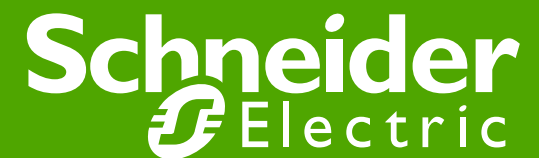


Half-year 2008 Results

August 1, 2008

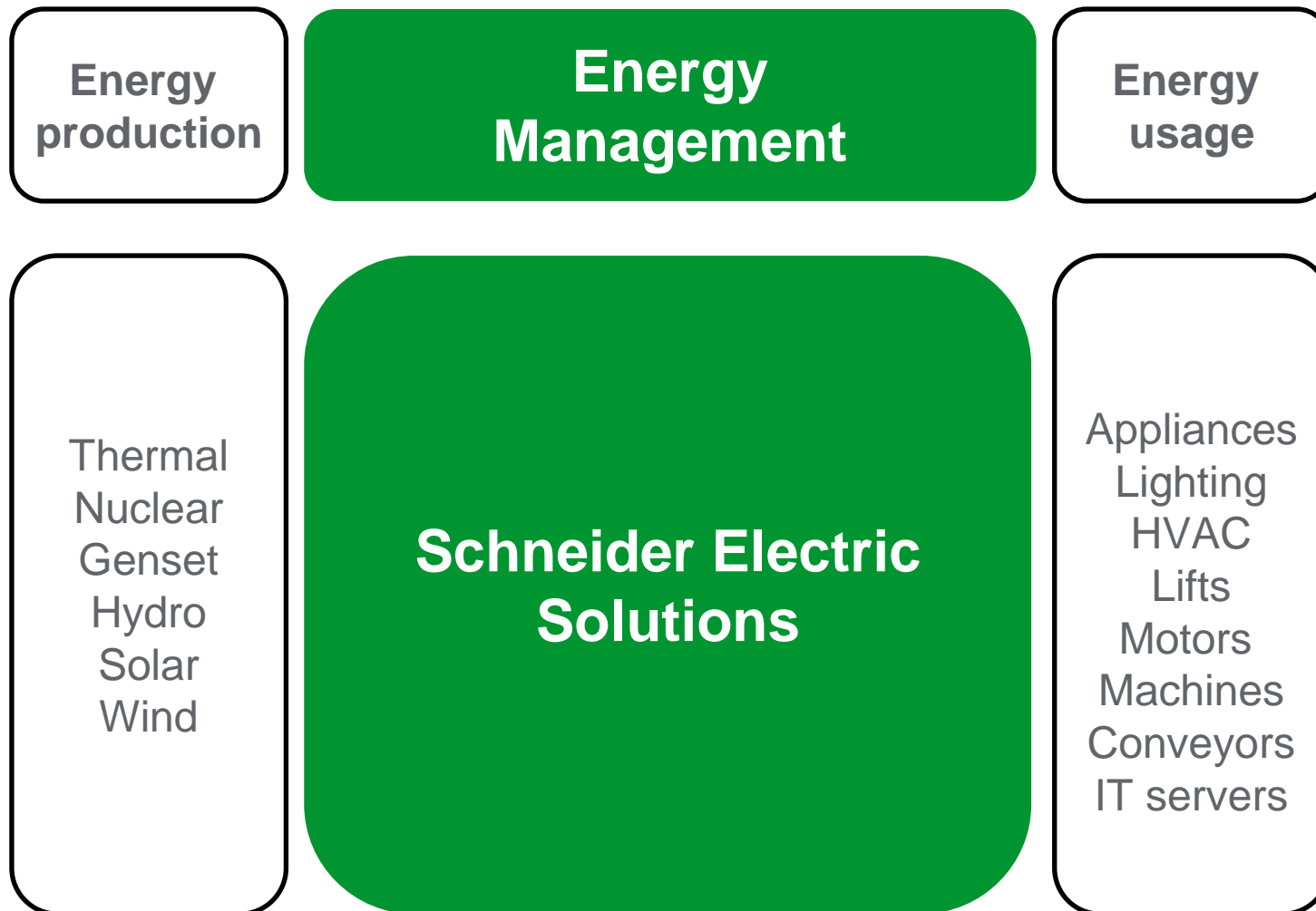


03	Overview
09	Strategy & Business Update
20	Financial results
34	Outlook

Overview



Schneider Electric is the global specialist in Energy Management



Schneider Electric is the global specialist in Energy Management

We make energy...

Safe

Reliable

Productive

Efficient

Green

We offer...

- Protection to people & assets

- Ultra secured power for critical applications

- Automation everywhere
- Connectivity everywhere
- Services at every phase of the lifecycle

- Energy efficiency
- Open & integrated systems for optimised Capex and Opex

- Renewable energy solutions

Help our customers make the most of their energy

With a unique business portfolio and leading positions worldwide

We make energy...

Safe

Reliable

Productive

Efficient

Thanks to leading positions in...

