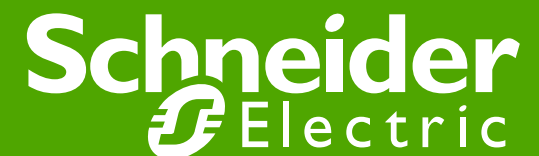


Cheuvreux Autumn conference

September 30, 2010



Disclaimer

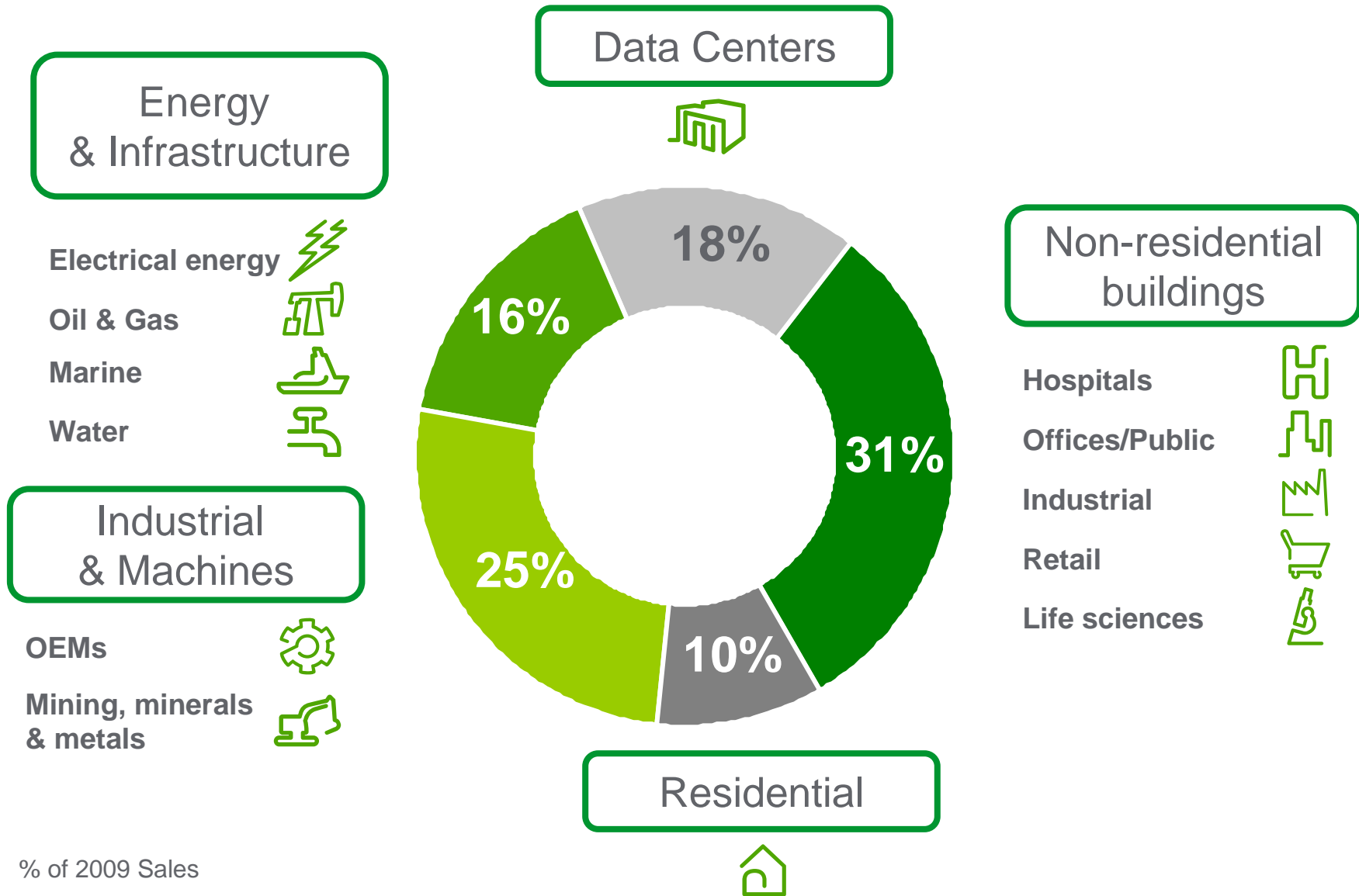
All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.



