2007 Annual Results

London

20 February 2008

Schneider Electric

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.

Overview

2007: a key year of transformation

Significant increase in earnings, acceleration in H2

- Record organic sales growth in 2007: 13.9%, far outperforming end-markets
- Strong contribution of new businesses and particularly energy efficiency
- Acceleration in pricing (+2.2%), more than offsetting raw material increases
- Rebalancing of production in emerging countries well on track
- High free cash flow generation: €1.5bn, up 38%

Successful APC integration & turnaround with margin catching up Group level

2007 Key figures

€m	2007	Change
Sales	17,309	+26%
EBITDA	3,114	+24%
EBITA	2,562	+27%
Net income	1,583	+21%
EPS (€)	6.78	+14%
Dividend (€)	3.30	+10%
Free cash flow	1,530	+38%

2008: taking advantage of new profile

Organic sales guidance confirmed at +6% to +8%, based on

- Solid order intake driven by emerging countries and energy efficiency
- Allocation of resources to fast growing markets and key verticals
- Conservative assumptions for H2 in mature countries

EBITA margin expected at 15%, thanks to

- Benefits of rebalancing to low cost countries, neutral currency exposure
- Flexible and highly outsourced model
- Leaner and globalized structure

Strategy & Business Update

Record organic sales growth in 2007

Sales organic growth by region

	2007
Europe	+12.0%
North America	+13.1%
Asia-Pacific	+16.0%
Rest of the World	+23.3%
Group	+13.9%
*Emerging countries**	*+20%*

* Emerging countries: Eastern Europe + Asia-Pacific + Rest of the World

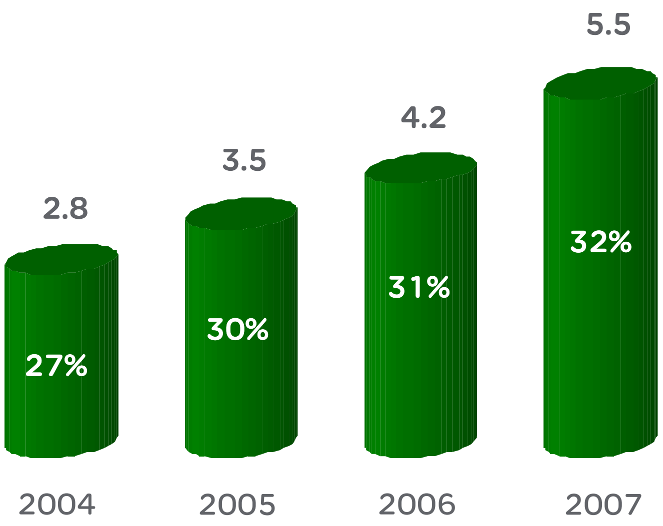
Orders organic growth by business

	2007
Critical Power**	+14%
Building Automation	+17%
Ultra Terminal	+9%
Services	+22%
Energy efficiency	*+15%*

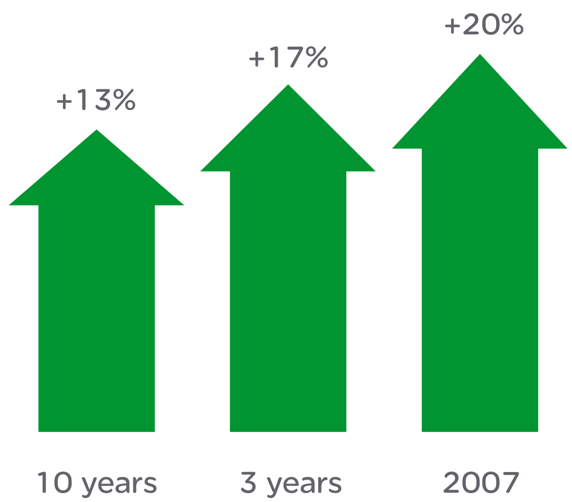
** This figure indicates the sales performance of the Critical Power & Cooling Services "business unit" on a 12-month proforma basis in 2007 (excluding MGE Small Systems)

Emerging countries: acceleration of growth

Emerging countries sales
(€ bn and share in Group)

