


EPG Conference

May 19, 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.

- 04 Overview
- 07 Strategy & Business Update
- 22 Focus on North American region
- 29 Outlook

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 to 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%

Strategy & Business Update



Schneider Electric is the global specialist in Energy Management

We make energy...

Safer

More reliable

More efficient

More productive

We offer...

Protection to people & assets

Ultra secured power for critical applications

Energy efficiency

- Open & integrated systems for optimised Capex and Opex
- Automation everywhere
- Connectivity everywhere
- Services at every phase of the lifecycle

Help our customers make the most of their energy

With a unique portfolio of businesses

We make energy...

Safer

More reliable

More efficient

More productive

Thanks to leading positions in...

Power & Control

1

Critical Power

1

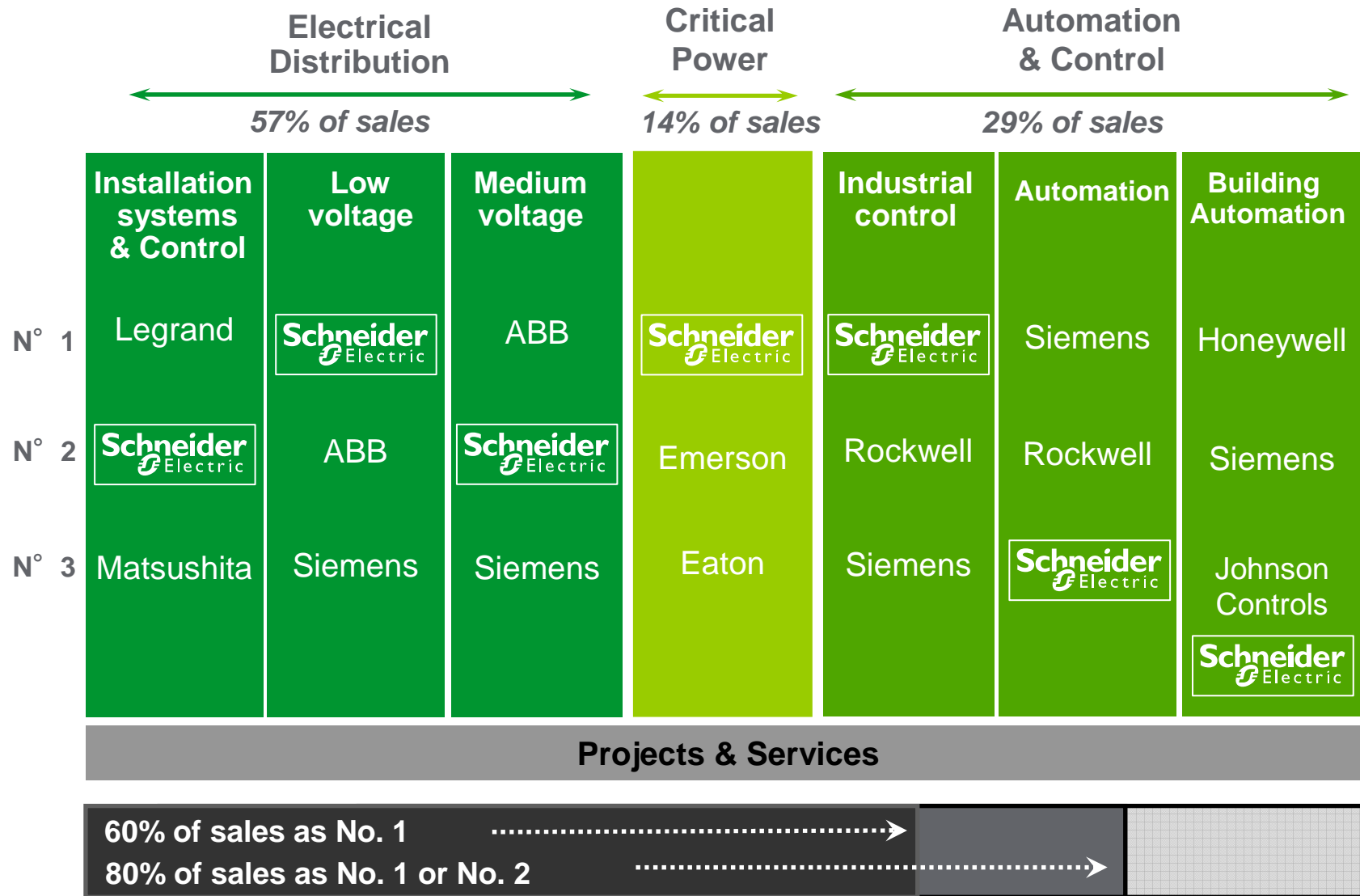
Energy Efficiency

1

Automation Everywhere

Top **3**

And leading positions worldwide



Schneider Electric addresses 72% of the world energy consumption



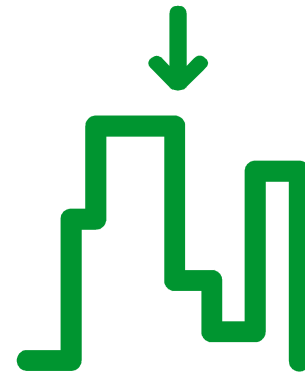
33%

Industry



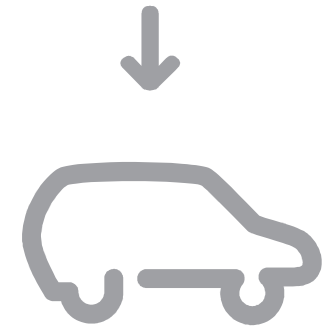
21%

Residential



18%

Building



28%

Transportation

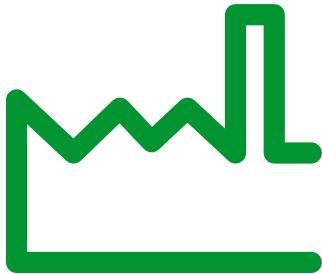
- Main energy consumption is for heating, cooling, motors, lighting, electronics and appliances