Continued roll-out
of strategy



One business in diversified end-markets



Energy & Infrastructure

- Electrical energy
- Oil & Gas
- Marine
- Water

Industrial & Machines

- OEMs
- Mining, minerals & metals

Data Centers



Non-residential buildings

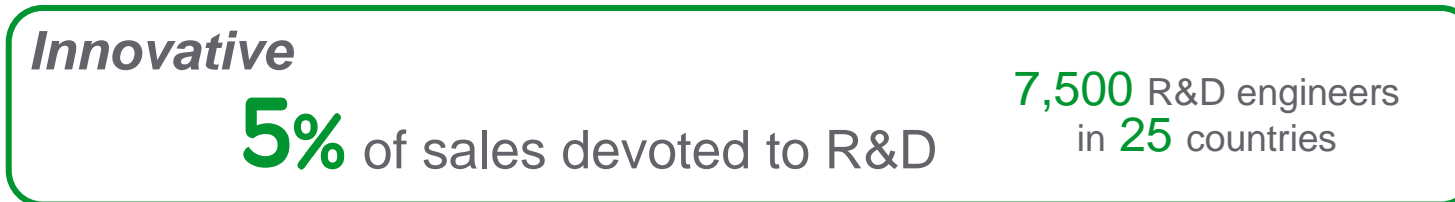
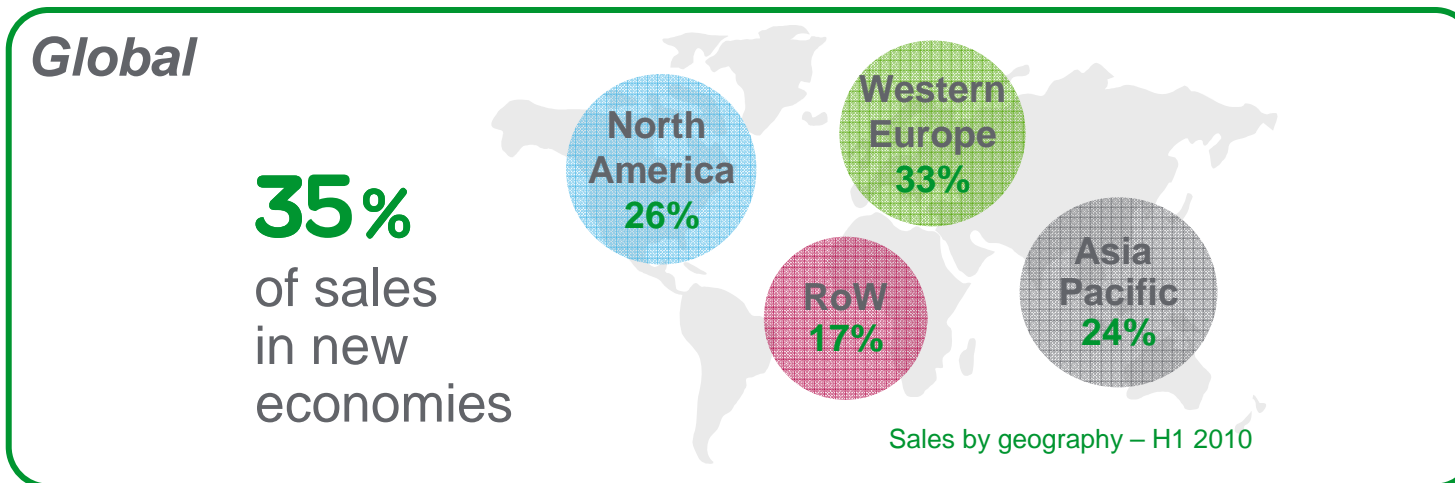
- Hospitals
- Offices/Public
- Industrial
- Retail
- Life sciences

Residential



% of 2009 Sales

One business global, innovative and responsible



Pressure on energy keeps growing



Today:

6 billion inhabitants

50% lives in cities

Only **2 billion** has access to decent energy infrastructure



By 2030:

