

ABS EMEA: Schneider Electric further consolidates its position in Building Automation

Paris, June 8, 2005

Merlin Gerin

Square D

Telemecanique



Schneider
 **Electric**
Building a New Electric World

An acquisition strategy focused on high growth potential activities

Targeted Businesses	Companies Acquired	Growth*
<input type="checkbox"/> Human Machine Interface	<input checked="" type="checkbox"/> Digital Electronics	+17%
<input type="checkbox"/> Building Automation and Security	<input checked="" type="checkbox"/> TAC Andover Controls → ABS EMEA	+6%
<input type="checkbox"/> Ultra Terminal	<input checked="" type="checkbox"/> Clipsal Pacific	+5%
<input type="checkbox"/> Secured Power	<input checked="" type="checkbox"/> MGE UPS Systems	+10%
<input type="checkbox"/> Sensors for repetitive machines	<input checked="" type="checkbox"/> Kavlico	+22%



ABS EMEA

**Enhancing our position in
Building Automation**

The transaction

ABS EMEA: well-established positions in Building Automation

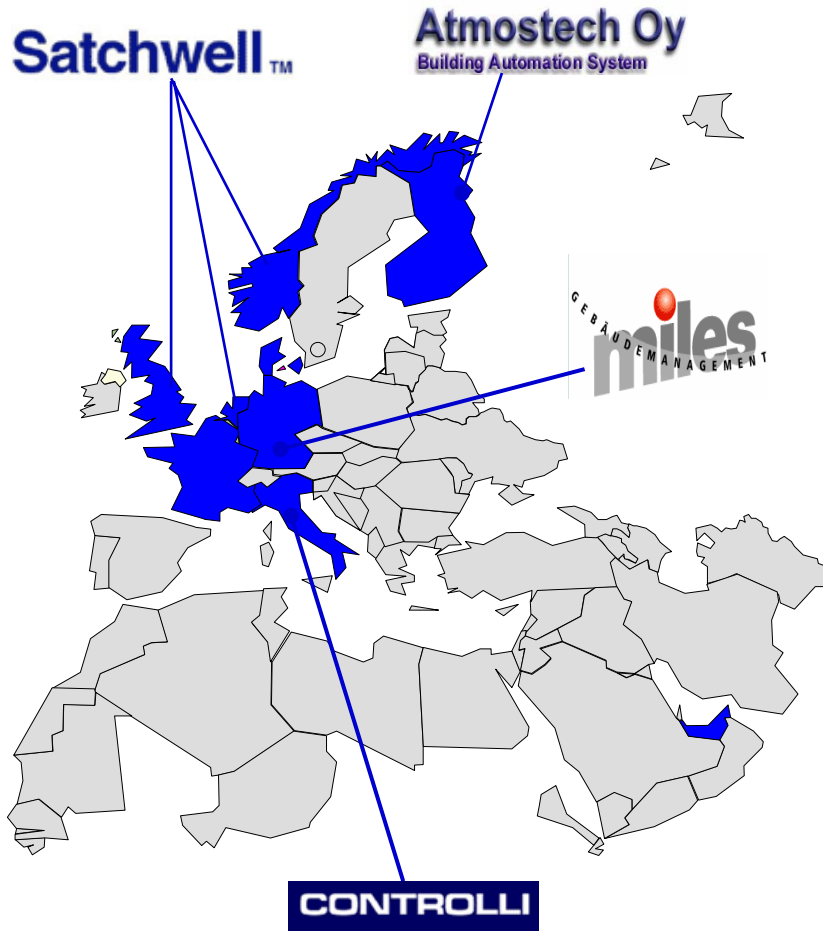
→ ABS (Advanced Building Systems) EMEA: Invensys' Building Automation division in Europe and the Middle East