Power & Control # **1**

Critical power # **1**

Automation Top **3**

Energy Efficiency # **1**

% of sales

57%

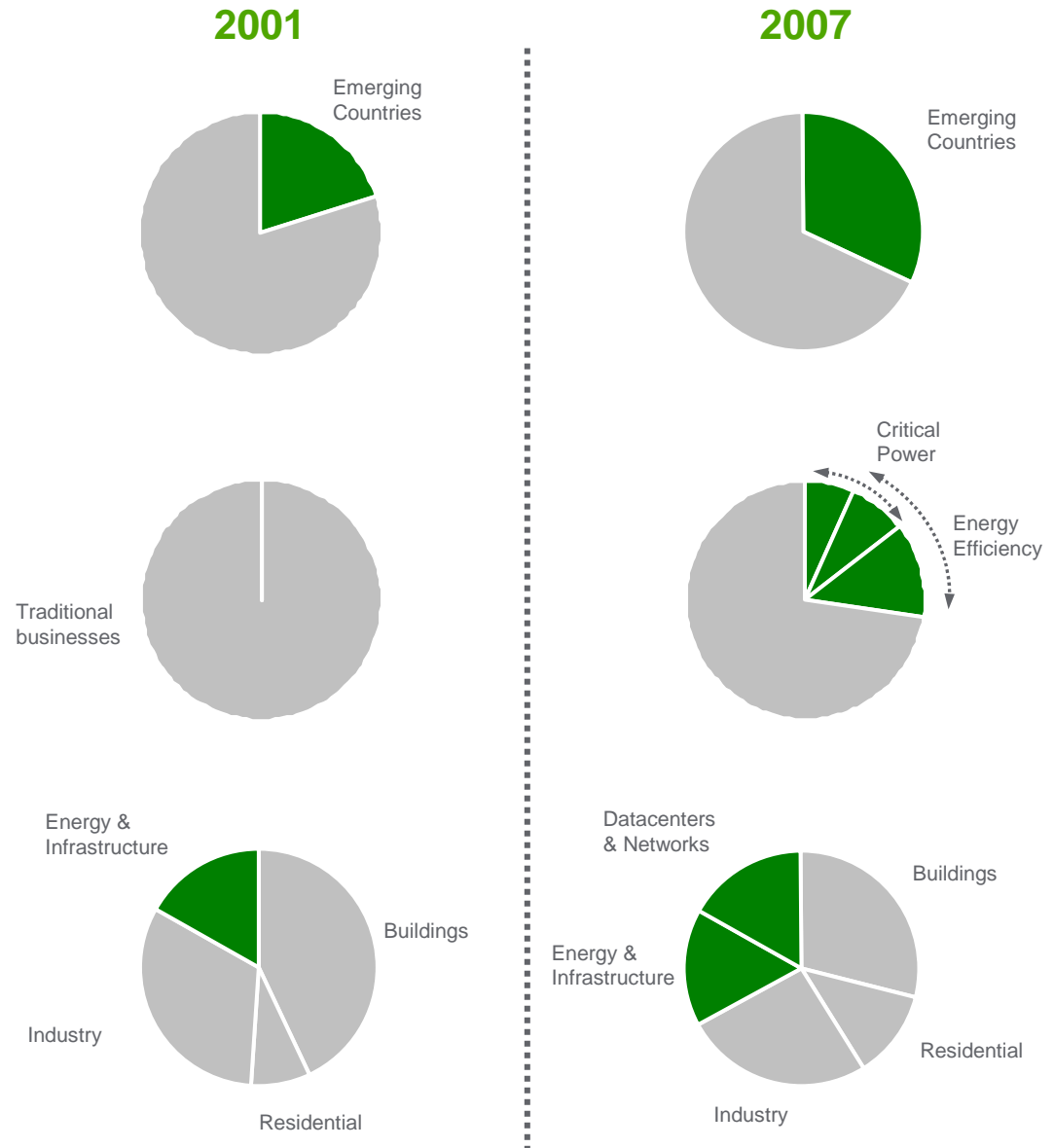
14%

29%

20%

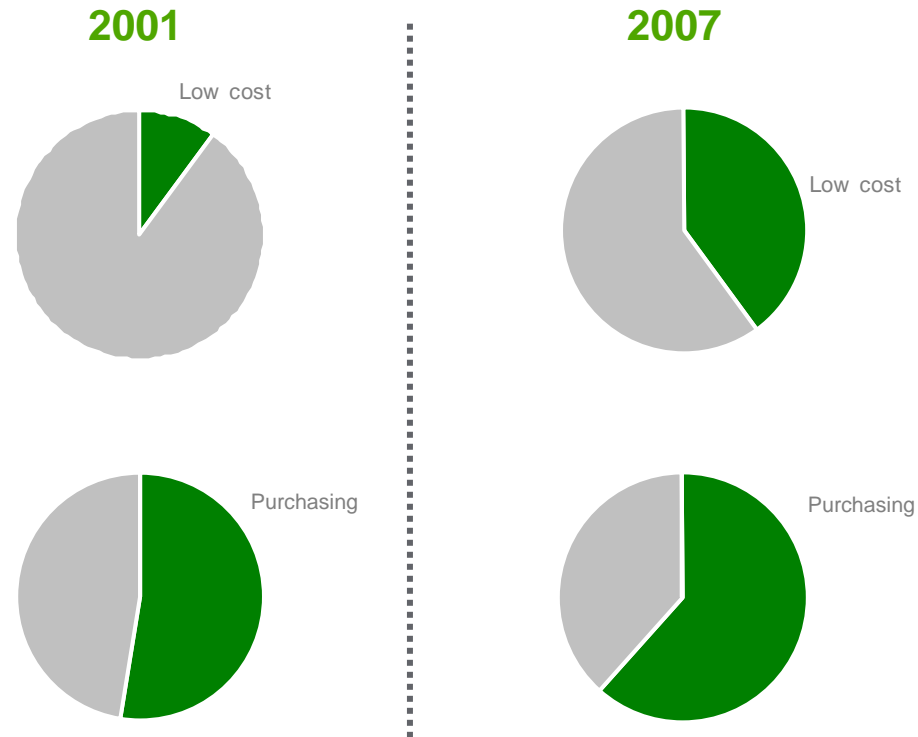
Attractive & diversified business exposure

- **32%** of sales in emerging countries with 10-year organic CAGR of +13%
- **27%** of business now in Critical Power and Energy Efficiency
- **33%** of exposure to infrastructure and datacenters end-markets



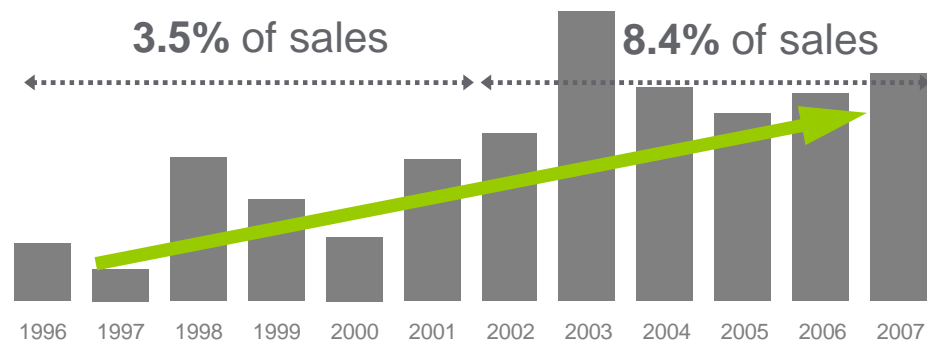
Enhanced profit & cash generation

- **40%** of COGS now in low cost countries vs 10% in 2001



- **62%** of COGS outsourced and up to 70% variable

- **8.4%** of average free cash flow on sales in the past 6 years



Strategy & Business Update



Robust first-half results, demonstrating a solid business profile

€m	H1 2008	Change
Organic sales growth		+10.6%
Sales	8,946	+8.4%
EBITA	1,346	+14.6%
EBITA margin	15.0%	+0.8pt
Net income	851	+16.7%
Free cash flow	675	x2.4

- **+10.6%** organic growth, continuation of sustained trend in Q2
- **15.0%** all-time high EBITA margin, improvement by **0.8pt**
- **+16.7%** increase in net income
- **x2.4** in free cash flow, thanks to the low capital intensive model
- **+60%** increase in APC-MGE EBITA at 13.3% and successful start for Pelco integration

Strong organic growth in first-half 2008

Sales organic growth by region

	H1 2008
Europe	+9.0%
North America	+5.7%
Asia-Pacific	+16.6%
Rest of the World	+21.6%
Group	+10.6%
<i>Emerging countries*</i>	<i>+18%</i>