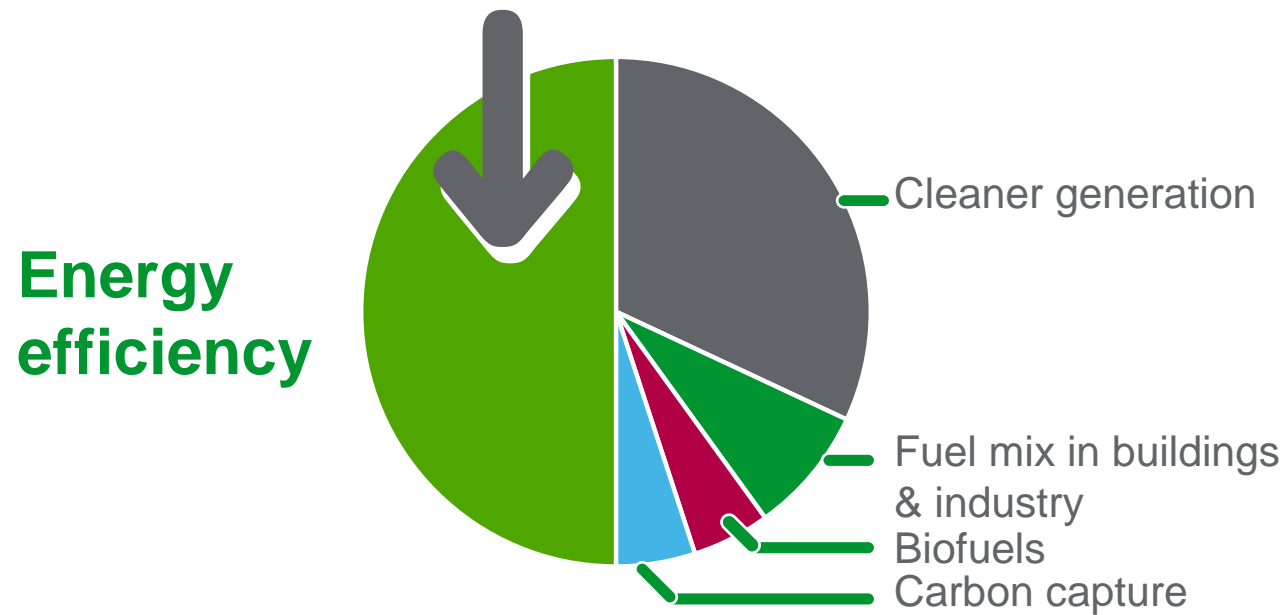
8 billion inhabitants

60% will live in cities

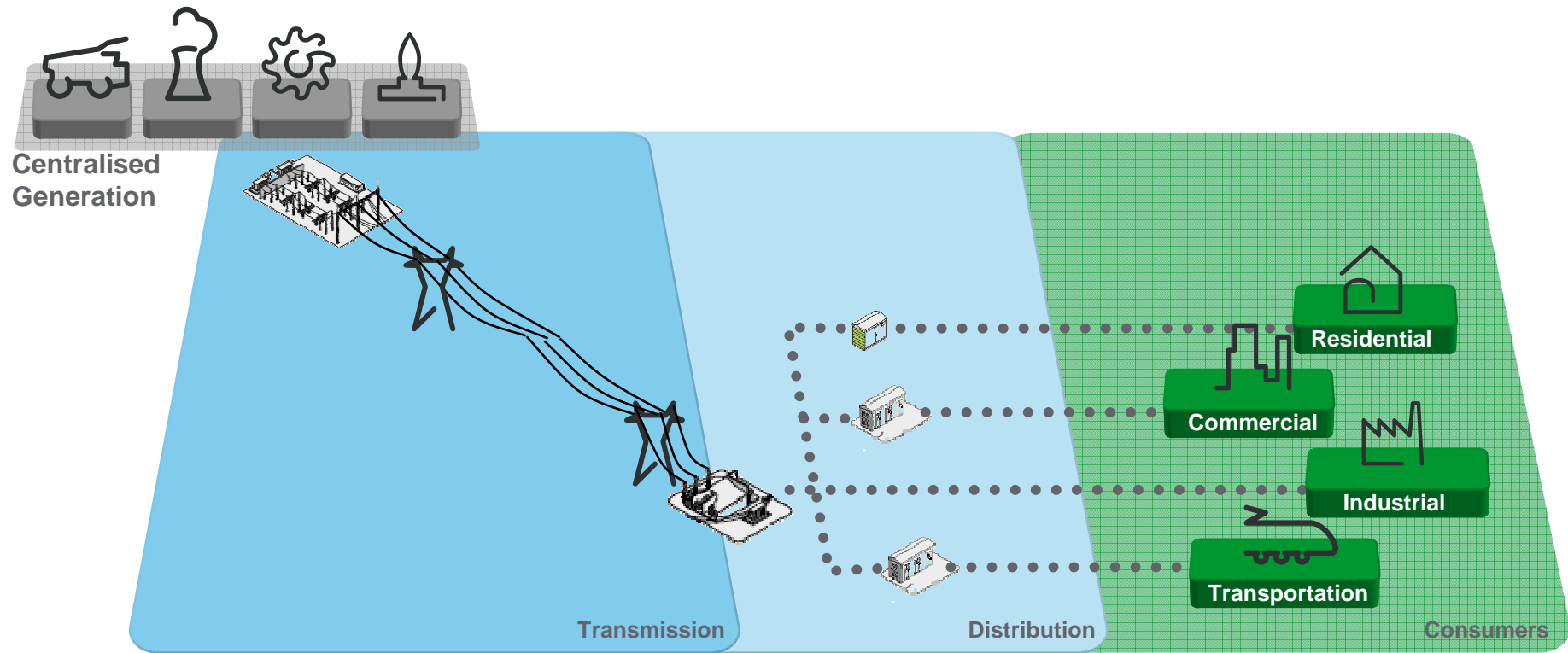
+2 billion people in “energy” middle class

Energy efficiency is the key to solving the energy equation...