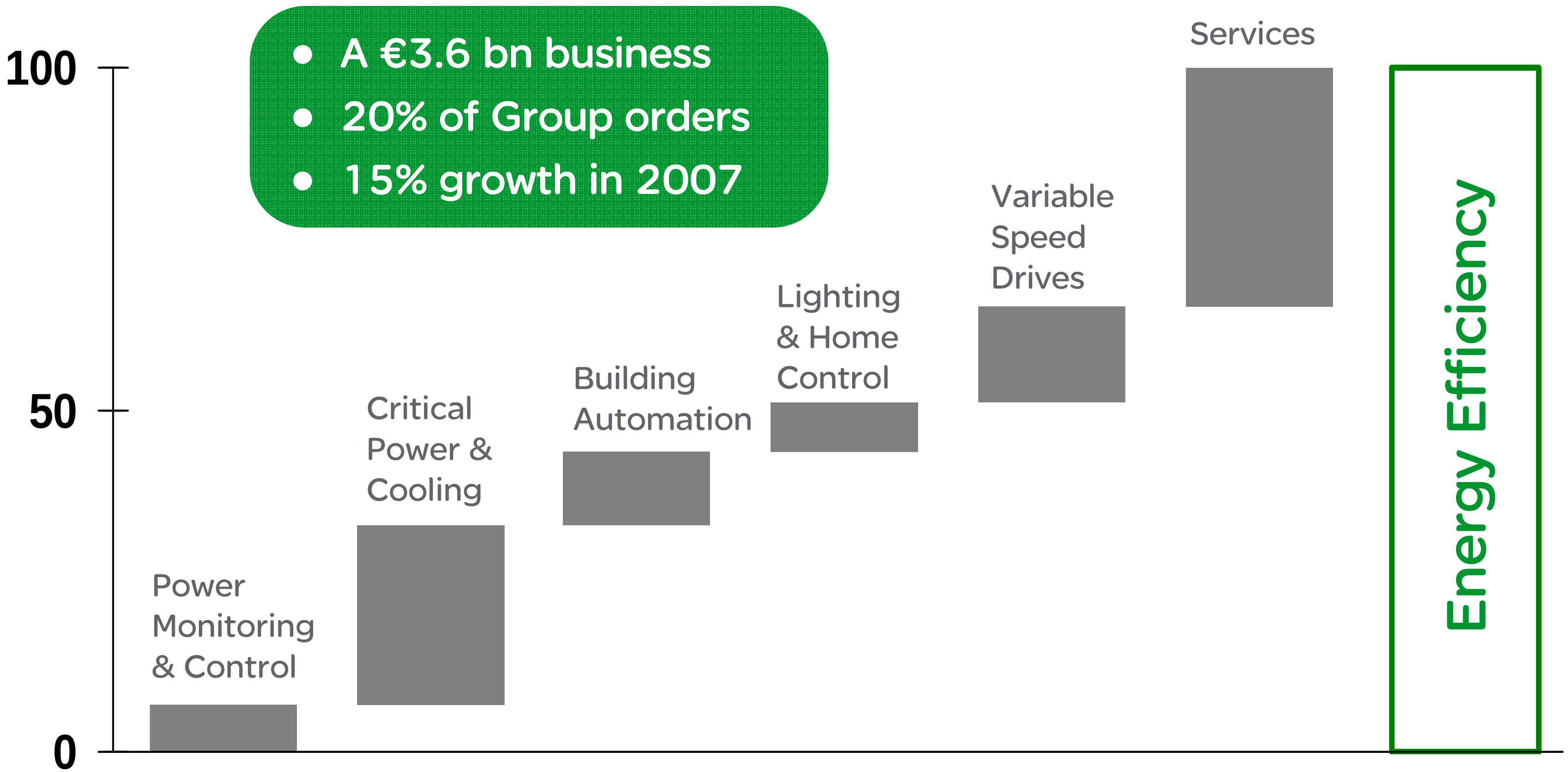


Emerging countries
average organic growth



- Sales in emerging countries doubled over the past 3 years up to €5.5 bn
- Emerging countries grew in average by 13% annually over the past 10 years, with acceleration driven by infrastructures and natural resources

Energy efficiency: a unique positioning



Limitation of CO_2 emissions driven by energy savings and cleaner generation

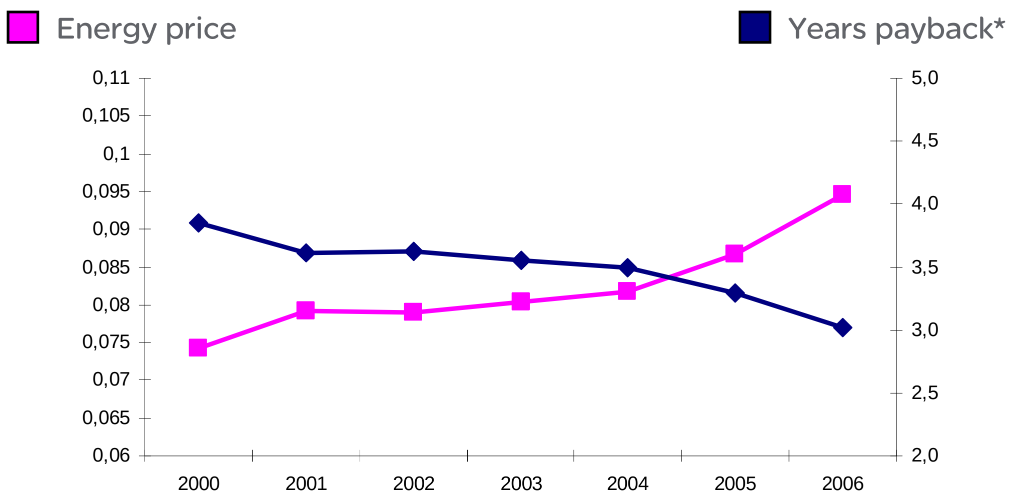
Energy savings

- Expected payback: 2 to 5 years
- 1kW.h saved= 3 kW.h generated
- Solution rapidly implemented
- Low investment threshold

Energy generation

- Expected payback: >10 years
- 1 kW.h saved = 1 kW.h generated
- Implementation Delay
- High investment threshold

Payback has decreased by 30% since 5 years due to higher energy prices



* Example based on a US commercial building project

Complete solutions for attractive verticals

	Data Centers & Networks	Natural Resources*	Utilities
Sales 2007 in €bn	3.0	1.0	1.0
Market CAGR 2007-2010	+8% -12%	+8%	+7%
Drivers	• Higher availability • Better flexibility • Lower Total Cost of ownership	• Price of commodities & energy cost • Time to market • Continuity of service	• Security of supply • Growing demand with ageing infrastructure • Environmental issues