Energy Efficiency: a €3.6 bn business, growing at 15%

Up to 30% energy savings now everywhere

Industry & Infrastructure

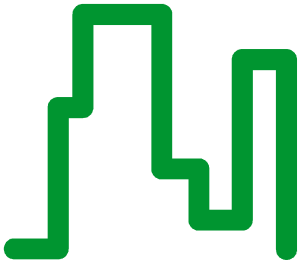
Average facility
= 20% to 30% energy savings



- Electric motor systems
- Power metering
- Energy management systems
- Automation solutions

Buildings

Renovation
= up to 30% energy savings



- HVAC & climate control
- Lighting control
- Building management systems
- Power factor correction

Residential

EE products
= 10% to 40% energy savings



- Lighting control
- Climate control
- Heating monitoring
- Shutter control

Energy Efficiency: 4 sustainability steps

1 Measure

- Energy meters
- Power quality meters

2 Use efficient devices

- Low consumption devices
- Power quality
- Power reliability

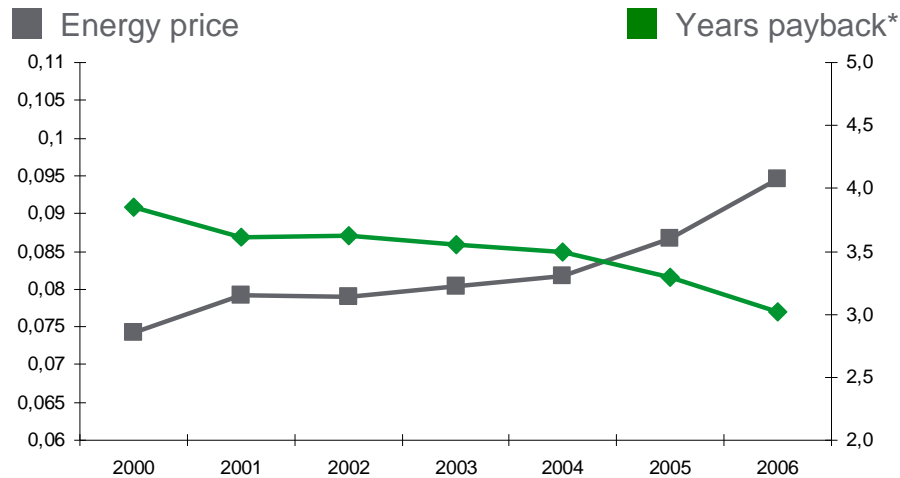
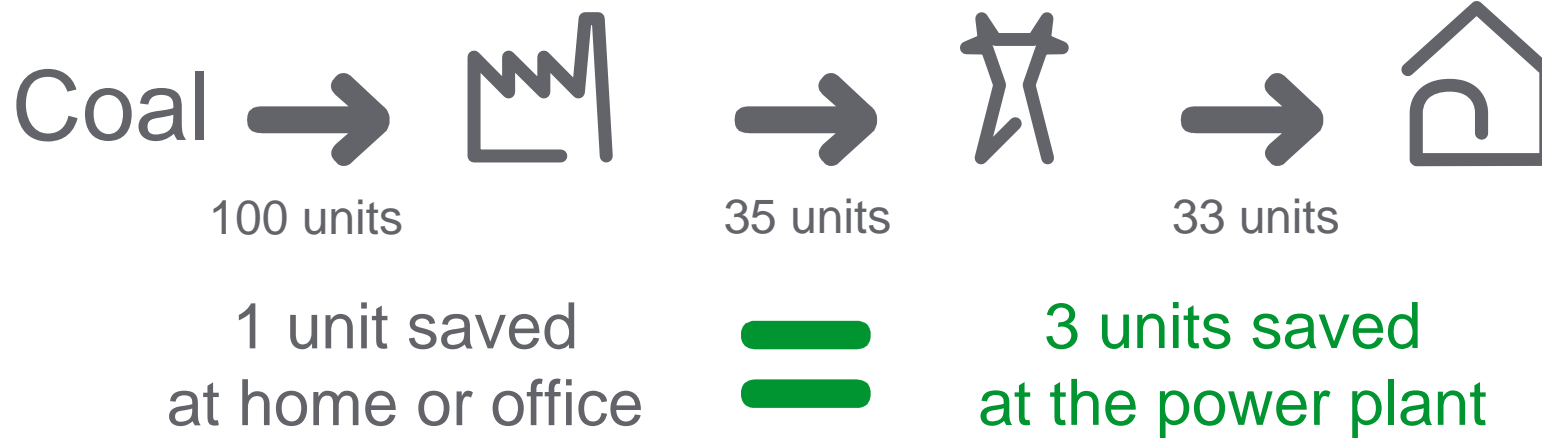
3 Automate

- Building Management Systems
- Lighting Control Systems
- Motor control systems
- Home control systems
- Variable speed drives