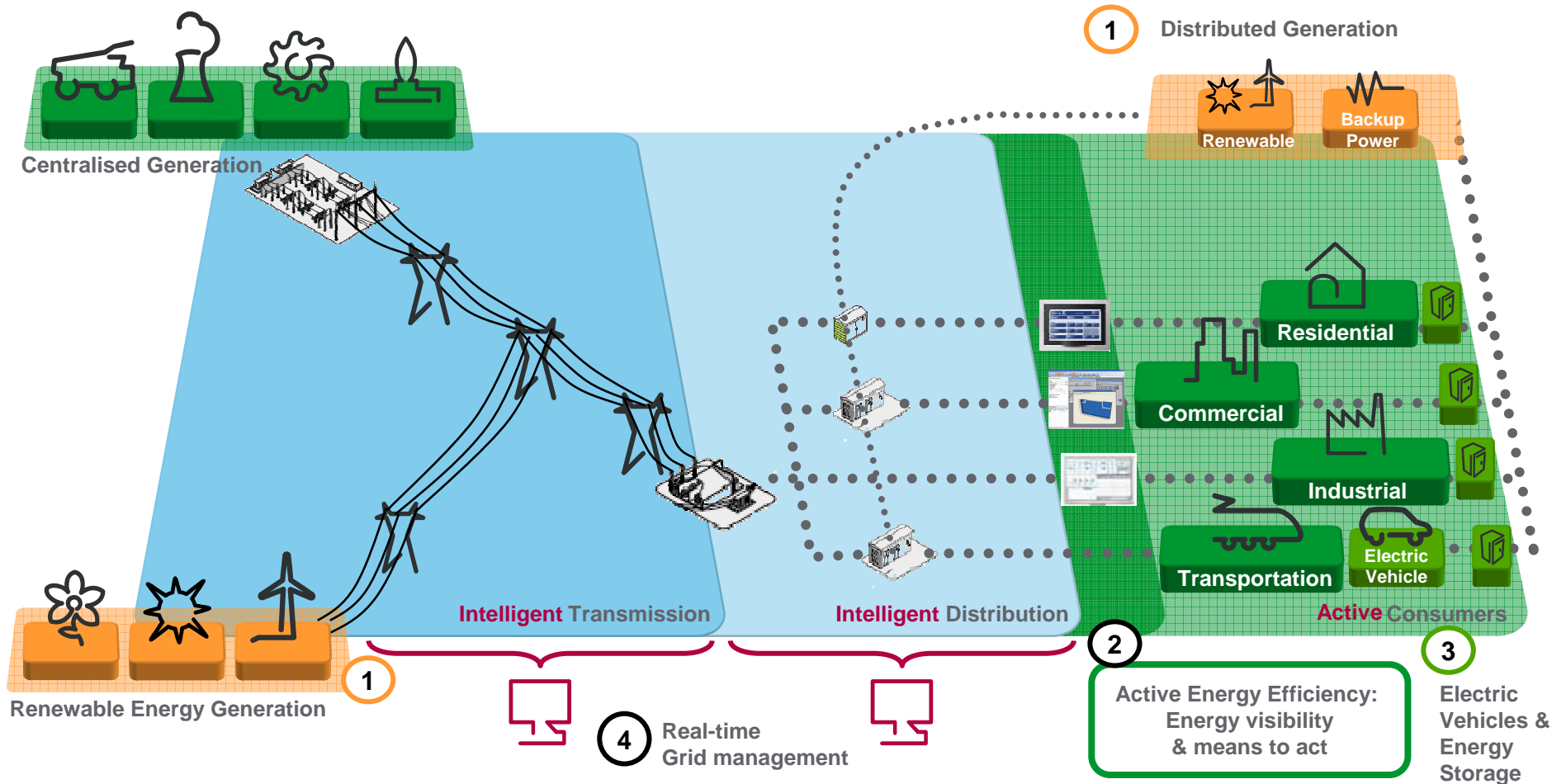
About **50%** of CO₂ reduction will come from energy efficiency



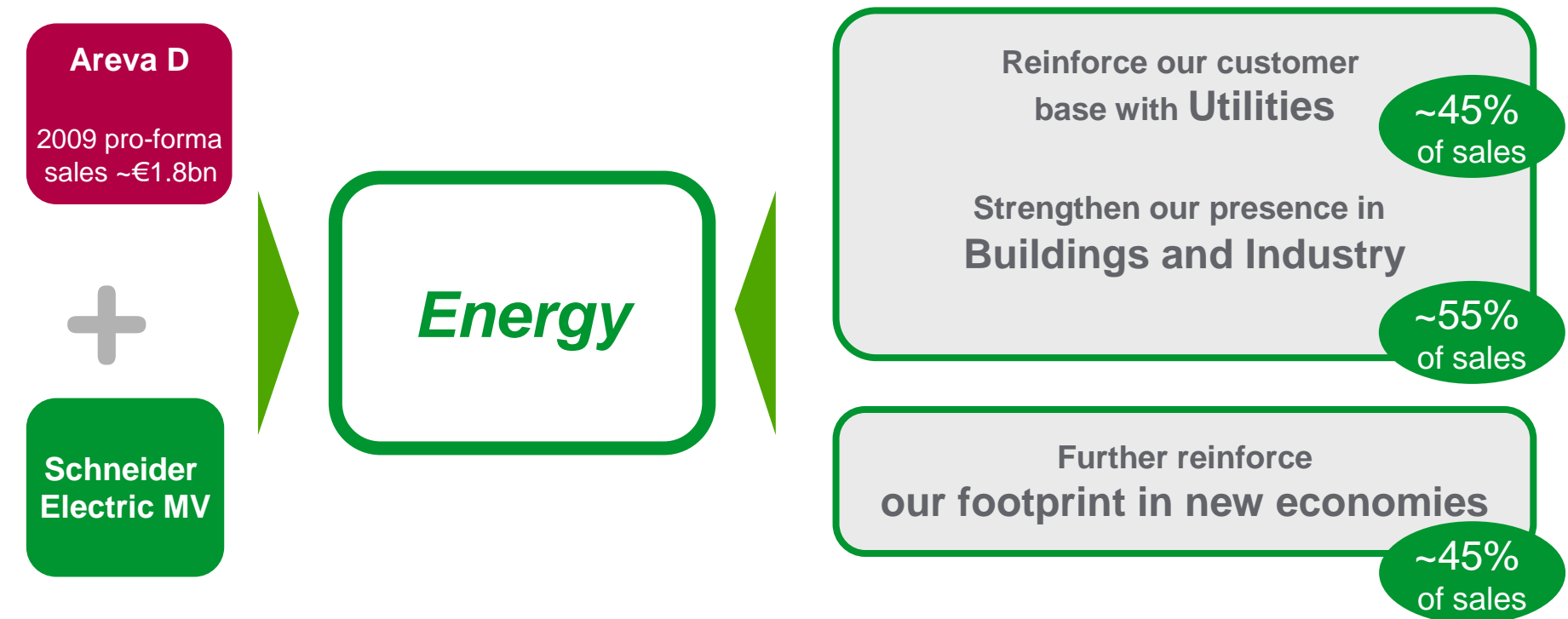
Old-style power distribution: the good old Jurassic grid