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

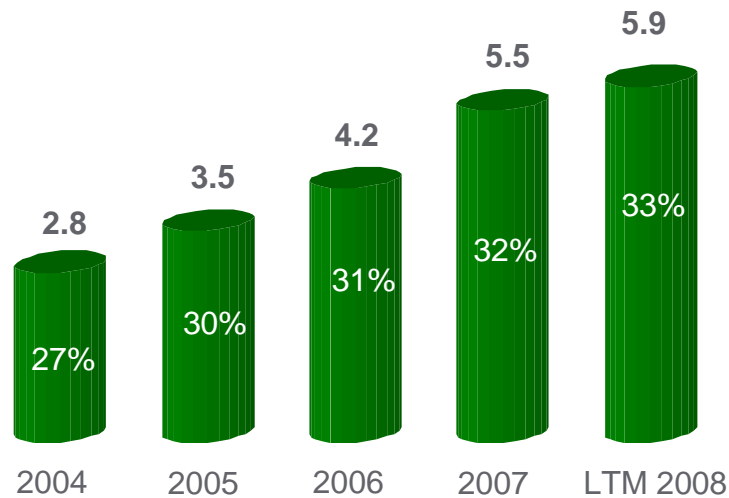
Sales organic growth by business

	H1 2008
Critical Power**	+12%
Building Automation	+17%
Ultra Terminal	+4%
Services	+17%
Energy efficiency	+16%

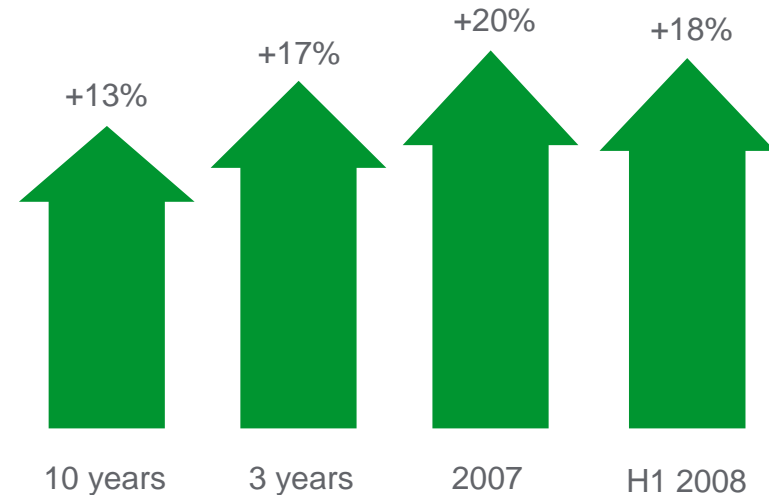
** This figure indicates the sales performance of the Critical Power & Cooling Services “business unit” on a 6-month proforma basis in 2007 (excluding MGE Small Systems)

Accelerating growth in emerging countries

Emerging countries sales
(€ bn and share in Group)





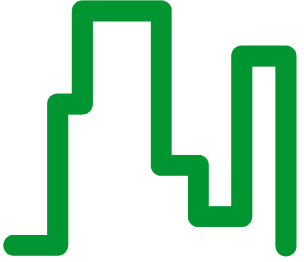

Emerging countries
average organic growth



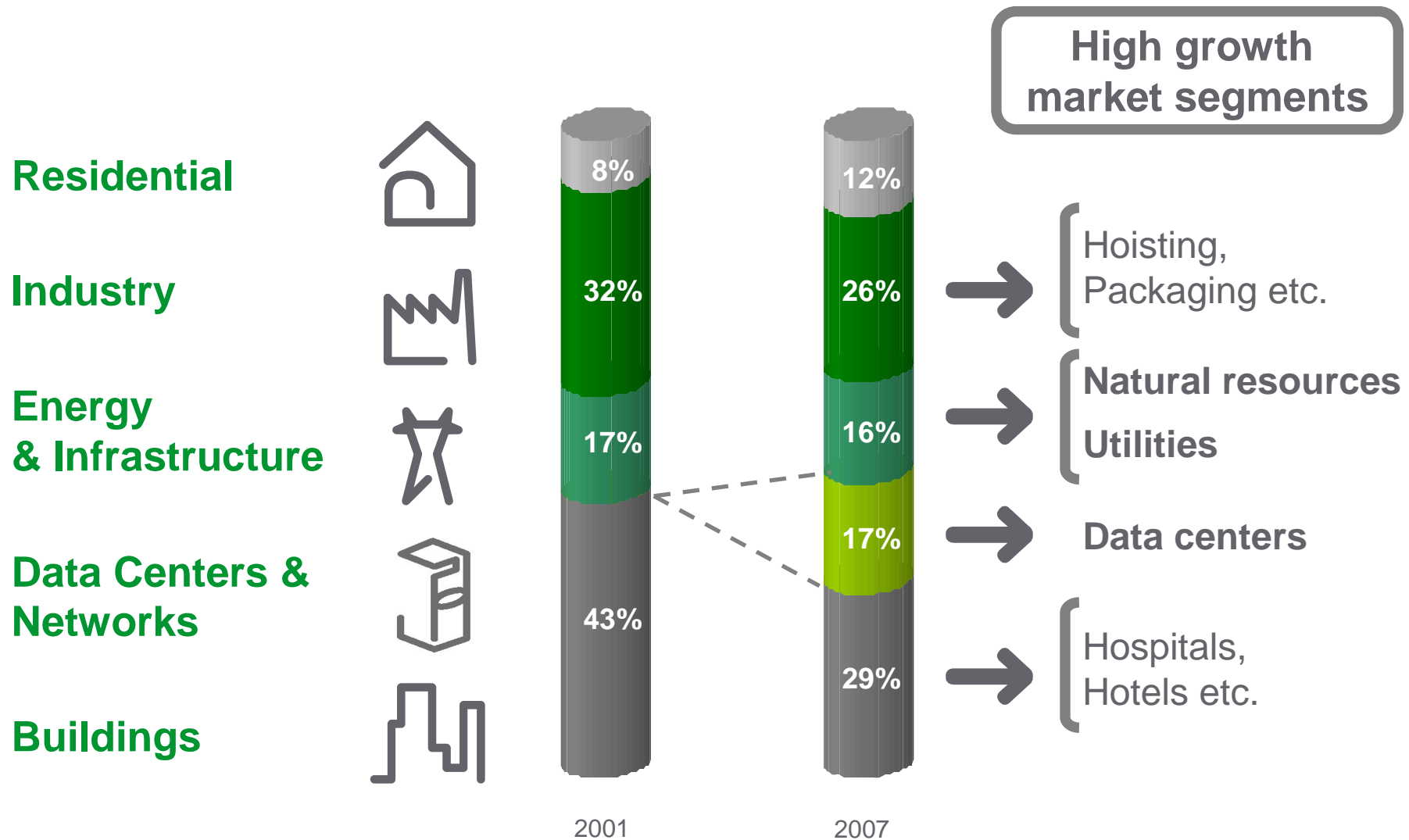
- Sales in emerging countries reach ~ €6bn
- Emerging countries grew in average by 13% annually over the past 10 years, with acceleration driven by a wide and solid footprint