*Natural resources : water and waste water, oil & gas, mining minerals & metals

Responsible business framework

Corporate Responsibility

Society: our new Foundation
- Electrification of emerging countries
- Insertion of underprivileged young people through our businesses
- Contribution to start-up companies in our business
- Reconstruction for disaster victims

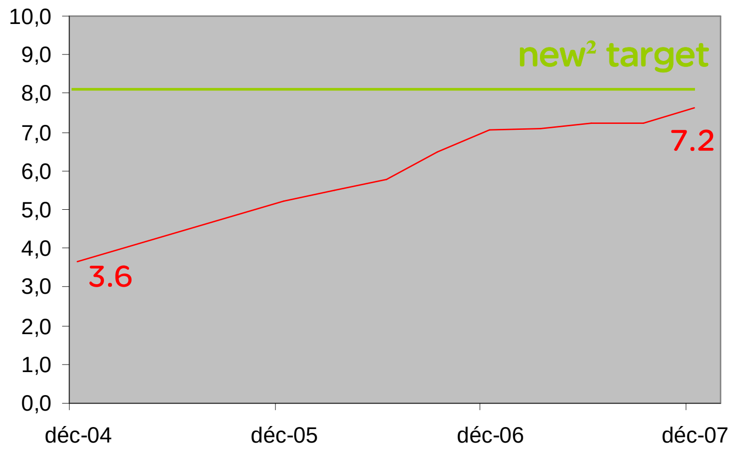
Environment
- Eco design
- Eco processes
- Energy consumption

Social
- Diversity
- Health & Safety
- Talent management

Governance
- Our Principles of responsibility
- Global Compact
- SRI ratings: DJ World, ASPI Eurozone, Ethibel

Performance monitoring

Barometer Performance evolution 2005-2007



Composite Barometer of 10 KPI for:
- Environment: 3
- Social: 3
- Society: 2
- Governance: 2