From “Jurassic” grid to “Smart” grid: a full reconfiguration of the energy industry



Areva Distribution – a step-change of our medium voltage business



Areva Distribution is a perfect fit to our medium voltage business
11,000 people reinforcing Schneider Electric's global footprint

Financial impact of the consolidation of Areva D in line with expectations

Expected key financial metrics for 2010

Sales to be consolidated in H2

- corresponding to period from June to December

~€1.1bn

EBITA margin

- typically a trough level for this business

about 5%

EPS accretive in 2010

- before integration charges

Integration charges

- to be fully provisioned in 2010, €15m already booked in H1
- mostly costs for IT, brand, consulting and people integration
- tax cost to be assessed

~€50m

Combination in Energy business expected to generate synergies of **€120m**, half to be achieved in year 3

Strong first half



Strong first-half: the outcome of continued roll-out of strategy and **1ne** program

+6.4%

- ✓ H1 organic growth at +6.4%, strong Q2 at **double-digit**
- ✓ New economies outgrew mature markets by **12 pts**

€1bn

- ✓ Reached €1bn mark in **cost savings**
Cumulative since Jan. 2009

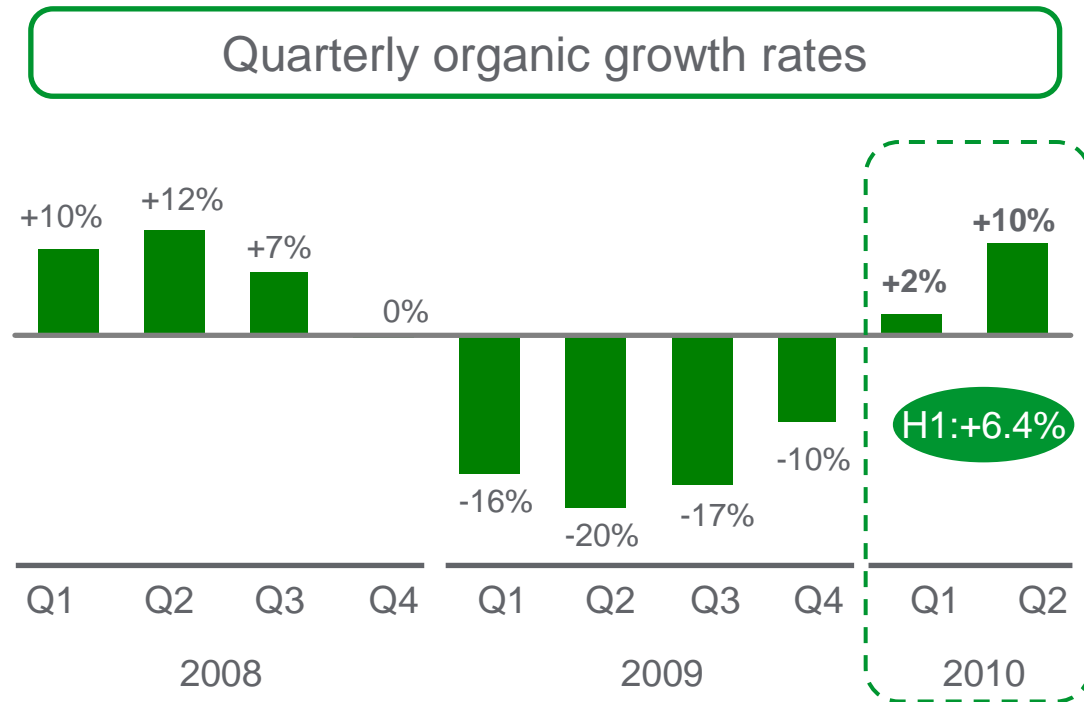
15.2%

- ✓ Margin up **3.6pts**, at 15.2%
EBITA before restructuring and Areva Distribution integration costs
- ✓ Net profit **doubled** and reached €735m

Areva
Distribution

- ✓ Integration well **on track**

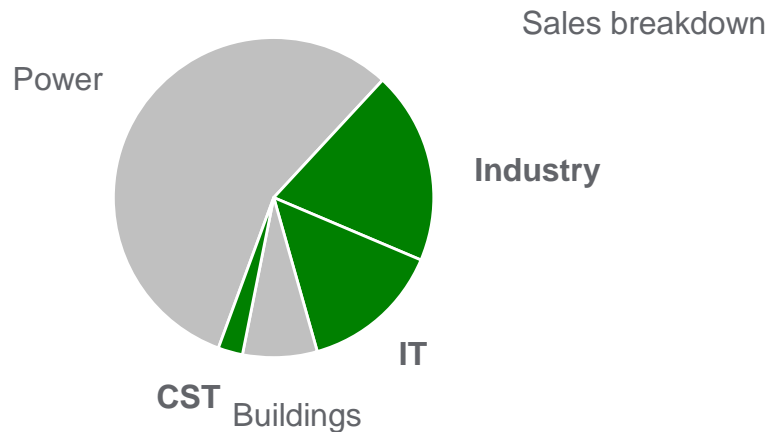
All businesses back in positive zone leading to double-digit organic growth in Q2