Energy efficiency: a €4 bn business, growing at 15%

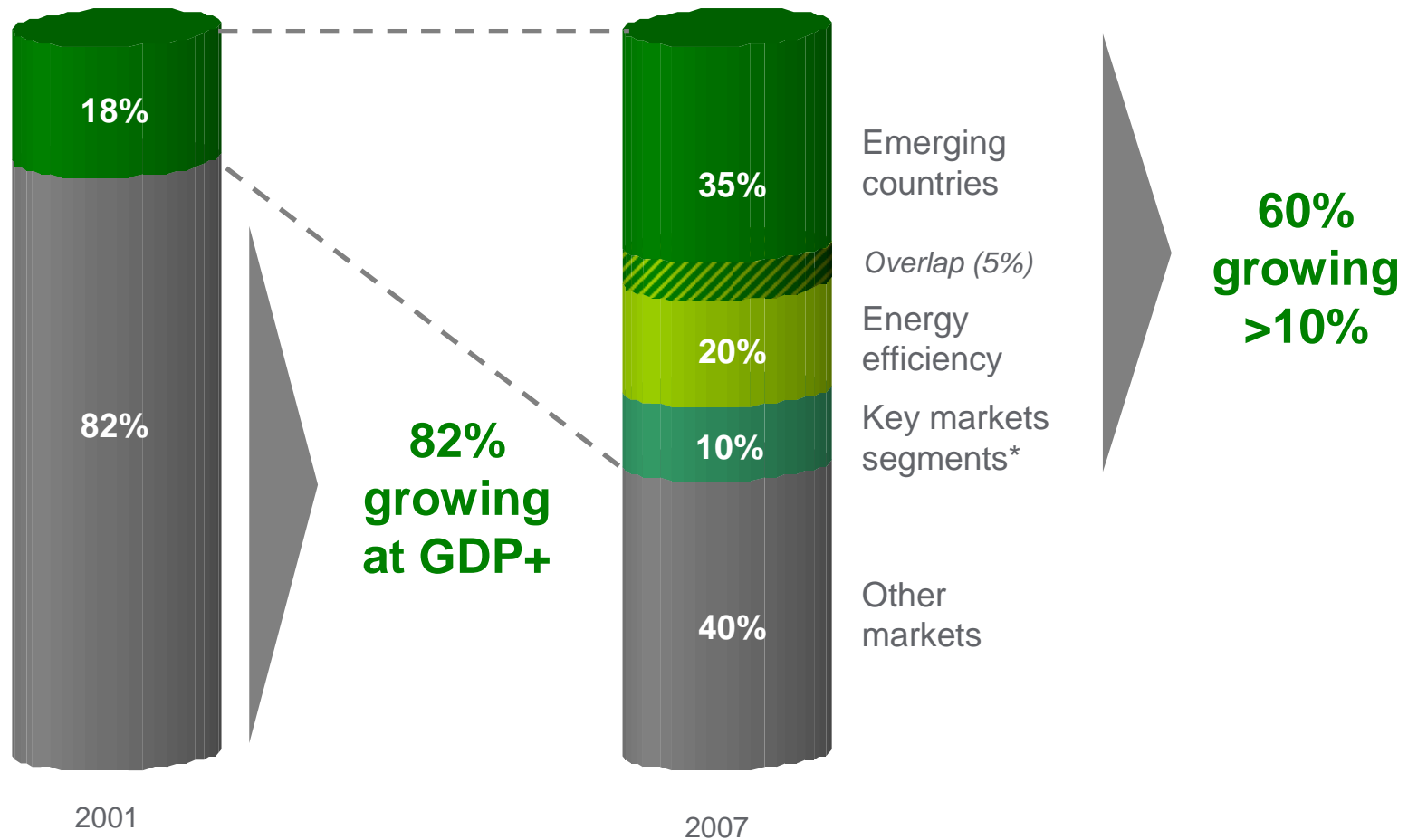
Up to 30% energy savings now everywhere

Industry & Infrastructure	Data centers & networks	Buildings	Residential
			
Electric motor systems Power metering Energy management systems Automation solutions	Critical Power solutions Precise cooling Recommended architectures Simulation software	HVAC & climate control Lighting control Building management systems Power factor correction	Lighting control Climate control Heating monitoring Shutter control
Average facility can reduce consumption by 20% to 30%	Power & cooling can lead to 20% to 30% savings	Renovation can yield up to 30% of energy savings	EE products may save 10% to 40% in electricity

Strategic repositioning allows a diversified and well balanced end market exposure




60% of business enjoy >10% structural growth prospects over the coming years



* Data centers, natural resources, utilities (€ 5bn in total)

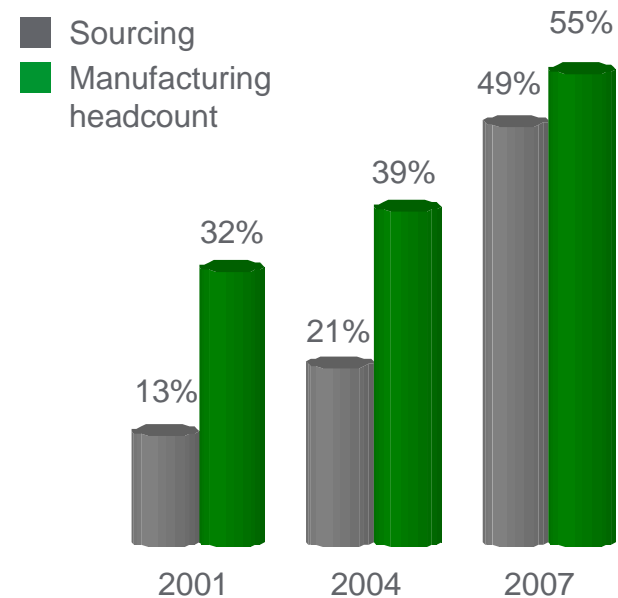
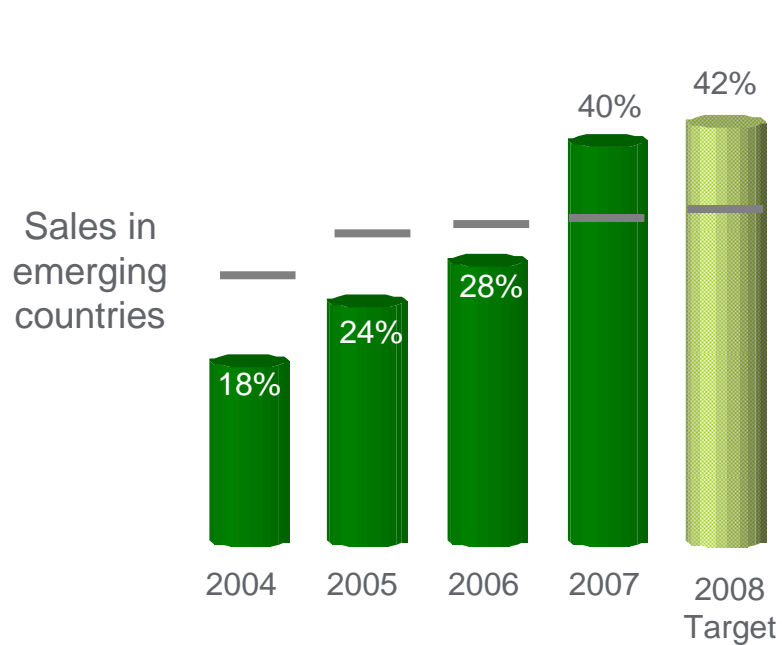
Tapping new efficiency reservoirs to generate sustainable productivity