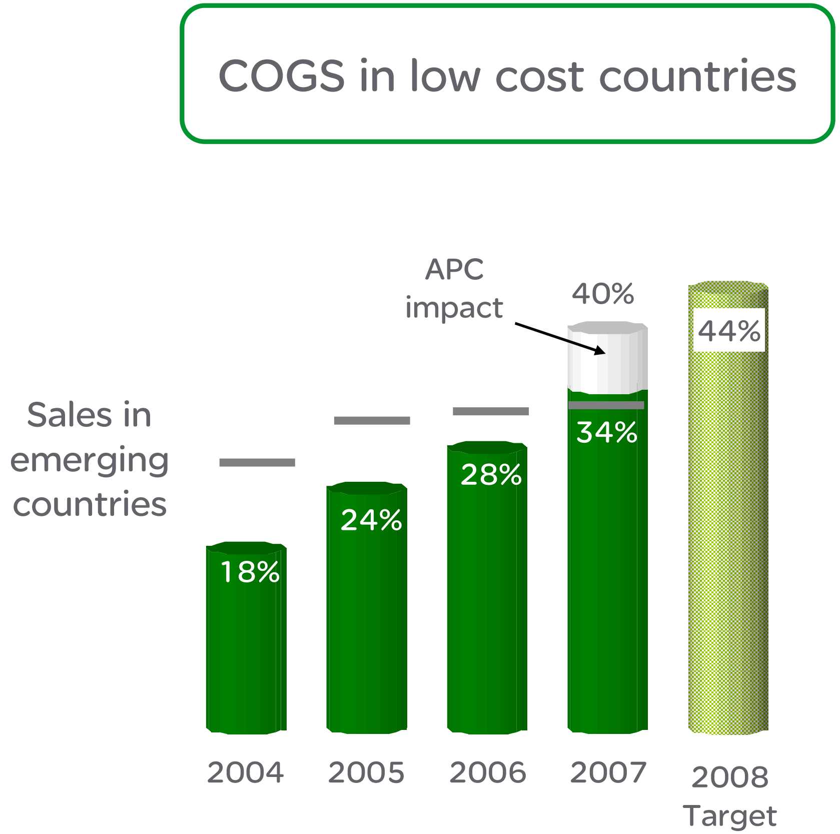
new² 2008 target: 8/10

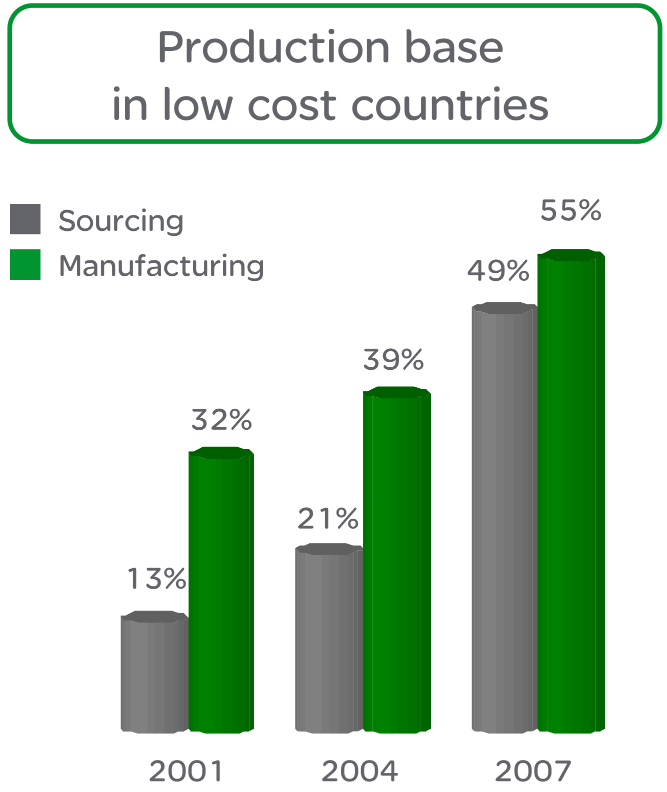
2007 actual: 7.6/10

Significant and sustainable efficiency levers

	Before	Today	Tomorrow
Rebalancing	Sourcing & manufacturing	**Rebalanced production in emerging countries**	Operating structure optimized on a worldwide basis
Globalization	Country-based organization (supply chain & IT)	**Regional logistics, initiated purchasing globalization**	Full benefits of scale for purchasing, IT systems & back offices
Simplification	Country-based integration and duplications	**Doubling of size with new businesses; accelerated integration of acquisitions**	Lean structure & unified processes; post-acquisition simplification

Established sourcing and manufacturing in emerging countries





- Rebalancing already achieved in 2007, 2008 target to be beaten with 44% of COGS in low-cost countries including APC
- € / $ transaction risk eliminated: negligible impact on EBITA margin from 2008

From a multi-local to globalized model

	Before	Today	Tomorrow
Purchasing	Dispersed sourcing, large supplier base	Internationalization and focus on key suppliers	Full leverage of size and rationalization
Logistics	Local organizations	Closing of 59 centers	Regional territories (<20)
IT	Several legacy systems	Core system developed and being tested	Consistent core system deployed
Back offices	Fragmented support	First shared service centers by function	Generalization of shared service centers
R&D	Multiple centers in mature countries	Ramping-up of emerging countries, consolidation	Globalization on a worldwide basis

Substantial benefits from efficiency plans

Efficiency initiatives

- Rebalancing of production to low-cost countries
- Purchasing productivity
- Rationalization of logistics
- Lean Manufacturing
- Consolidation of R&D
- Optimization of support function costs
- Pricing management

2005-2007 savings

€ 222m

€ 351m

€ 166m

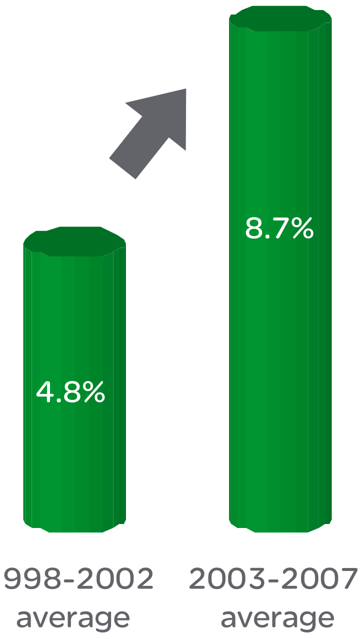
SFC / Sales
- 210 bp

Sustainable gain
> 2pts
on EBITA margin
since new^2 launch

Cash generation significantly enhanced

- Strong cash generation potential thanks to low capital intensive model
- Record free cash flow achieved in 2007: €1,530m (+38%)
- Free cash flow generation reaching 8.7% of sales on average in the past 5 years vs 4.8% in 1998-2002

Free cash flow as % of sales



2007

Financial Results

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Strong increase of earnings

In m€	Reported figures FY 2006	FY 2007	Change
Sales	13,730	17,309	+26.1%
Gross profit	5,679	7,099	+25.0%
Margin %	*41.4%*	*41.0%*	*-0.4pt*
EBITDA	2,506	3,114	+24.3%
Margin %	*18.3%*	*18.0%*	*-0.3pt*
EBITA*	2,019	2,562**	+26.9%
Margin %	*14.7%*	*14.8%*	*+0.1pt*
Net financial expense	(121)	(266)	
Income tax	(535)	(600)	
Net income	1,309	1,583	+20.9%
Earnings per share	*5.95*	*6.78*	*+13.9%*

* Before amortization of purchase accounting intangibles of €78m in 2007 (€18m in 2006) and including restructuring costs & impairment of €138m in 2007 (€116m in 2006)

** Including capital gain on MGE Small Systems divestment of €60m and provisions on IT systems upgrade of €72m

Significant improvement in profitability in H2

In m€	Interim figures H1 2007	H2 2007	Change
Sales	8,254	9,055	
Gross profit	3,378	3,721	
Margin %	*40.9%*	*41.1%*	*+0.2pt*
Support function costs*	2,140	2,255	
As % of sales	*25.9%*	*24.9%*	*-1.0pt*
EBITA	1,175	1,387	
Margin %	*14.2%*	*15.3%*	*+1.1pt*