4 Monitor

- Energy management software
- Remote monitoring systems

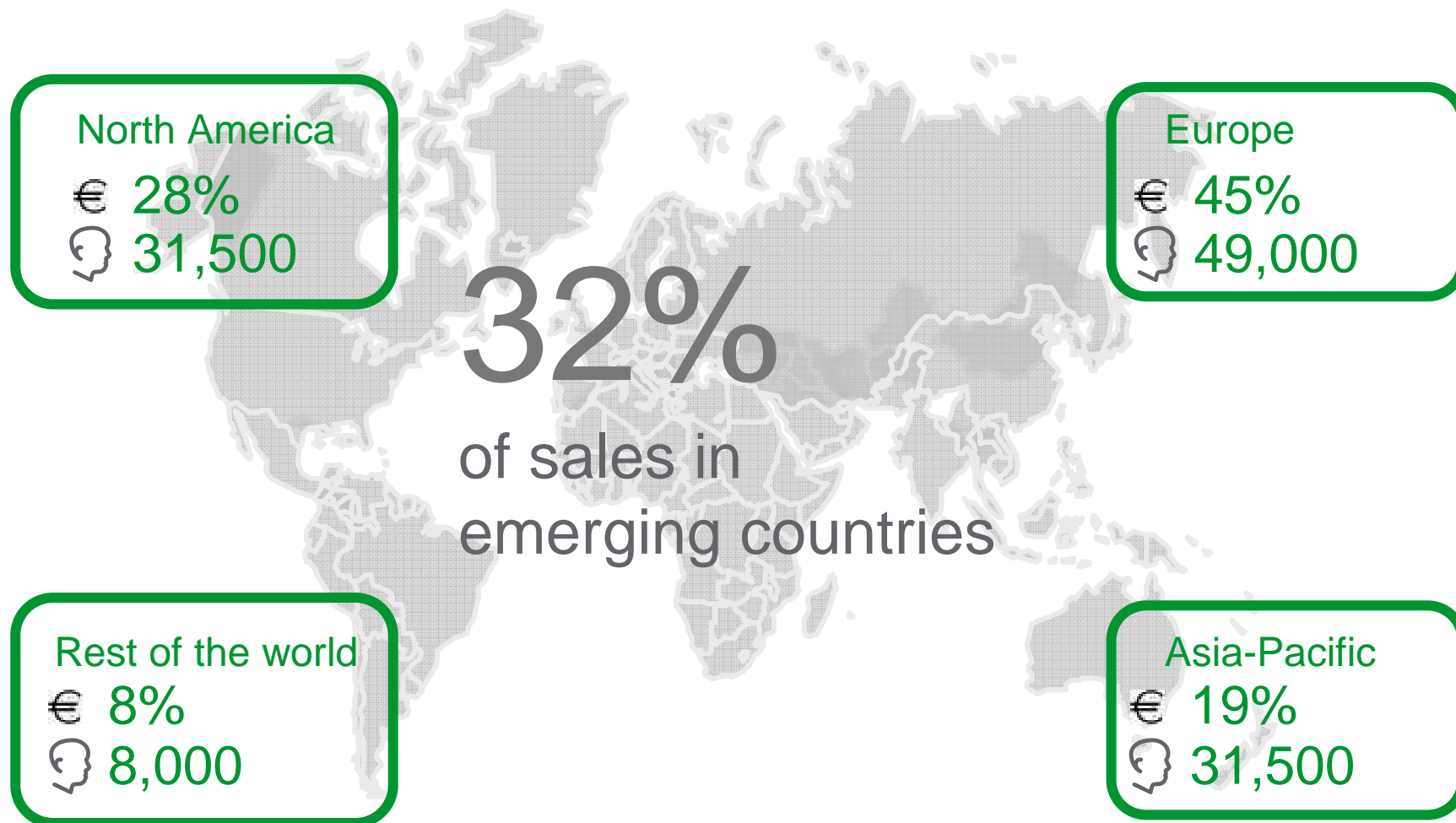
Limitation of CO2 = 50% cleaner generation + 50% energy savings



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

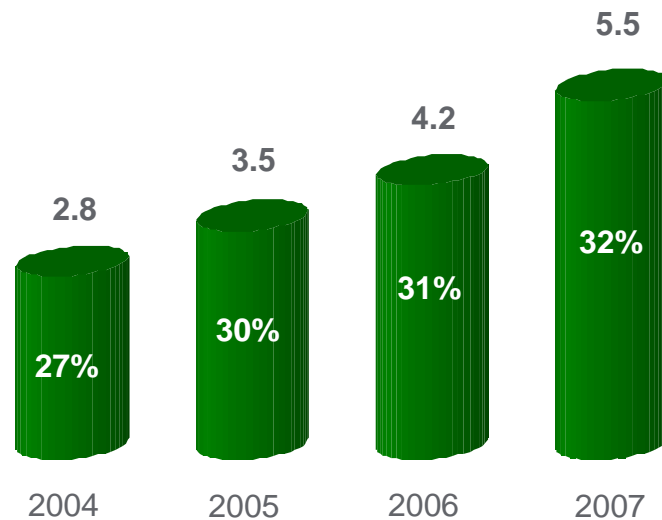
* Example based on a US commercial building project

A global geographical exposure and a very strong presence in emerging countries

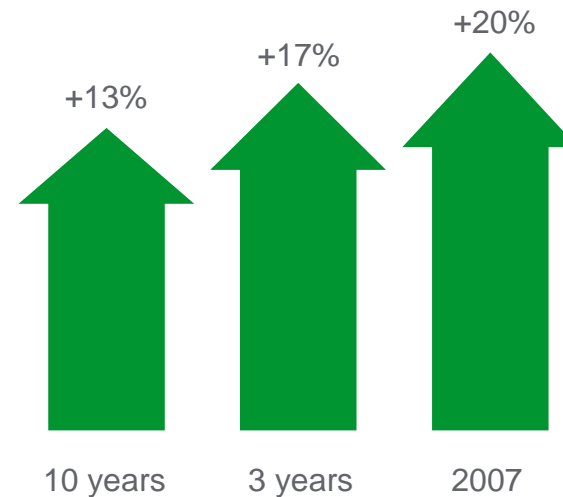


Acceleration of growth in emerging countries

Emerging countries sales
(€ bn and share in Group)