	Before	Today	Tomorrow 
Rebalancing	Production mainly in mature countries	Rebalancing to emerging countries	Optimization on a worldwide basis
<hr/>			
Globalization (supply chain, IT, administration)	Country-based organization	Regional logistics, start in purchasing	Full benefits of scale
<hr/>			
Simplification	Country-based integration and duplications	Accelerated integration of acquisitions	Lean structure, unified processes & costs reduction
<hr/>			

Deploying a strong sourcing and manufacturing base in emerging countries

COGS
in low cost countries

Production base
in low cost countries



- Cost rebalancing already achieved in 2007, 2008 target to be beaten with 42% of COGS in low-cost countries including APC and Pelco
- € / \$ transaction risk eliminated: negligible impact on EBITA margin from 2008

Delivering on new² efficiency initiatives

Efficiency initiatives	Results*
<ul style="list-style-type: none">● Customer satisfaction● Customer service● Productivity● Rebalancing● Logistics costs● IT costs● Support function costs	<ul style="list-style-type: none">● Very satisfied customers rate up 20%● On-time delivery rate up 3pts● 4.5% of products COGS on average● 42% of COGS in emerging countries● Down 1.6pt**● Down 1pt**● Down 2.5pts**

* 2008 forecast

** Impact on EBITA as % of sales

Delivering on new² financial targets

Indicator	Targets 2005-2008	Results*
<ul style="list-style-type: none"> • Organic sales growth • EBITA margin • ROCE • Dividend payout 	<ul style="list-style-type: none"> • ≥ 5% • 12.5%-14.5% • up 2pts to 4pts • ~50% 	<ul style="list-style-type: none"> • ~10% • ≥ 15.0% • up 2pts (including acquisitions) • 50%
Sustainable development barometer	8.0 /10	7.9 /10 (at end-March)

* 2008 forecast

Finance presentation

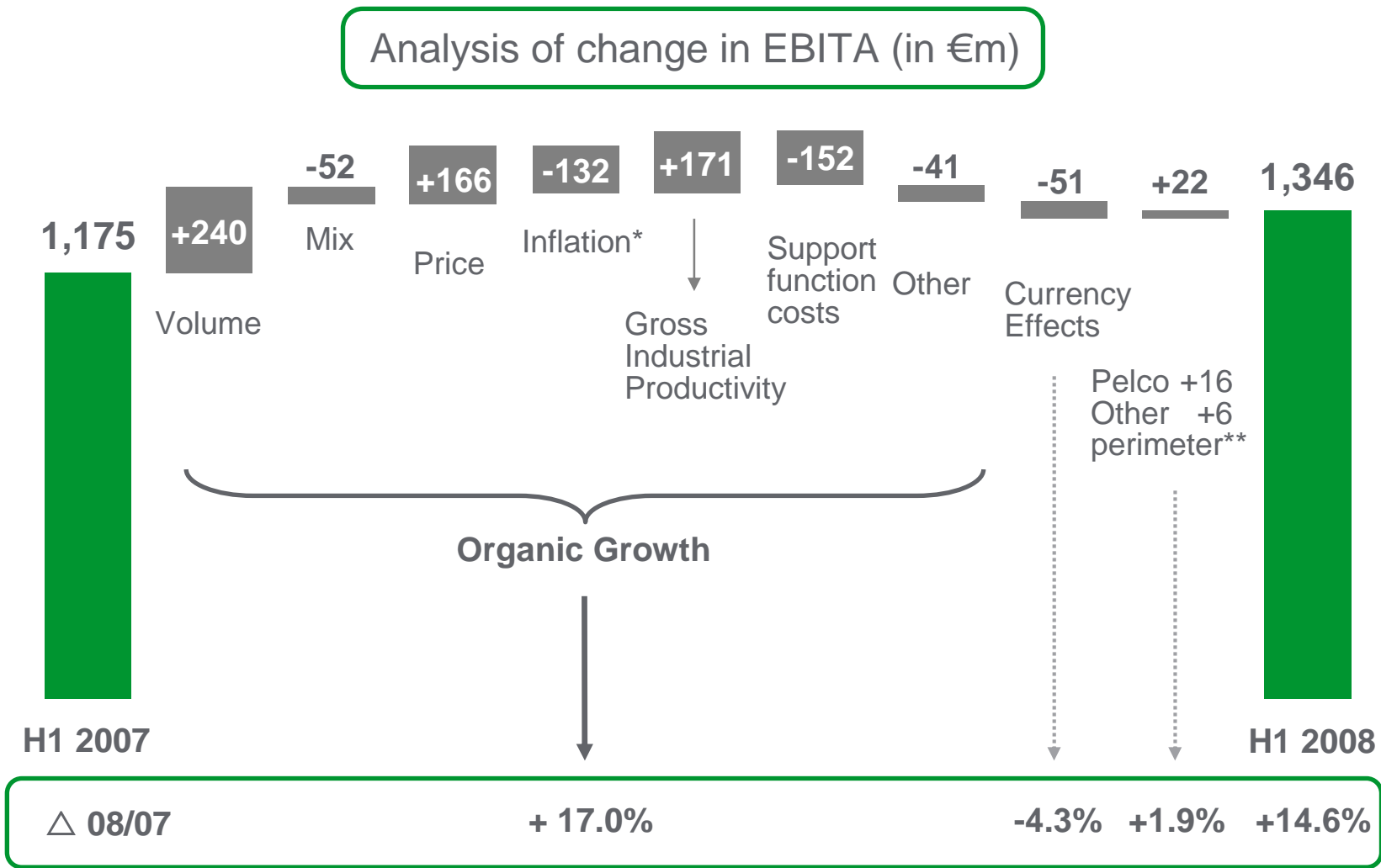


All-time high EBITA margin at 15%, net income up 17%

In m€	Reported figures		
	H1 2007	H1 2008	Change
Sales	8,254	8,946	+8.4%
<i>Organic growth</i>			+10.6%
Gross profit	3,378	3,671	+8.7%
<i>Margin %</i>	40.9%	41.0%	+0.1pt
EBITDA	1,385	1,619	+16.9%
<i>Margin %</i>	16.8%	18.1%	+1.3pt
EBITA*	1,175	1,346	+14.6%
<i>Margin %</i>	14.2%	15.0%	+0.8pt
Net financial expense	(107)	(119)	
Income tax	(293)	(313)	
Net income	729	851	+16.7%
<i>Earnings per share</i>	3.16	3.56	+12.7%

* Before amortization of purchase accounting intangibles of €49m in H1 2008 (€27m in H1 2007) and including restructuring costs & impairment of €53m in H1 2008 (€61m in H1 2007)