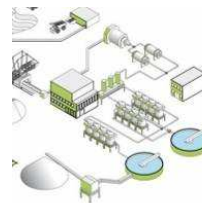
- Reported 2Q sales of **€4,661 million**, up **18.5%**
- Some favorable basis of comparison linked to destocking in H1 2009

H1 performance boosted by strong traction of shorter-cycle Industry and IT

Schneider Electric portfolio



Industry +23% y-o-y



- Solid **rebound** of industrial demand on low comps, very strong performance with **OEMs**
- Strong **new economy** exposure also lifted growth
- Cimax/SCADA acquisitions further reinforced our position in new economies and in solutions

CST +19% y-o-y



- Strong **recovery** in industry and auto/truck demand
- Aerospace still lagging, especially in commercial sector
- Both Europe and North America bouncing back
- **Turnaround** of financial performance

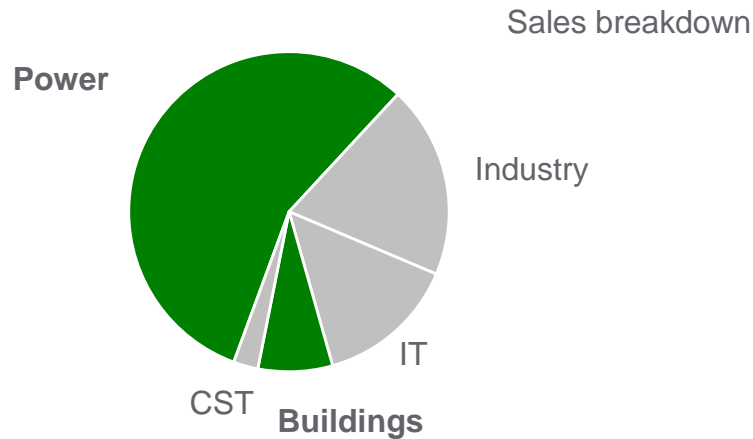
IT +8% y-o-y



- **Strong** momentum of small systems in H1, supported by business networks demand
- Demand **accelerating** for large system solutions and services
- Most regions grew **2-digit**, Europe lagging

Later-cycle Power and Buildings bottoming

Schneider Electric portfolio



Power +2% y-o-y



Medium voltage at trough

- Despite on-going weakness of construction markets in mature markets and lower utility spending
- New economies were more resilient and first to rebound
- Early signs of improvement in mature markets

Buildings -1% y-o-y



- Still weak construction market
- **Energy Efficiency** contracts and services offset somewhat weakness in commercial building market



- Lower exposure to new economies, but is ramping up with the boost in demand for video-surveillance
- Success of **Pelco** IP offering

Low voltage back to growth



Low voltage back to growth

- Trend accelerating, supported by rebound in industrial demand and strong Asia Pacific

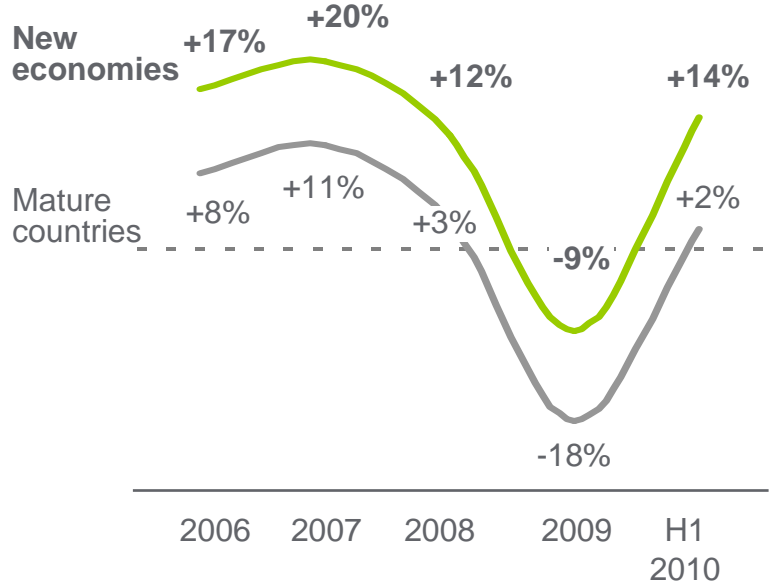
Solutions

- Somewhat impacted by their later cycle profile - but energy efficiency and turnkey renewable projects remain strong support

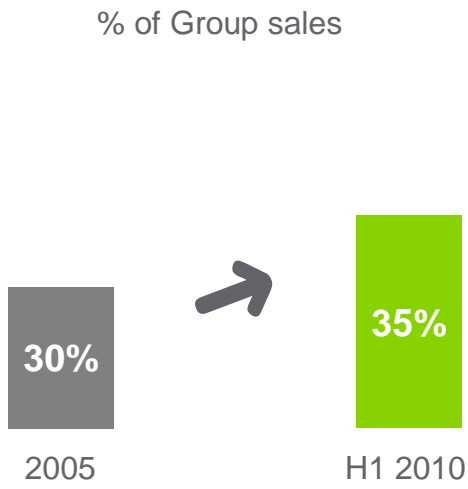
% are organic growth rates in H1 2010

Strong new economies continued to boost our topline performance

Organic growth in new economies



Sales in new economies



New economies to grow at **world GDP +6pts** across the cycle
~50% of cost of sales to come from new economies in 2011

Volume recovery and operational efficiency led to strong margin improvement...