Emerging countries
average organic growth



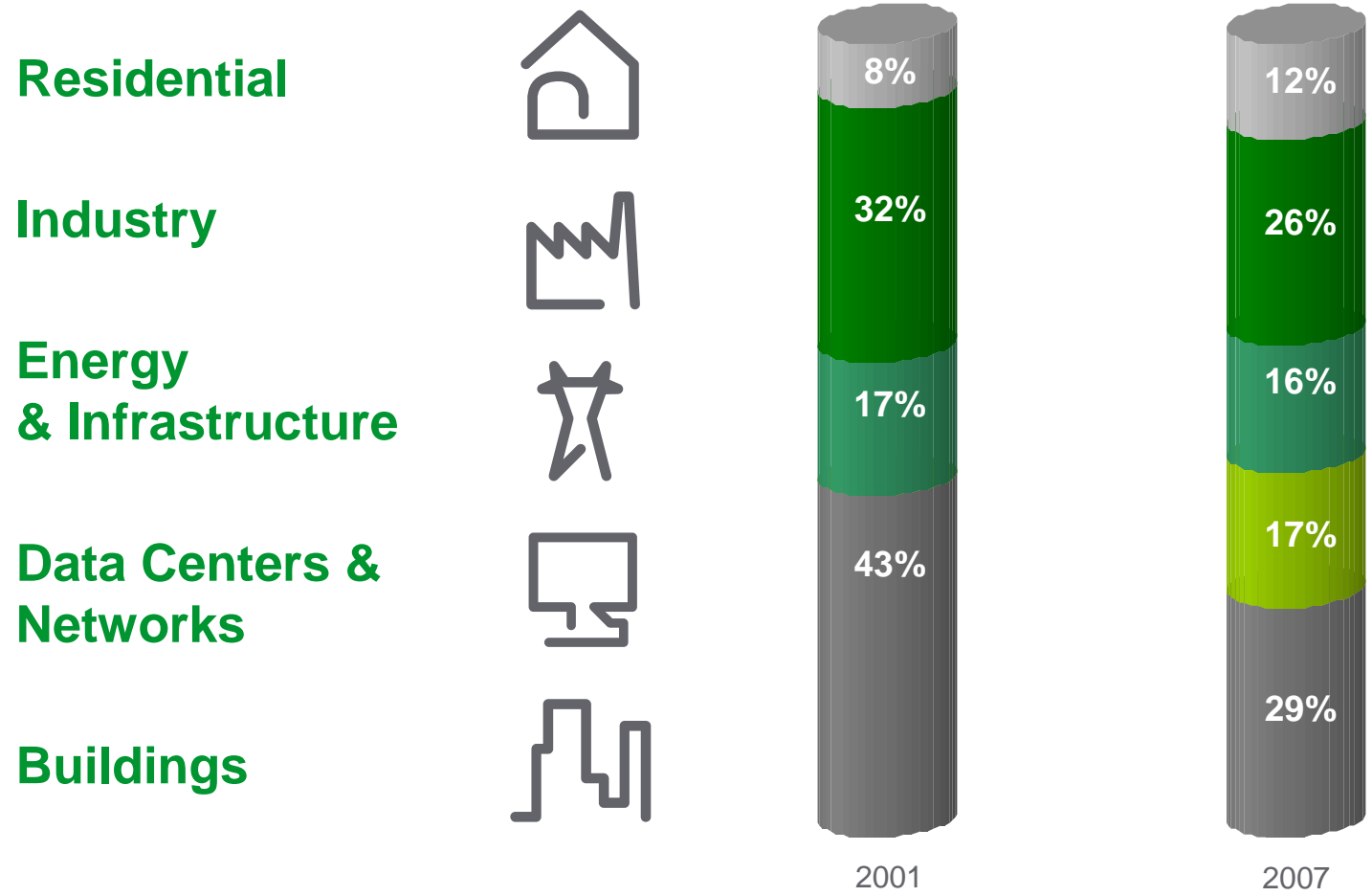
- Sales in emerging countries doubled over the past 3 years up to €5.5 bn
- Emerging countries grew in average by 13% annually over the past 10 years, with acceleration driven by infrastructure and natural resources

Complete solutions for attractive segments

	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	<ul style="list-style-type: none"> • Higher availability • Better flexibility • Lower Total Cost of ownership 	<ul style="list-style-type: none"> • Price of commodities & energy cost • Time to market • Continuity of service 	<ul style="list-style-type: none"> • Security of supply • Growing demand with aging infrastructure • Environmental issues

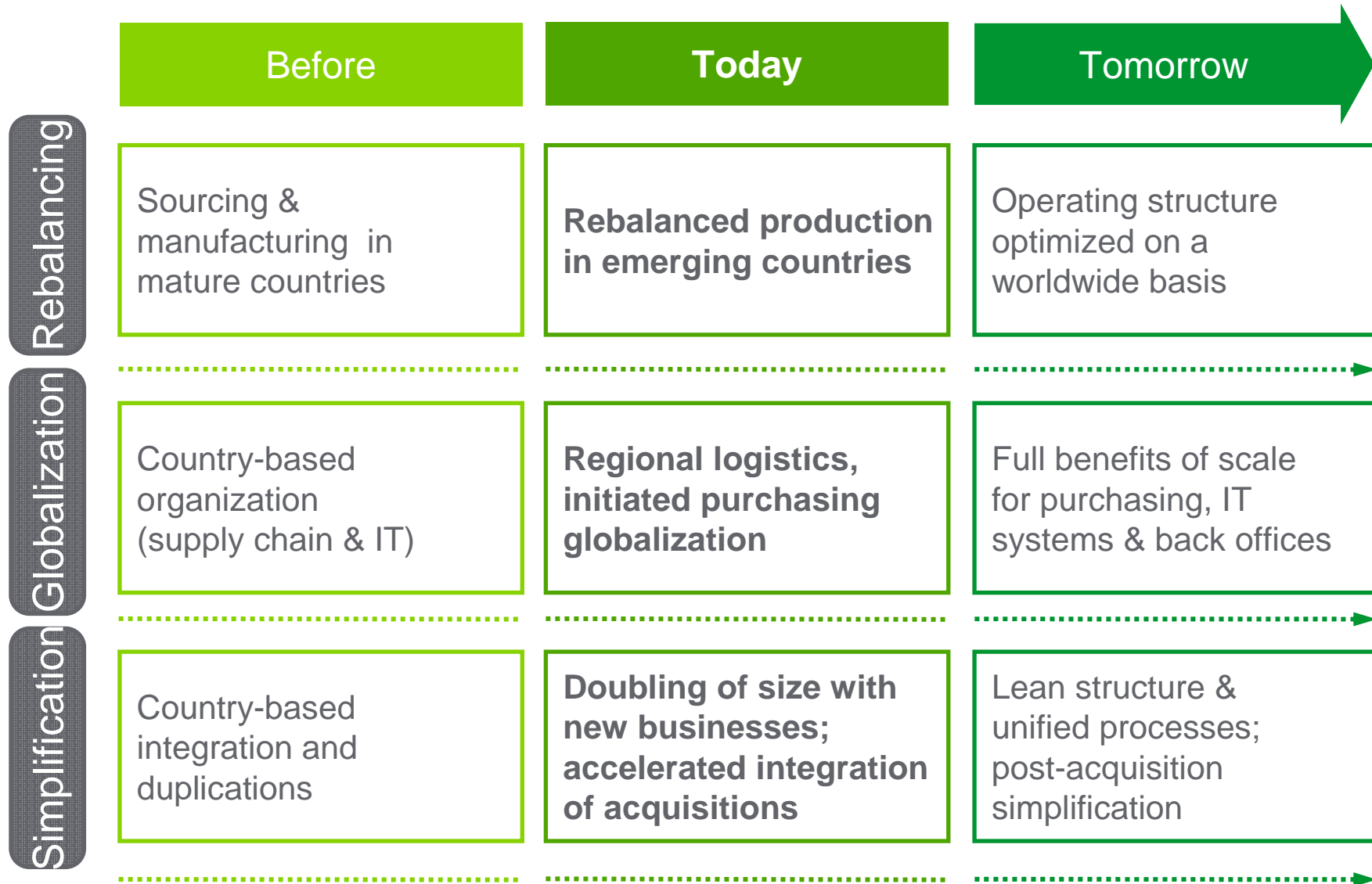
*Natural resources : water and waste water, oil & gas, mining minerals & metals