Strong organic growth in EBITA

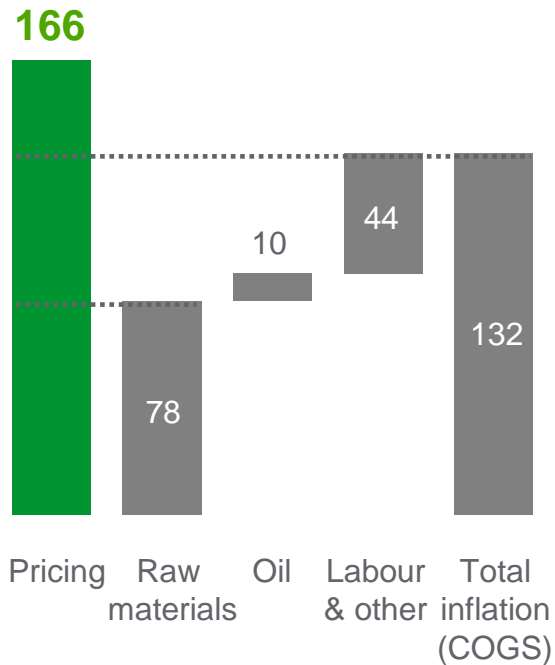


* Of which Raw materials (including Oil): -88, Production labour & other Costs: -44

** Including APC: +22, MGE small systems: -24

Robust pricing outpaces inflation impact

Inflation & Pricing impact (in €m)



Pricing in % of Inflation



The good level of productivity is driven by purchasing savings

Breakdown of productivity gains (in €m)

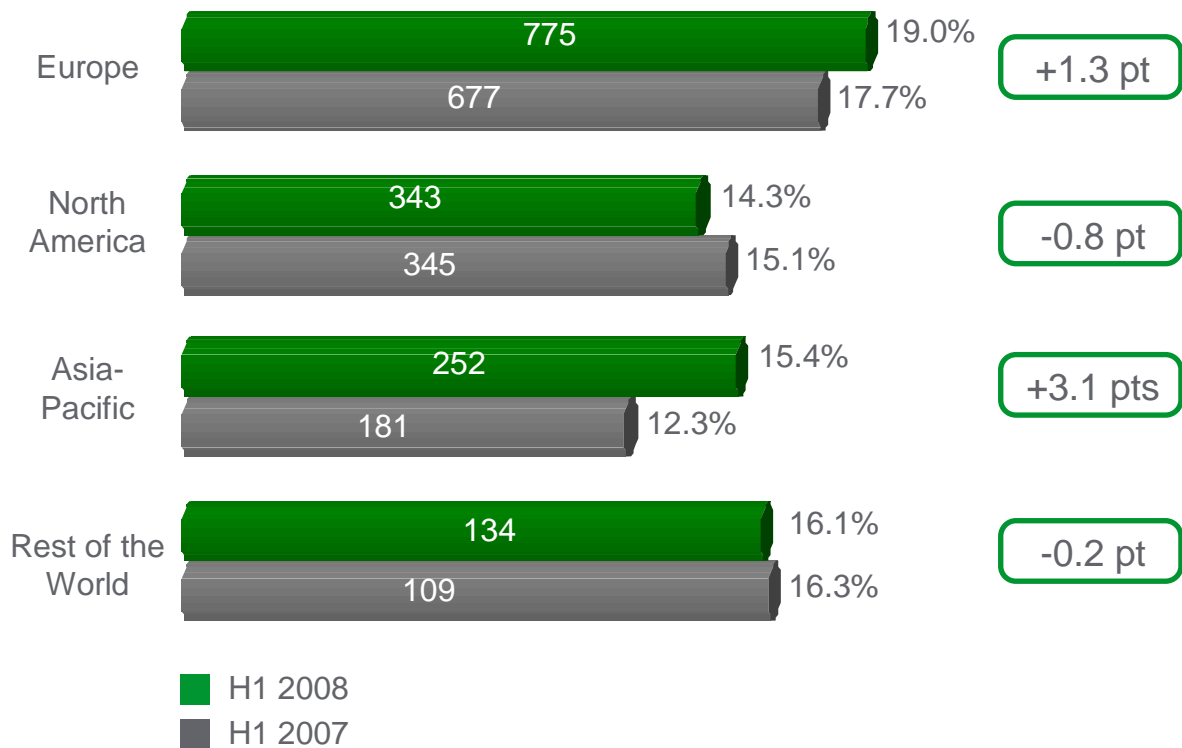
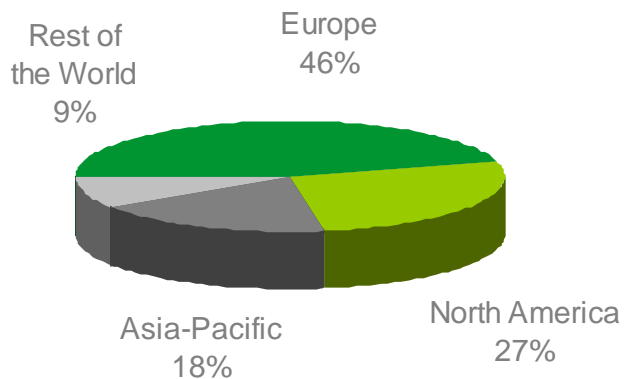
	H1 2007	H1 2008
Purchasing	47	85
Lean Manufacturing	27	26
Rebalancing	33	34
Other plans	19	26
Gross industrial productivity	126	171
<i>As % of products' cost of sales*</i>	<i>3.6%</i>	<i>3.8%</i>

* Excluding cost of sales for services and related businesses

All geographies at high margins with Asia-Pacific catching up

Breakdown by region
(before corporate costs*)