In m€	H1 2009	H1 2010	Change
Sales	7,755	8,571	+10.5%
<i>Organic growth</i>		+6.4%	
Gross profit	2,974	3,499	+18%
<i>Margin %</i>	38.3%	40.8%	+2.5pts
EBITA ¹ before restructuring and Areva D integration costs	903	1,301	+44%
<i>Margin %</i>	11.6%	15.2%	+3.6pts

¹ EBIT before amortization and impairment of purchase accounting intangibles

... and doubling of net income

In m€	H1 2009	H1 2010	
EBITA before restructuring ¹ and Areva D integration charges	903	1,301	+44%
<i>Margin %</i>	11.6%	15.2%	+3.6pts
Areva D integration charges		(15)	
Restructuring costs	(112)	(61)	
EBITA	791	1,225	+55%
Amortization & impairment of purchase accounting intangibles	(108)	(90)	
EBIT	683	1,135	+66%
Net financial expense	(198)	(132)	
Income tax	(114)	(241)	
Equity investments	(8)	2	
Minority interests	(17)	(29)	
Net income (group share)	346	735	+112%
<i>Earnings per share</i>	<i>1.43</i>	<i>2.86</i>	<i>+100%</i>

Progressive phase-out of exceptional restructuring charges

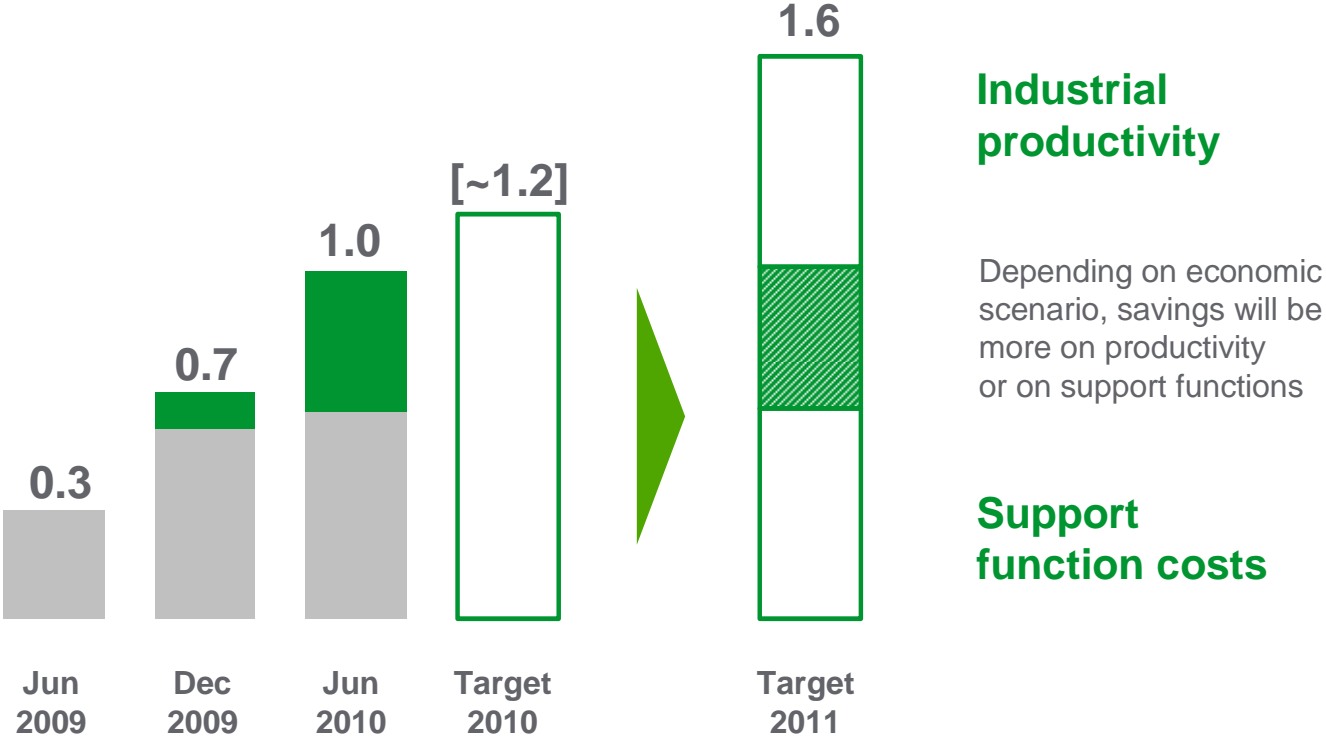
Financial expense impacted by positive currency impact

Underlying tax rate of 24%

¹ EBIT before amortization and impairment of purchase accounting intangibles

Efficiency initiatives on track to deliver planned savings

Efficiency savings ramp up to 2011 (€bn)