Diversified and well balanced end market exposure



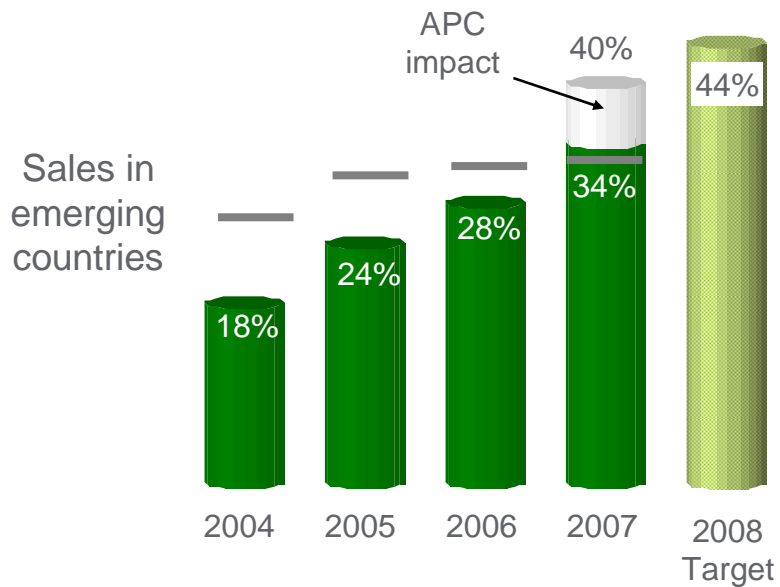
Significant efficiency levers

Further improvement prospects

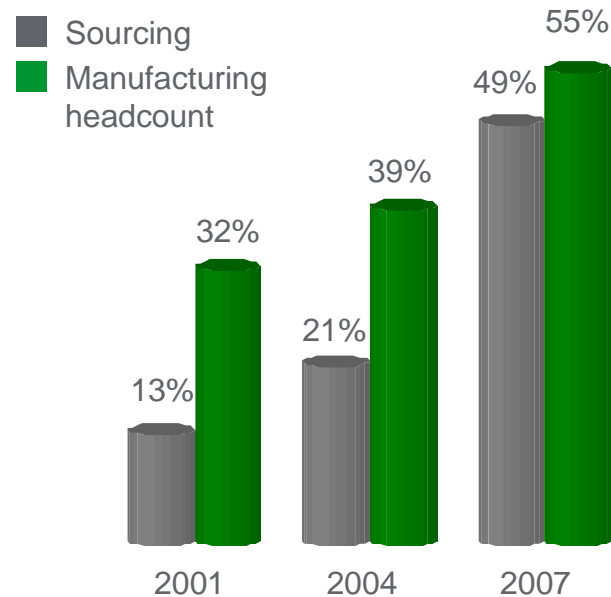


Established sourcing and manufacturing in emerging countries

COGS in low cost countries

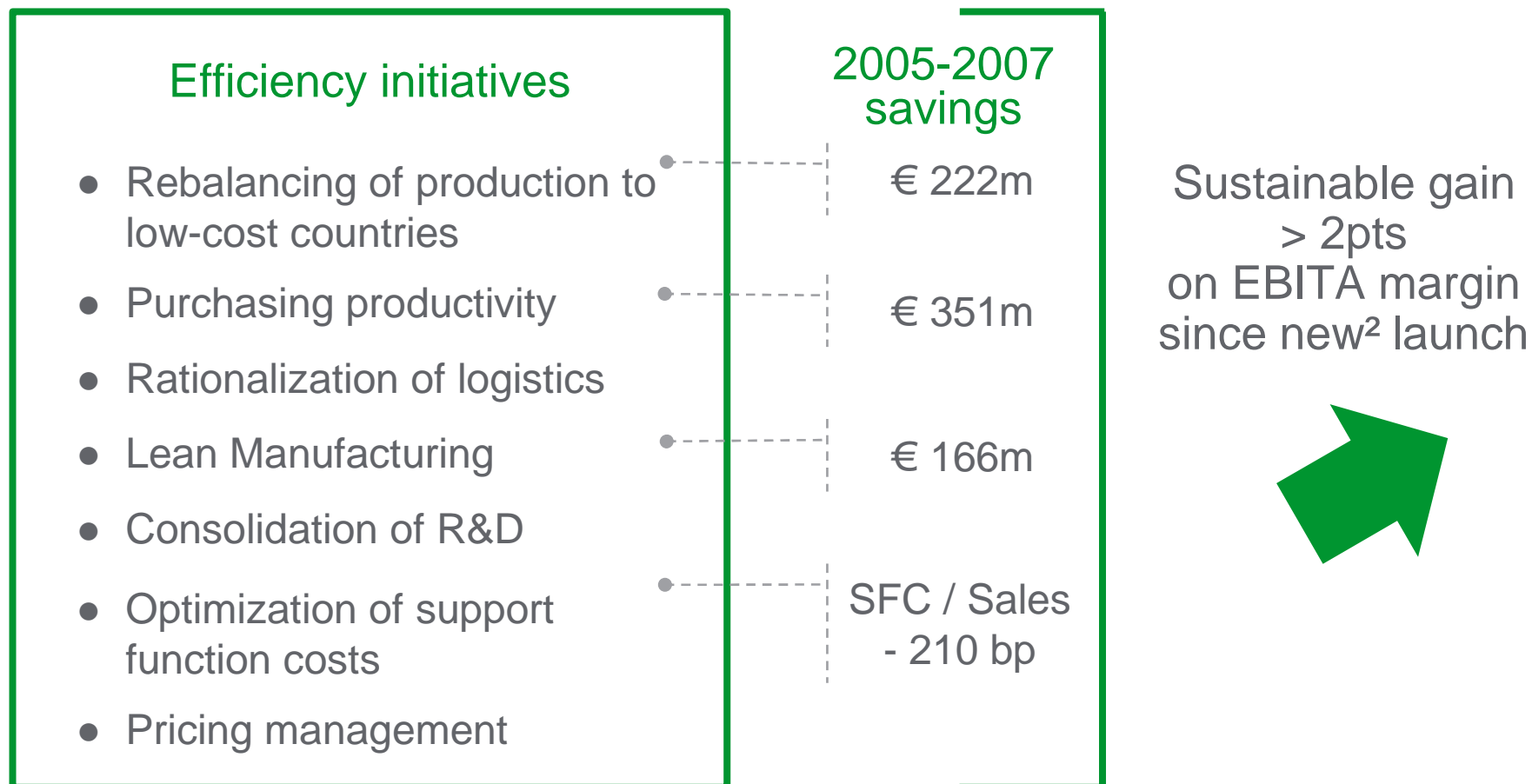


Production base in low cost countries



- Cost rebalancing already achieved in 2007, will exceed the 2008 target with 44% of COGS in low-cost countries including APC
- € / \$ transaction risk eliminated: negligible impact on EBITA margin from 2008