→ Sales ————— • **\$ 168.2 million**

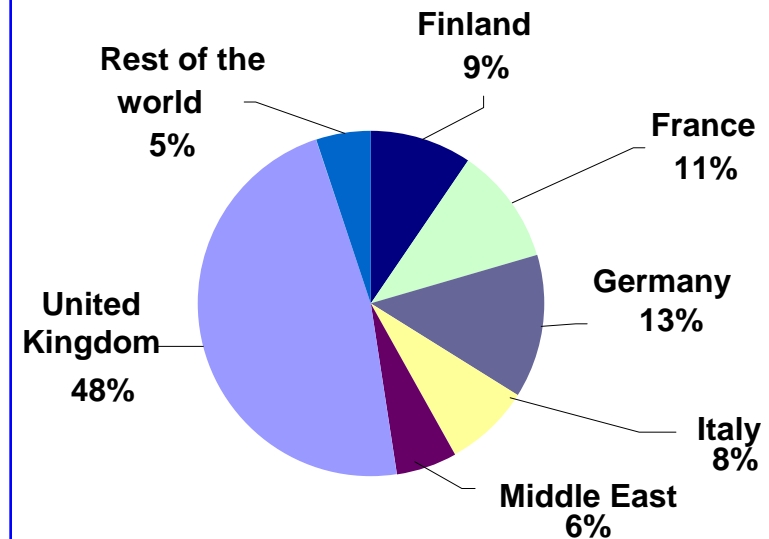
→ Restated operating profit ————— • **\$ 12.3 million**

→ Employees ————— • **1,068 employees**

A leader in the UK and strong positions in the rest of Europe and the Middle East



1 main market: United Kingdom



A comprehensive range of products, software and services to control building utilities

**Valves /
Actuators /
Sensors**

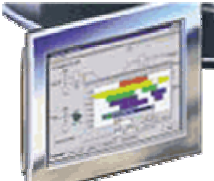


Satchwell



CONTROLLI

**Systems /
Controllers**



MicroNet



Sigma

Atmostech Oy
Building Automation System



**Services /
Contracting**



Energy support services

Satchwell

Atmostech Oy
Building Automation System

Atmostech Oy
Building Automation System



Contracting

Competitive strengths

→ A large **installed base**

→ High **skills** in:

- ◆ Many countries
- ◆ Products offering (peripherals)
- ◆ Installed base services
- ◆ Optimisation of buildings' energy efficiency (energy engineered solutions)

→ Strong **brands**

→ A powerful **distribution network**

ABS EMEA

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Building Automation: an attractive growth potential

Strategic fit with Schneider Electric's core businesses

- A specialty business at the convergence of electrical distribution and automation & control
- A key driver of demand for services through the installed base

Growth drivers of the market

- Demand for energy cost savings
- Increasing needs for comfort and security
- Fast change of buildings usage

**An intrinsically
attractive market:
€1 bn
up 6% a year**

A development in integrated and open systems

Acquisition of 
June 2003

Acquisition of 
May 2004

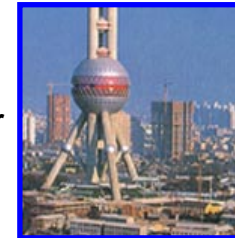


Rockefeller
Center
New York

Merger


TourAndoverControls

Oriental
Pearl Tower
Shanghai



Integrated and Open systems

- ➔ Integration of the different building utilities
- ➔ Adaptation to existing systems and IT evolution
- ➔ Added-value services during buildings life cycle