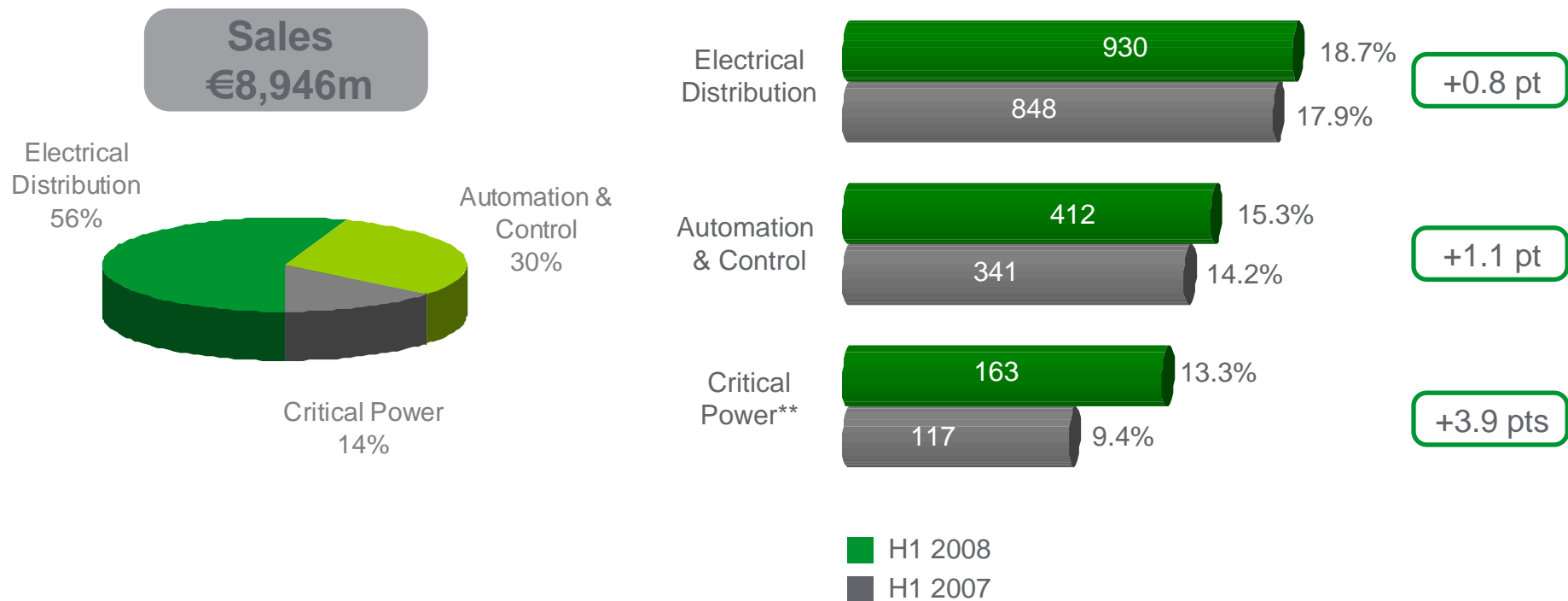
Sales
€8,946m



* Corporate costs of -1.8% of sales in H1 2008 (-1.7% in H1 2007)

Profitability increases across businesses

Breakdown by business
(before corporate costs*)



* Corporate costs of -1.8% of sales in H1 2008 (-1.7% in H1 2007)

** Results of the business unit on a 6-month basis (without MGE Small Systems business)

Continued growth and higher efficiency drive APC-MGE's strong performance

(in \$m)	H1 2007 Proforma*	H1 2008	Change
Sales	1,659	1,868	
<i>Organic growth</i>			+12%
EBITA before restructuring	180	263	+46%
<i>Margin %</i>	10.9%	14.1%	+3.2pts
EBITA	156	249	+60%
<i>Margin %</i>	9.4%	13.3%	+3.9pts

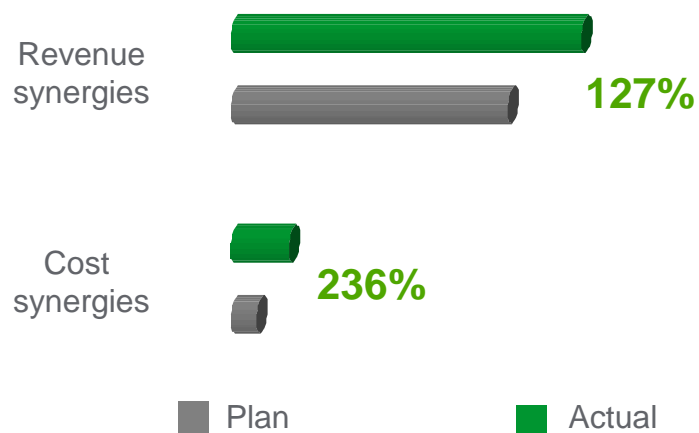
- Acceleration of sales growth in Q2 vs. Q1
- Solid growth in Home & Distributed (+11%), sustained performance of Enterprises Systems & Services (+15%)
- Operational efficiencies above target: purchasing, logistics, commercial reorganization, G&A expenses

* Results of the Critical Power business unit on a 6-month basis (without MGE Small Systems business)

Pelco results confirm the Group's post-merger integration capabilities

(in \$m)	H1 2007*	H1 2008	Forecast 2008
Sales	289	309	761
EBITDA**	31	48	122
Margin %	10.7%	15.5%	16.0%

Synergies



- H1 2008 EBITDA above target due to cost savings and synergies & despite soft organic growth
- 2011 EBITDA margin target of **19%** confirmed
- Based on 2008 EBITDA forecast, acquisition price*** is **11x** EV/EBITDA

* Including Integral merged with Pelco

** Before restructuring costs

*** Adjusted from tax benefits

Net debt decrease over 12 months thanks to high free cash flow

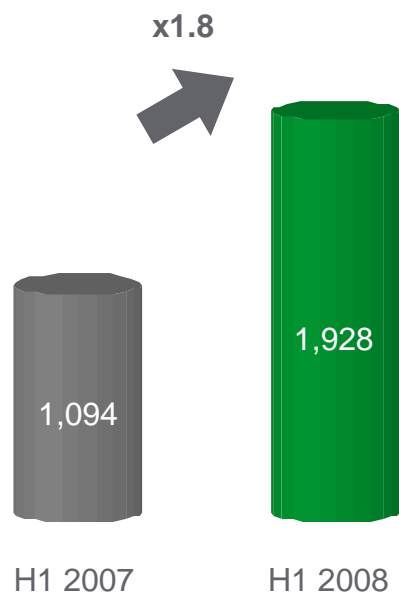
Analysis of debt change in €m	H1 2007	H1 2008	LTM
Net debt at opening	(1,835)	(4,936)	(5,658)
Operating cash flow	1,033	1,199	2,377
Capital expenditure – net*	(298)	(314)	(576)
Change in operating working capital	(454)	(260)	(67)
Change in non-operating working capital	(4)	50	194
Free cash flow	277	675	1,928
Dividends	(668)	(796)	(796)
Acquisitions	(4,322)	(170)	(1,139)
Capital increase	1,057	5	219
Other	(167)	2**	226
Increase (decrease) in net debt	(3,823)	(284)	438
Net debt at June 30	(5,658)	(5,220)	(5,220)

* Including R&D capitalization of €95m (€164m in LTM)