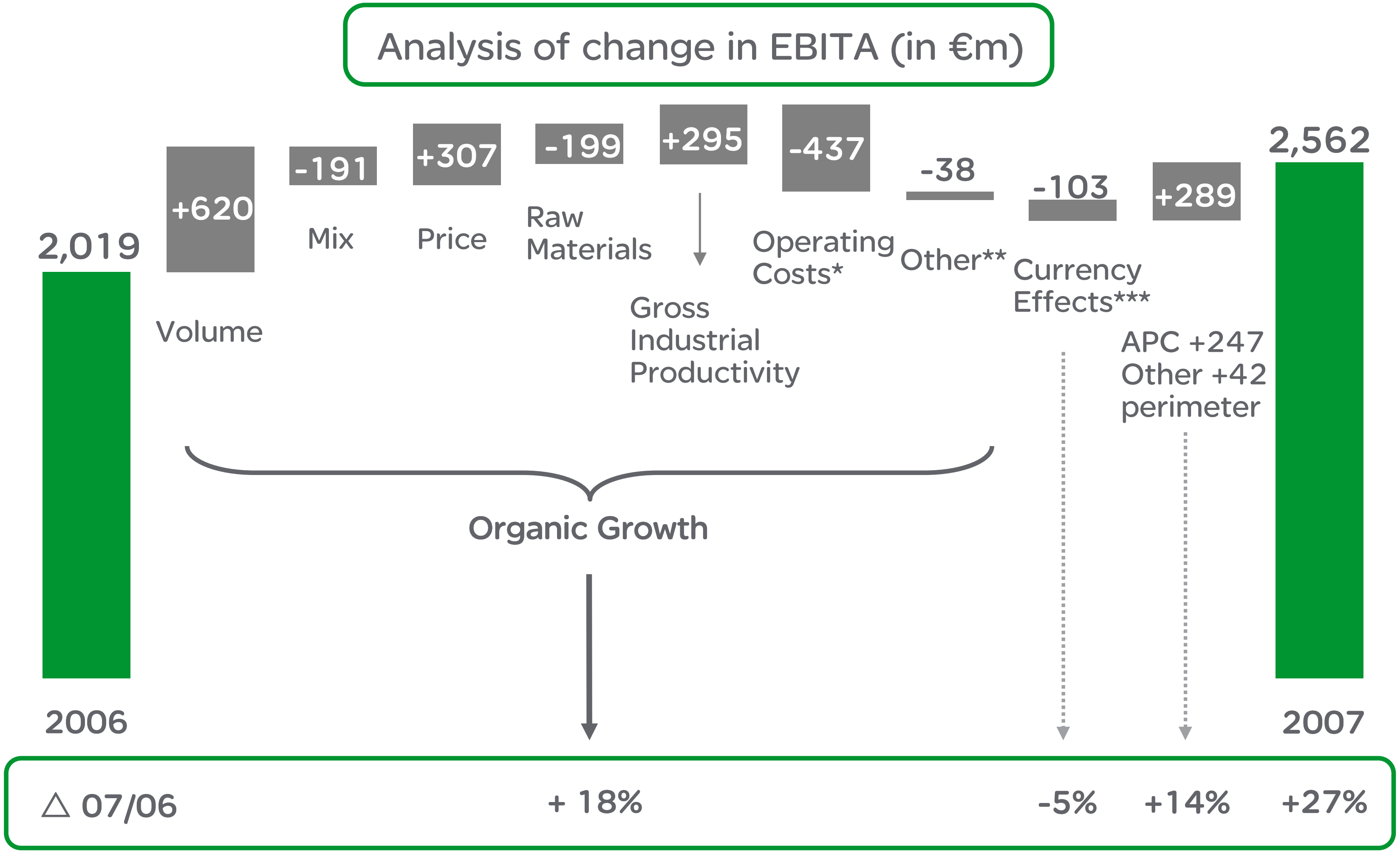
*SG&A and R&D costs

Profitability enhanced by APC turnaround

In m€	Comparable figures FY 2006*	FY 2007	Change
Sales	15,469	17,309	+11.9%
Gross profit	6,319	7,099	+12.3%
Margin %	*40.8%*	*41.0%*	*+0.2pt*
EBITDA	2,633	3,114	+18.3%
Margin %	*17.0%*	*18.0%*	*+1.0pt*
EBITA	2,103	2,562	+21.8%
Margin %	*13.6%*	*14.8%*	*+1.2pt*

*Including APC on a proforma basis since February 15, 2006

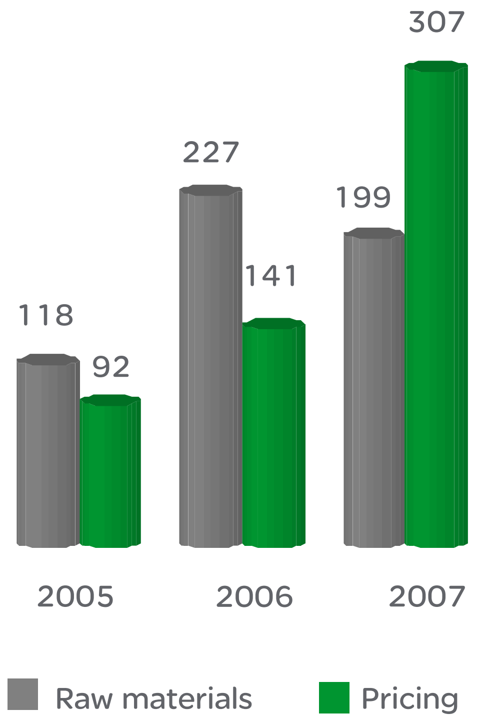
Strong volume leverage driven by investments in high growth markets