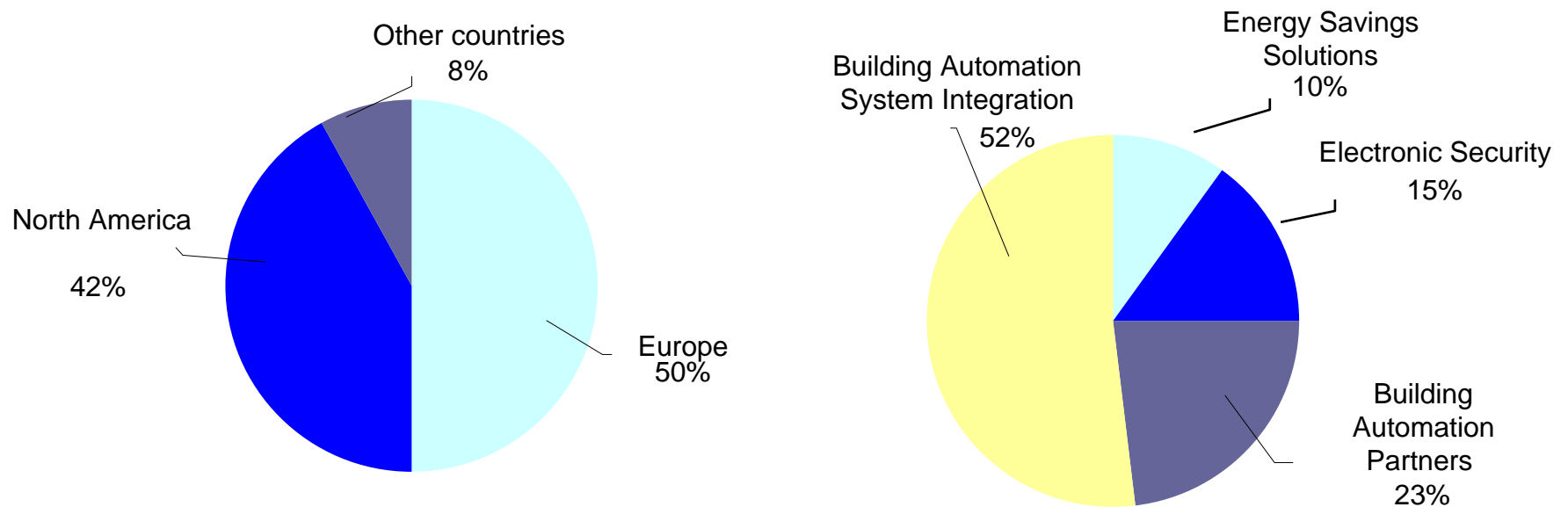
F R O S T  S U L L I V A N Growth Strategy Leadership of the Year 2005

What ABS EMEA brings us

- Enlarge our **installed base** of customers
- Accelerate our **penetration** in certain countries or regions (France, Italy, Gulf States)
- Provide an enhanced **peripheral offering** (sensors, actuators, valves)
- Enhance our **services** capabilities
- Expand our **distribution network**

Tour Andover Controls and ABS EMEA: An efficient combination and strengthened positions

**Total Building Automation sales
~ €800m with high operating margin**



**Leader of Integrated and Open
Building Automation and Security systems**

ABS EMEA

**Enhancing our position in
Building Automation**

The transaction

Description of the transaction

Acquisition of 100% of the companies shares covered by the transaction

Due diligence already performed with satisfactory results

Closing expected within next three months

Price to be paid in cash at closing after anti-trust clearances

**Acquisition price
\$150 million**

→ no financial debt binded to acquired operations

**Acquisition meets the
Group's criteria**

→ expected return on capital employed to cover cost of capital in the 3rd year

Integration of ABS EMEA

- **Integrate ABS EMEA** into Tour Andover Controls
- Integrate the businesses **country by country**
(Integrate UK, Denmark, Norway, France, Middle East, etc.)
- Ensure **compatibility** with the installed base
- **Reinforce R&D** to accelerate deployment of the **new generation** of open systems

Synergies

Sales synergies

- Improved projects selection and management
- Sales of peripheral products through TAC channels
- Sales of TAC products (security) through Satchwell channels
- Sales of Schneider Electric products through Satchwell channels

Cost synergies

- Back office optimization
- Application of Schneider Electric purchasing terms



Impact on operating income of €10 million

Building a New Electric World

