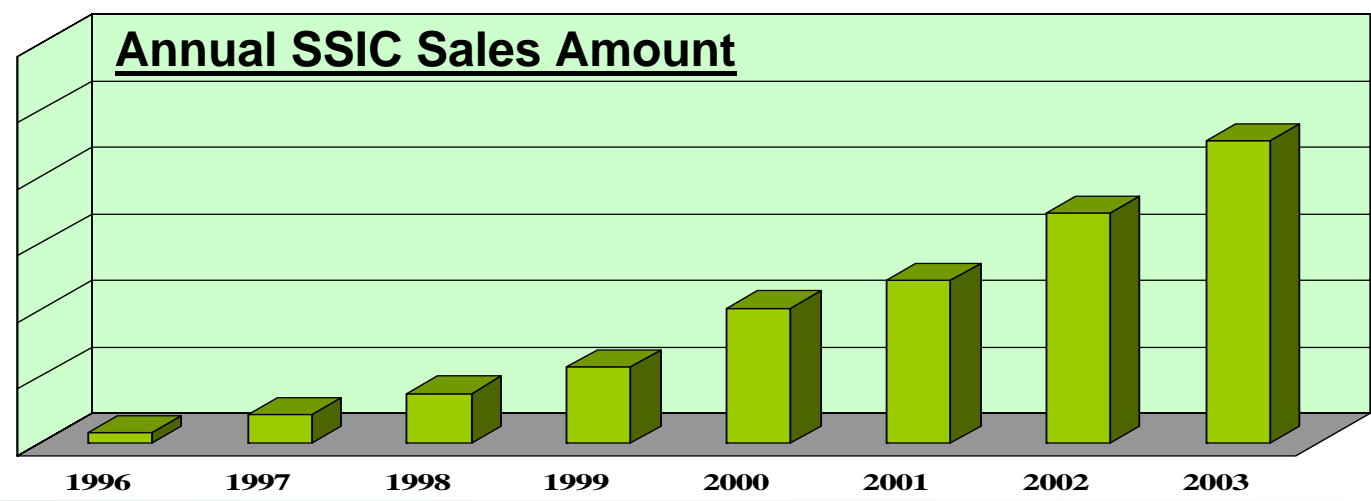
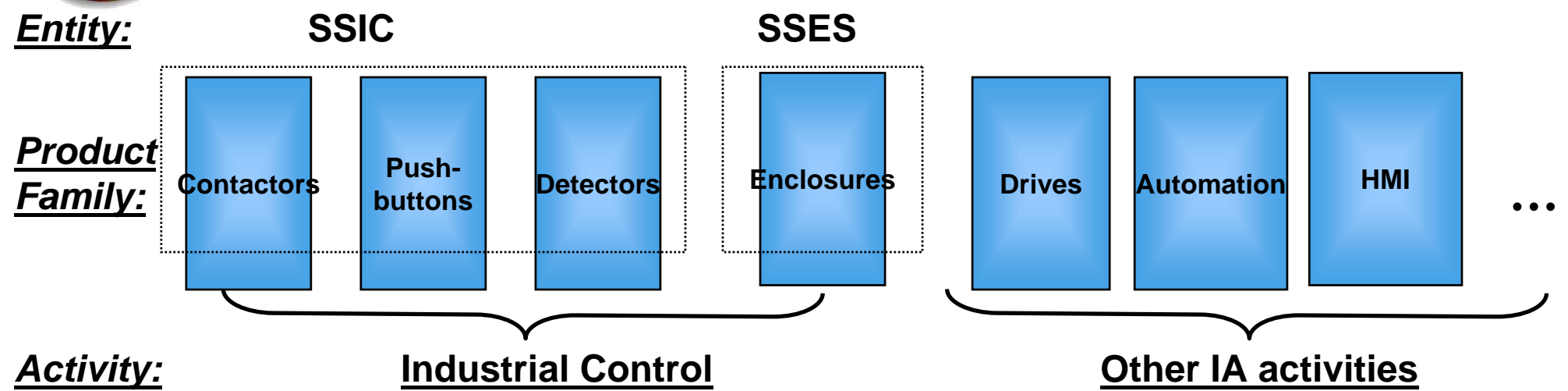
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# Overview of the Industrial Automation activities in China





## Schneider Shanghai Industrial Control Plant (SSIC) and Shanghai Distribution Center

SSIC

- ⇒ Manufacturer of contactors, motor circuit breakers, pushbuttons and light indicators. (D2, GV2, LR2D, XB2, Osiconcept®)
- ⇒ Invested capital : 14.6 Mio USD
- ⇒ Number of employees : 730 people

Shanghai  
DC

- ⇒ Distribution of products to East China customers
  - ⇒ Delivery in 48 h.
  - ⇒ Above 2000 orders lines served every day
  - ⇒ Number of employees : 50 people
- ⇒ Addr: No. 629, SuiDe Road, Putuo District, Shanghai, China  
Zip : 200331  
Tel : (21) 6363 6868  
Fax: (21) 6250 2818

# SSIC overview



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# Asia Pacific for Schneider Electric

➔ **A source of growth for the Group**

➔ **A source of innovation**

- State-of-the-art technologies (Digital Electronics, Clipsal...)
- Intermediary market
- Software (particularly in India)

➔ **A source of productivity**

- Low production costs
- Competitive network of suppliers

➔ **A high level talent in every sector from excellent universities with enormous dynamism**

# *Building* a **New Electric World**