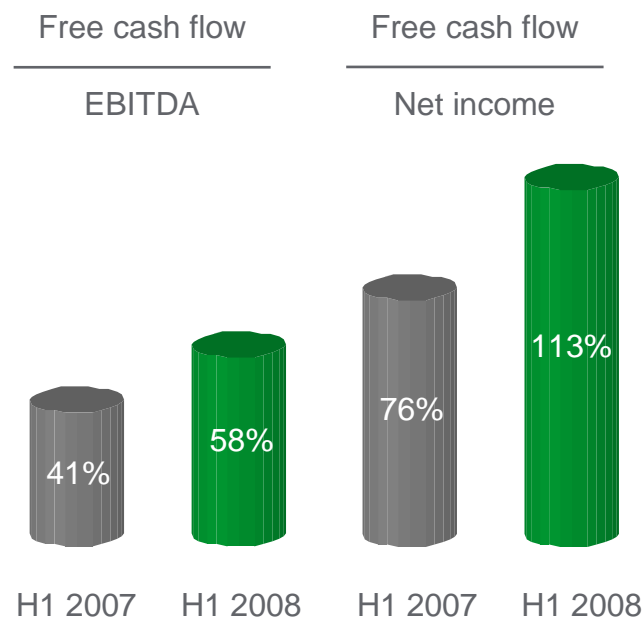
** Including share buy backs of €(45)m

Continued progress in cash conversion over 12 months

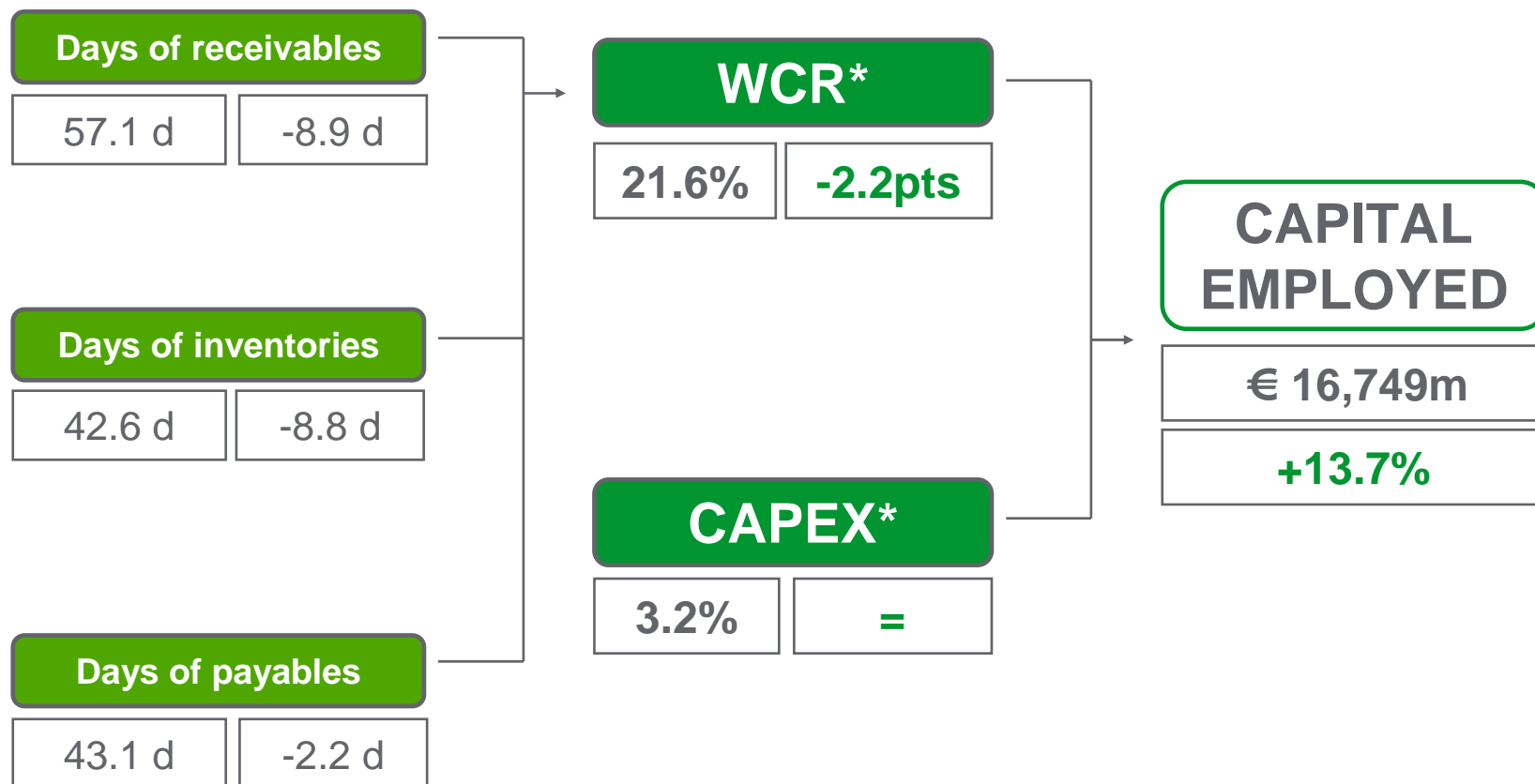
Free cash flow in €m
(last 12 months)



Cash conversion indicators
(last 12 months)



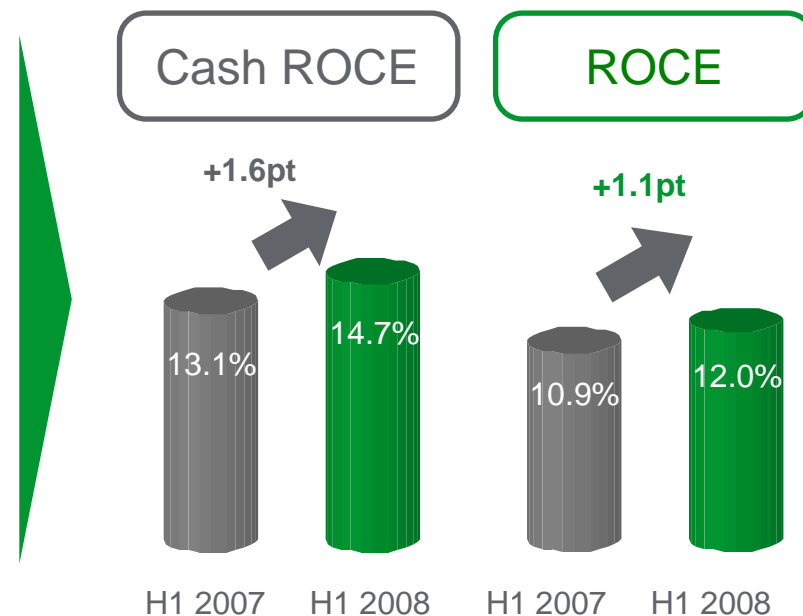
Significant improvement in working capital



* % of LTM sales

Continued ROCE increase thanks to low capital intensive model

€m	H1 2008	Change
Capital Employed	16,749	+13.7%
EBITDA (LTM)	3,348	+24.3%
EBITA (LTM)	2,733	+22.0%



Commitment to maintain FFO/Net debt ratio above 35%

Financial ratios in €m

	H1 2007	2007	H1 2008
Consolidated shareholders' equity	9,881	10,314	9,821
Net debt	5,658	4,936	5,220
Net debt-to-equity ratio	57%	48%	53%
Interest coverage (EBITDA/Debt costs)	12x	13x	13x
Operating cash flow/net debt	36%	45%	46%
Funds from operations/net debt*	31%	38%	39%

* S&P definition

Outlook



Outlook

Assuming current economic conditions,
Schneider Electric revises upward
its guidance for 2008 to a minimum of:

- **8%** organic sales growth
(previously between 6% and 8%)
- **15.0%** EBITA margin

Appendices



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: $\text{After tax EBITA} / \text{Capital Employed}$
- Cash ROCE: $\text{After tax EBITDA} / \text{Capital Employed}$

Contacts & agenda

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22 October

Q3 2008 Sales

Conference call
9:30am

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