Substantial benefits from efficiency plans

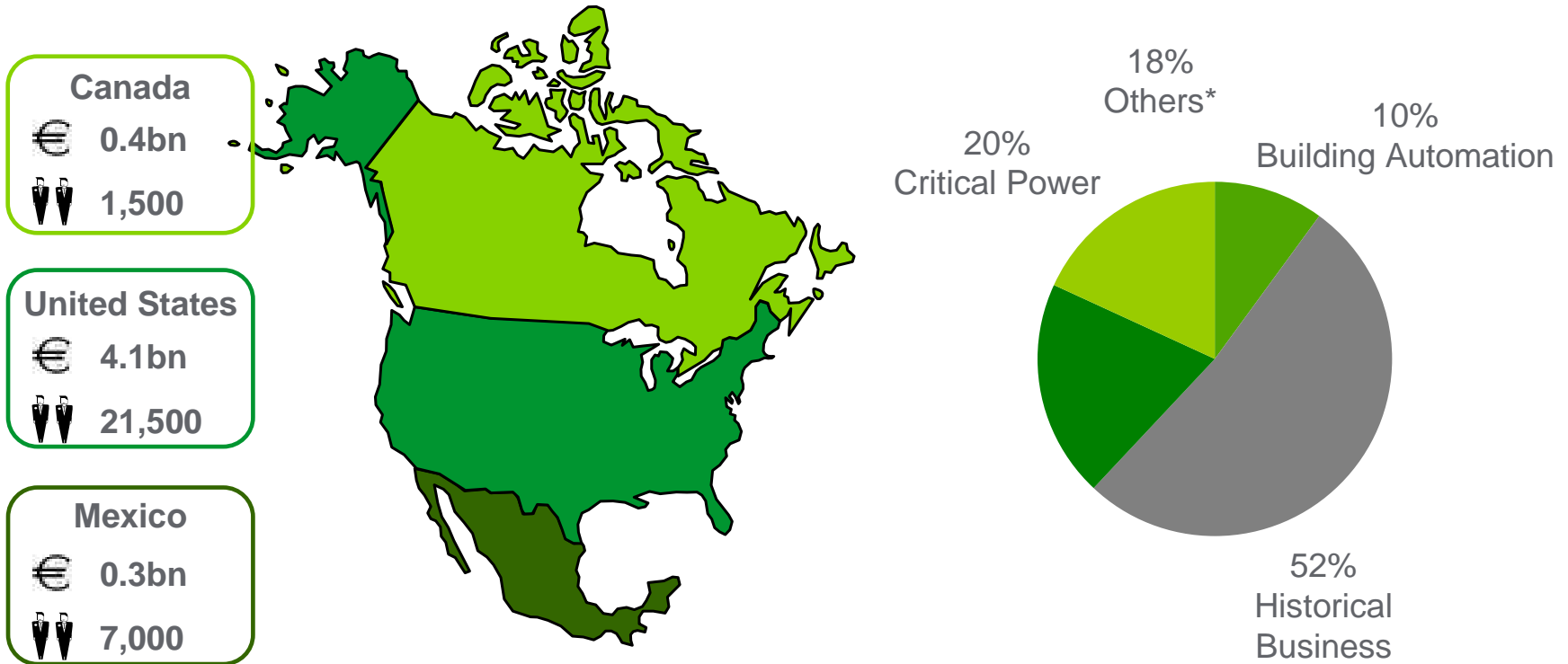


Focus on North
American region



Wide presence in North America

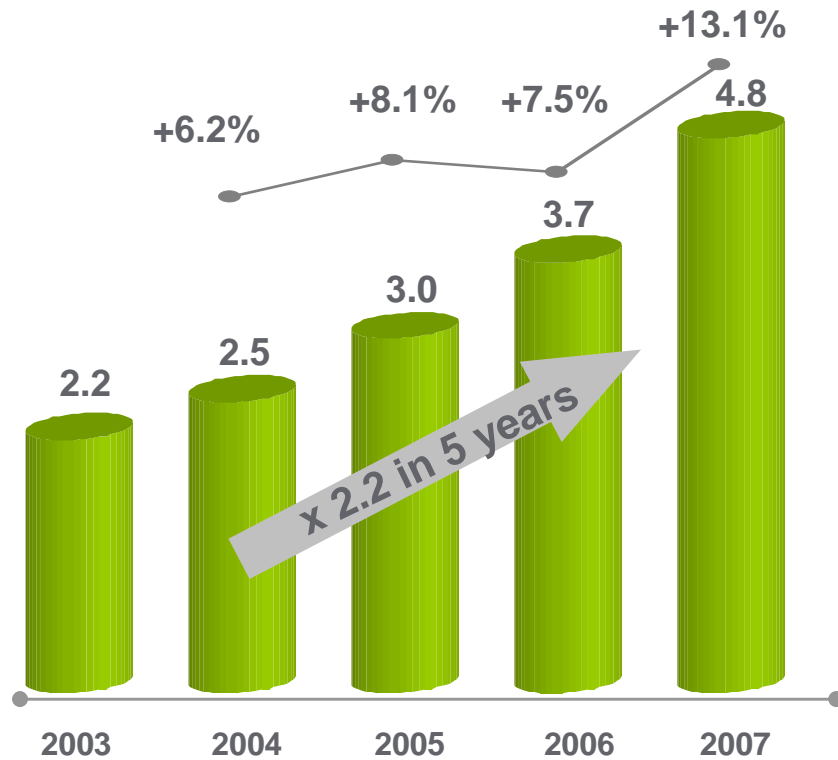
Total sales: ~€5bn (28% of Group)
31,500 Employees - 50 Factories



*Others : Power Monitoring, Services, Industrial Automation, Customized Sensors

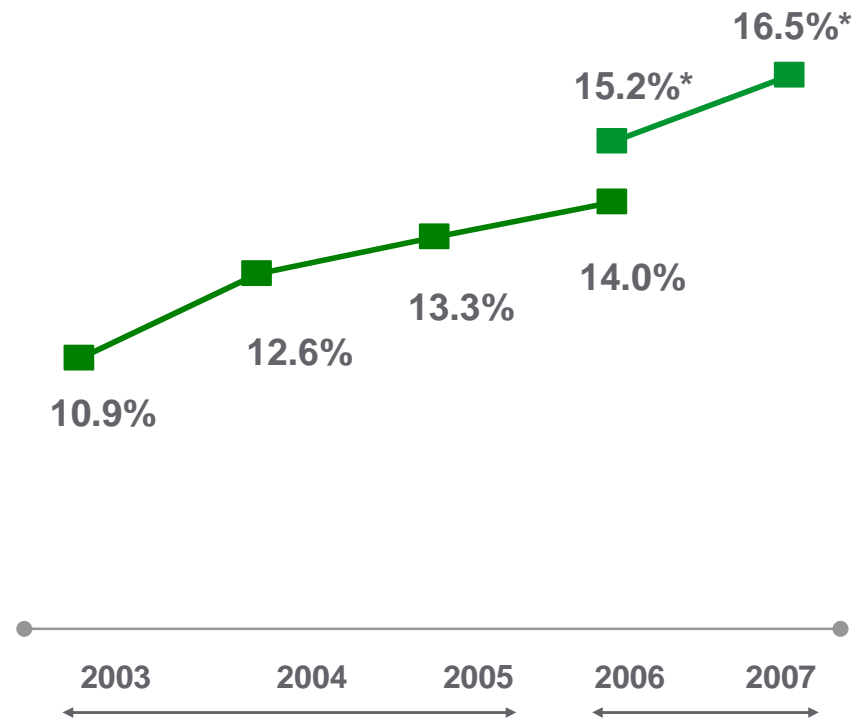
Strong track record of sales growth and margin improvement