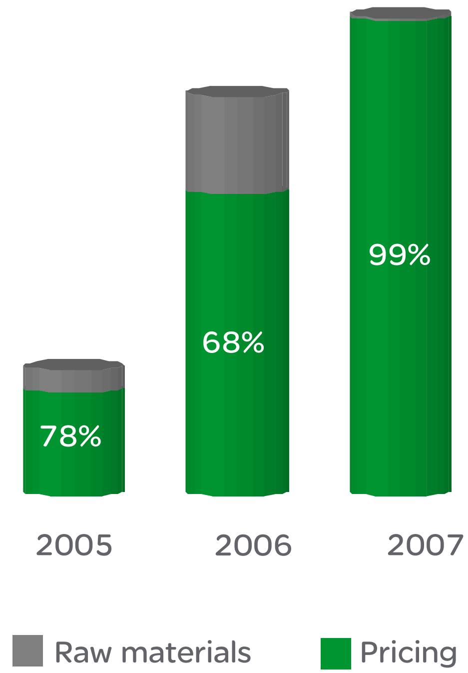
* Of which Production Labour & Other Costs: -83, SG&A/R&D costs: -354
** Of which IFRS impacts: -30
***Of which translation: -63, transaction: -40

Strong pricing dynamics

Raw materials & Pricing annual impact



Pricing vs Raw materials on a cumulative basis



Solid productivity gains in line with target

Breakdown of productivity gains (in €m)

	2006	2007
Purchasing	91	124
Lean Manufacturing	50	55
Rebalancing	81	72
Other plans	70	44
Gross industrial productivity	**292**	**295**
*As % of products' cost of sales**	*4.5%*	*4.0%*

*Excluding cost of sales for services and related businesses

Solid profitability improvement throughout the different regions

Breakdown by region
(before corporate costs*)

	Europe	North America	Asia Pacific	Rest of World
Sales breakdown	*45%*	*28%*	*19%*	*8%*
EBITA** (€m)	1,349 *+16%*	787 *+30%*	440 *+21%*	232 *+21%*
EBITA Margin**	17.2% *+0.4pt*	16.5% *+3.0pts*	13.6% *+0.7pt*	15.9% *+0.4pt*

* *Corporate costs of -1.4% of sales in 2007 (-1.4% in 2006)*
** *Compared to 2006 EBITA including APC on a proforma basis since February 15, 2006*

Profitability improvement led by Electrical Distribution and Critical Power

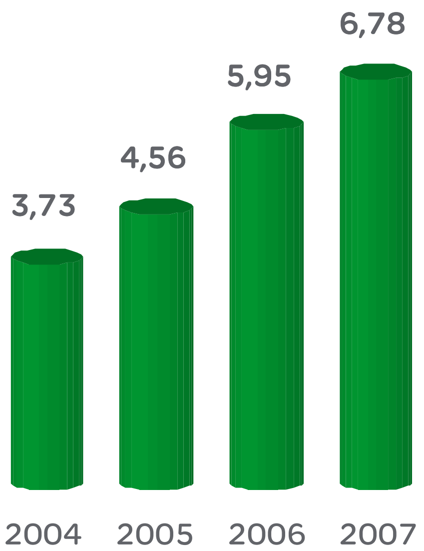
Breakdown by business
(before corporate costs*)

	Electrical Distribution	Automation & Control	Critical Power***
Sales breakdown	*57%*	*29%*	*14%*
EBITA** (€m)	1,789 *+20%*	700 *+7%*	319 *+80%*
EBITA Margin**	18.1% *+0.8pt*	14.2% *-0.5pt*	12.7% *+5.4pts*

**   Corporate costs of -1.4% of sales in 2007 (-1.4% in 2006)*
*** Compared to 2006 EBITA including APC on a proforma basis since February 15, 2006*
**** Including MGE Small Systems business*

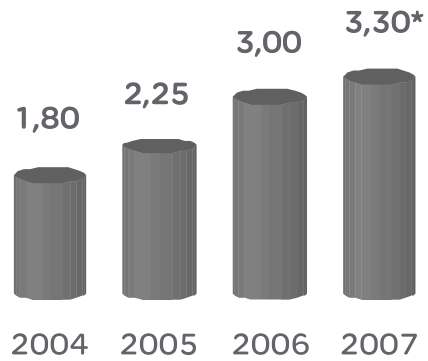
Sustained increase of EPS and dividend

Earnings per share



+22% p. y.

Dividend per share



+22% p. y.

*Subject to shareholder approval, payable in cash on April 30, 2008

Strong free cash flow contributing to APC acquisition financing

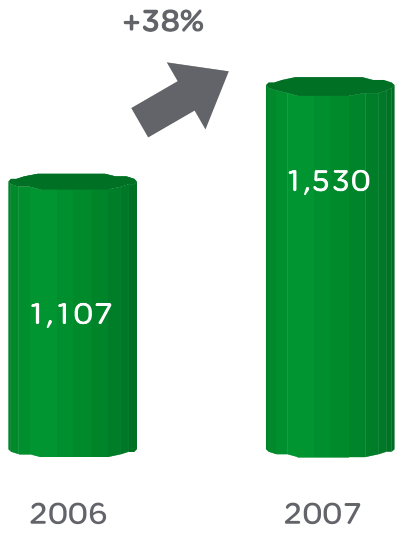
Analysis of debt change in €m	2007
Net debt at January 1	(1,835)
Operating cash flow	2,211
Capital expenditure – net*	(560)
Change in operating working capital	(261)
Change in non-operating working capital	140
Free cash flow	1,530
Dividends	(670)
Acquisitions	(5,291)
Capital increase	1,271
Other	59**
Increase in net debt	(3,101)
Net debt at December 31	(4,936)