Sales - Organic growth



Sales in €bn / Organic growth in %

Operating margins



EBIT margin

EBITA margin

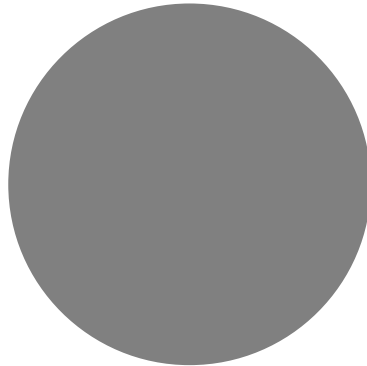
* Margin before corporate costs

Deep transformation of the portfolio with penetration in promising businesses

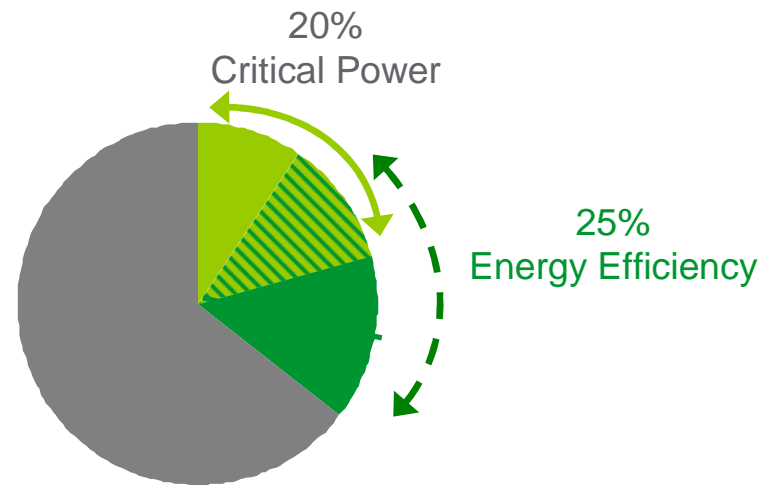
- Strong exposure to critical power and energy efficiency: 34% of sales
- Proportion of services in sales higher than group average: ~13%