+38%

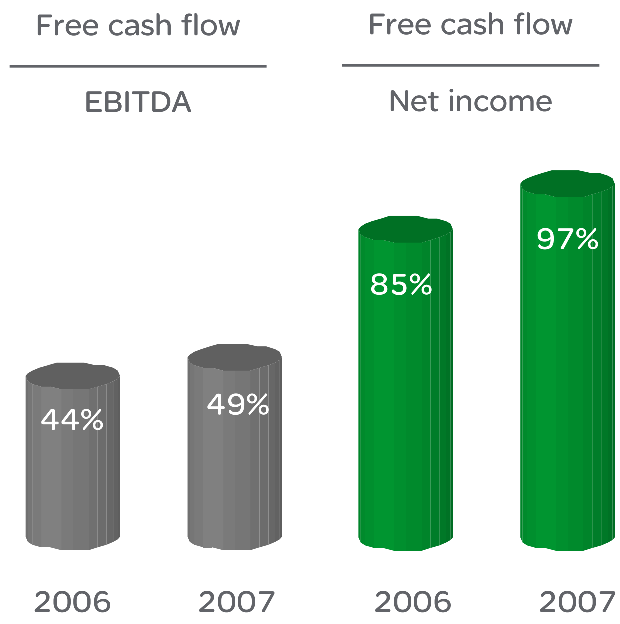
* Including R&D capitalization of €131m in 2007 (€132m in 2006)
** Including currency effect on debt of €200m

Cash generation significantly enhanced

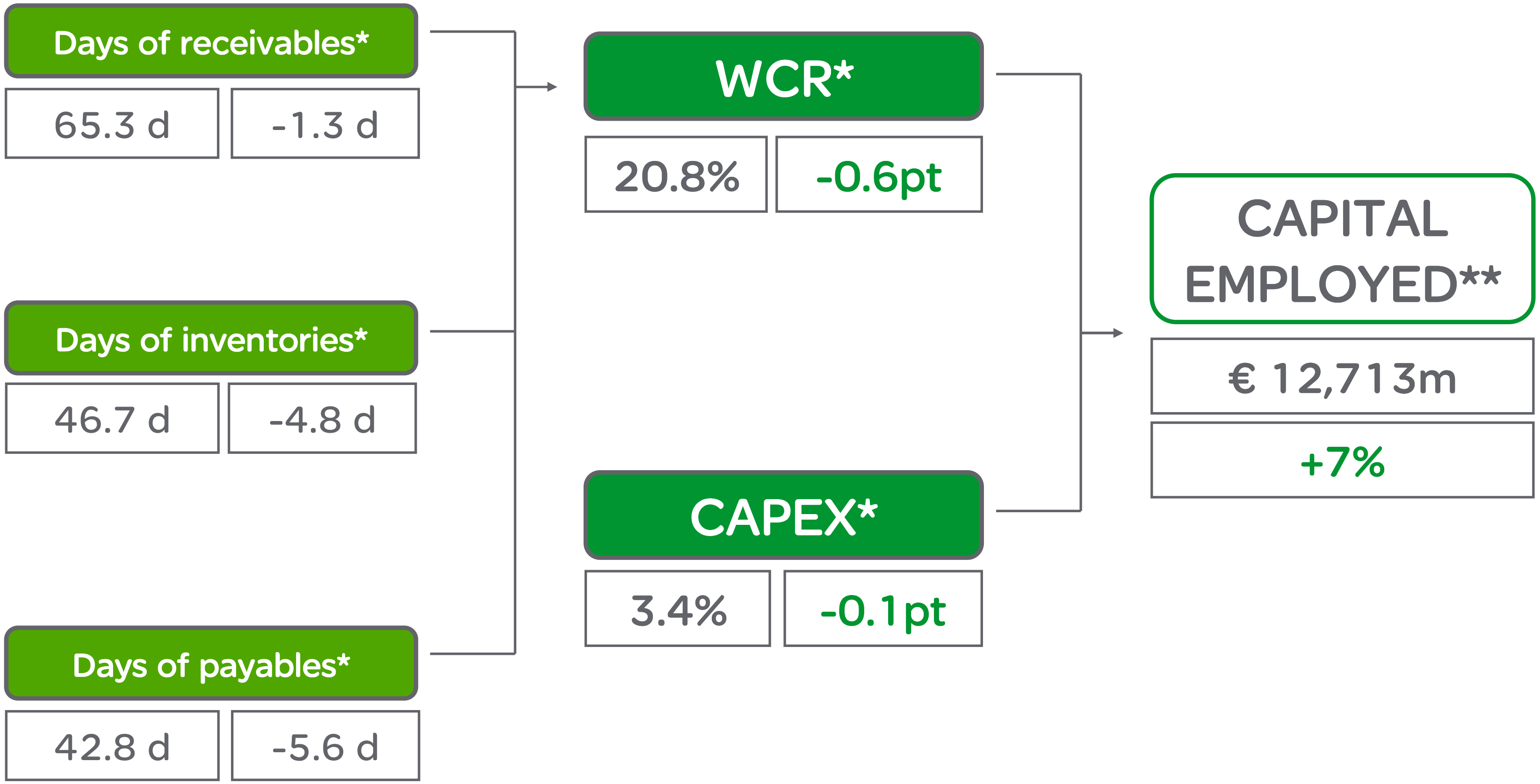
Free cash flow
in € m



Cash conversion
indicators



Good control of WCR and CAPEX in a context of high demand



* Days or % of sales, excluding APC

** Shareholders' equity + net debt + provisions, excluding APC

Limitation of capital employed leading to significant ROCE increase

CAPITAL EMPLOYED* Excluding APC	
€ 12,713m	+7%

EBITDA	EBITA	Cash ROCE**	ROCE***
€ 2,828m	€ 2,313m	16.2%	13.3%
+13%	+15%	+1.6pt	+1.5pt