Schneider Electric
North America - 2001

100%
Low & medium voltage
industrial automation



Schneider Electric
North America - 2007



Ambitious development in attractive segments for the historical business

Sales € 1bn, growing at +35%

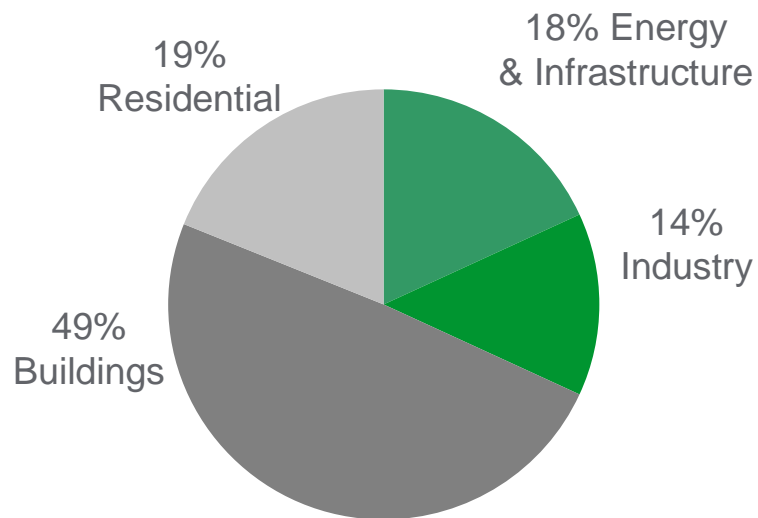
	Sales 2007 in M€	Growth in 2007
Data Centers & Networks	250	+66%
Natural Resources*	210	+45%
Electrical OEMs	175	+28%
Education	170	+24%
Healthcare	135	+11%
Government	110	+33%

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

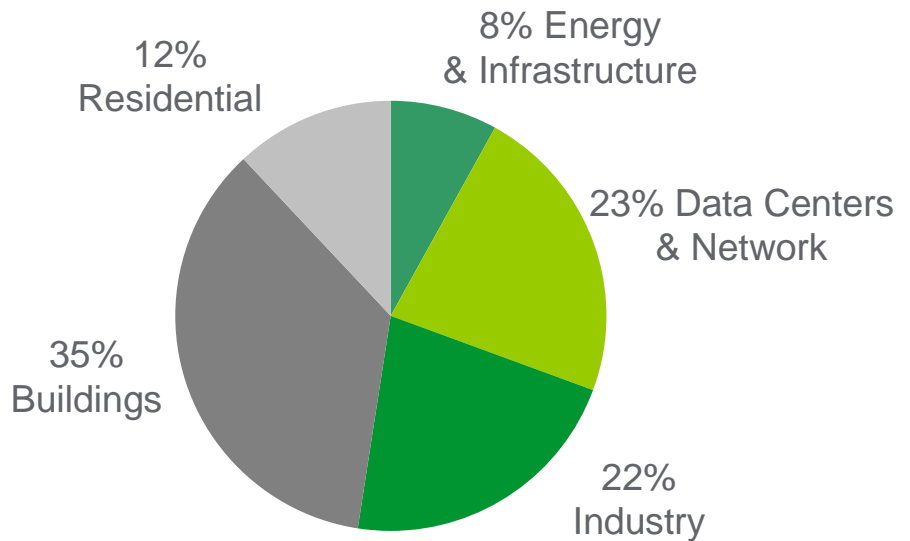
Favorable and balanced end markets exposure

Industry leader in Customer Satisfaction and Quality

Schneider Electric
North America - 2001

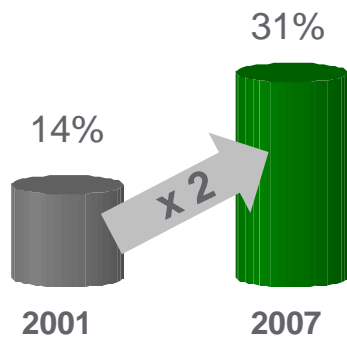


Schneider Electric
North America - 2007

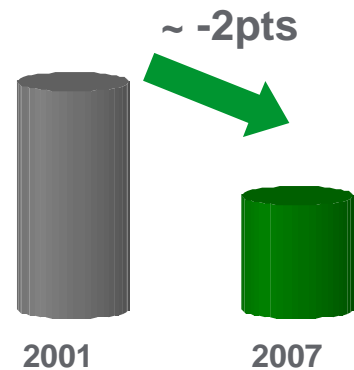


Consistent progress achieved on operational efficiency

COGS
in low cost countries



Support Function Costs



- Large proportion of production relocated to Mexico and safest workforce
- Components sourcing largely subcontracted and globalized
- Commercial resources allocated to faster growing segments
- Leaner organization and enhanced integration with the Group

Outlook



2008: taking advantage of new profile

Organic sales guidance confirmed at +6% to +8%:

- 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%:

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

Strong organic growth in first quarter 2008

Sales organic growth by region

	Q1 2008
Europe	+7.1%
North America	+6.7%
Asia-Pacific	+13.6%
Rest of the World	+22.9%
Group	+9.5%
<i>Group adjusted for business days</i>	<i>+11.0%</i>
Inc. Emerging countries*	+17%

Breakdown of sales current growth

	Q1 2008
Organic growth	+9.5%
Perimeter effect	+6.9%
Currency effect	-5.7%
Current growth	+10.7%

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

Contacts & agenda

Alexandre Brunet - Head of IR - alexandre.brunet@schneider-electric.com
Grégoire Rougnon - IR manager - gregoire.rougnon@schneider-electric.com

01 August

2008 Half-Year
Results

Conference call
9:30am

22 October

Q3 2008 Sales

Conference call
9:30am

**Help people make the
most of their energy**