CAPITAL EMPLOYED* Comparable	
€ 16,956m	+4%

EBITDA	EBITA	Cash ROCE**	ROCE***
€ 3,114m	€ 2,562m	13.4%	11.0%
+18%	+22%	+1.9pt	+1.7pt

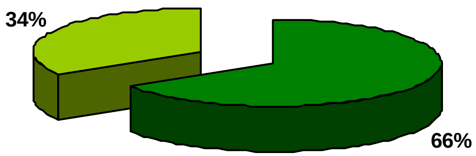
* Shareholders' equity + net debt + provisions
** Cash ROCE: After tax EBITDA / Capital Employed
*** ROCE: After tax EBITA / Capital Employed

A well balanced gross debt structure

Gross debt structure as of Dec 31, 2007

Fixed debt Vs Floating debt*

100% = €6.2bn



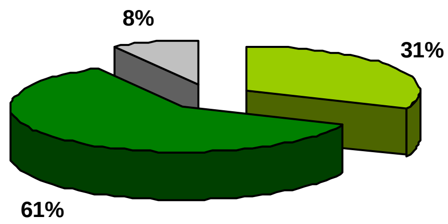
Fixed debt

Floating debt

* After SWAP

By currency*

100% = €6.2bn



Euro

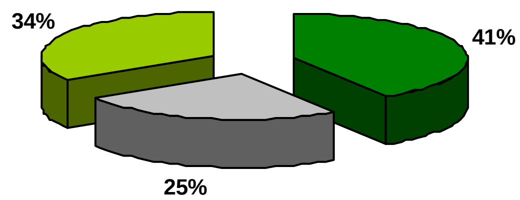
US dollar

Others

* After SWAP

By maturity

100% = €6.2bn



<2 years

2 y <Debt< 5 y

> 5 years

- Additional available backup of facilities: €2.5bn
- Average life: 4 years
- Average interest rate 4.45%

Strengthened financial structure

Financial ratios in €m

	2006 Including APC*	2007
Consolidated shareholders' equity	8,838	10,314
Net debt	6,087	4,936
Net debt-to-equity ratio	69%	48%
Interest coverage (EBITDA/Debt costs)	na	13x
Operating cash flow/net debt	32%	45%
Funds from operations/net debt**	27%	38%
S&P rating	BBB+	BBB+

* Including APC acquisition at December 31, 2006 and before capital increase on a pro forma basis
** S&P definition

Critical power performance

Critical Power EBITA doubled, driven by the turnaround of APC

(in $m)	2006 Proforma*	2007 Proforma*	Change
Sales	3,023	3,520	+16%
Organic growth			*+14%*
EBITA before non recurring charges**	209	440	x2.1
Margin %	*6.9%*	*12.5%*	*+5.6pts*
EBITA	150	402	
Margin %	*5.0%*	*11.4%*	

- Strong volume increase led by Enterprise Systems & Services
- Termination of unprofitable product lines and project selection
- Optimization of supply chain and support functions

* Results of the business unit on a 12-month basis (without MGE Small Systems business)
** Before non-recurring charges: restructuring costs and assets value adjustments

Critical Power EBITA to nearly double again by 2009

(in $m)	2006 Proforma*	2007 Proforma*	2009 Target	vs 2007
Sales	3,023	3,520	4,300-4,500	
Organic growth		*+14%*		*+11-13% CAGR*
EBITA	150	402	650-750	
Margin %	*5.0%*	*11.4%*	*15-17%*	*+4-6pts*

A clear and ambitious strategy

A leader in Critical Power with high profitability…	… in a unique position for strong profitable growth

- Extended portfolio and innovative technology
- Global footprint addressing multiple applications
- Successful integration process
- Rapid turnaround of the ex-APC business

- Tripled accessible market leveraging the Group offering
- Complete solutions for highly growing Data Centers market
- Home & Distributed deployment in new segments
- High potential in BRIC countries

APC® | MGE™

Critical Power and Cooling Services

Outlook

Outlook

Assuming current economic conditions,
Schneider Electric anticipates for 2008:

- an organic sales growth between 6% and 8%
- an EBITA margin at 15%

in line with its new[2] program targets

Definitions

• EBITDA:	EBIT before net depreciation and amortization
• EBITA:	EBIT before amortization and depreciation of purchase accounting intangibles
• Capital Employed:	Shareholders' equity + net debt + provisions
• ROCE:	After tax EBITA / Capital Employed
• Cash ROCE:	After tax EBITDA / Capital Employed

Contacts & agenda

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Grégoire Rougnon - IR manager - gregoire.rougnon@schneider-electric.com

21 April	Q1 2008 Sales	Conference call 9:30am
21 April	Shareholders' Meeting	CNIT, Paris La Défense
01 August	2008 Half-Year Results	Conference call 9:30am
22 October	Q3 2008 Sales	Conference call 9:30am


Make the most of your energy
Schneider
Electric