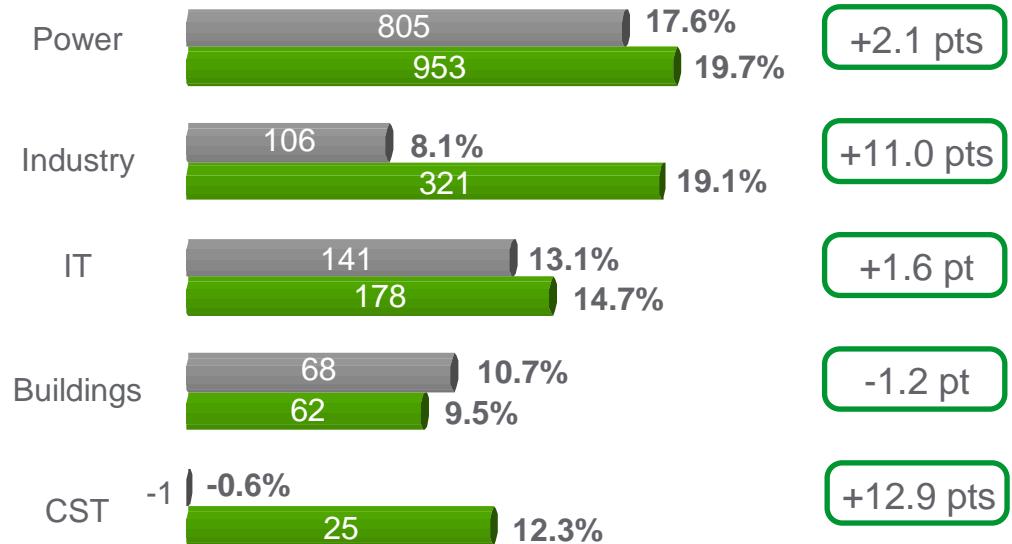
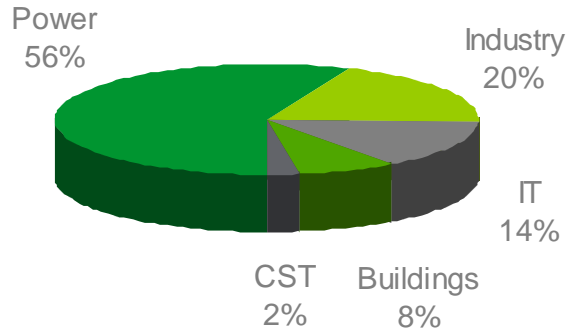


At least 70% of 3-year plan will be achieved at year-end

Industry and CST margins bounced back, IT and Power also improving

Sales
€8,571m

EBITA before restructuring by business¹

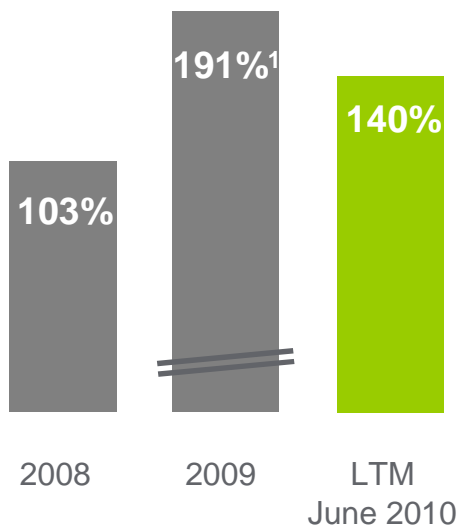


■ H1 2009
■ H1 2010
€m and as % of sales

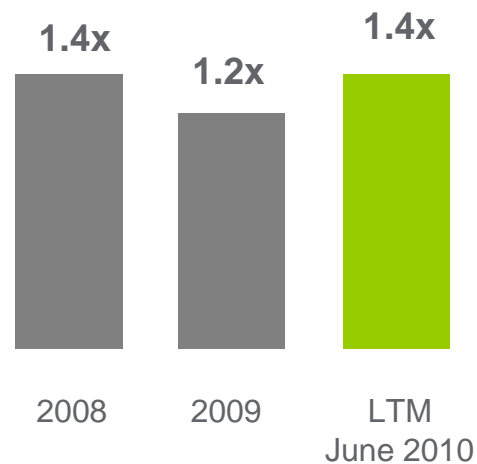
¹ Before restructuring and Areva D integration charges
Corporate costs of €238m in H1 2010 (€216m in H1 2009)

Solid balance sheet post Areva Distribution acquisition

Cash conversion
(Free cash flow / net income)



Net debt / EBITDA²



¹ Based on adjusted net income (239% on a reported basis)

² EBITDA of €1,496m in H1 2010 (€1,064m in H1 2009)

Outlook



2010 outlook

Topline

Recovery of **Industry** and **IT** to continue, but more demanding base of comparison

Later-cycle **Buildings** and **medium voltage** to show sequential recovery

Momentum of **new economies** to stay strong

Mature markets back on the path of a slow recovery

Profitability

Industrial **productivity** and support function **costs savings** of €500-550m

Risks on **raw material** inflation ~€150m

Schneider Electric raises its targets for 2010:

Organic growth:

Profitability Improvement:





H2 progression broadly in line with H1

full year EBITA margin of **around 15.5%**

before restructuring and consolidation impact of Areva Distribution

One business ideally positioned to capture the major growth opportunities of our time

Schneider Electric

Power		Buildings	
Industry		IT	
CST			

Smart Grid

- **Renewable** energies
- **Energy efficiency**
- **Electric vehicle** charging infrastructure
- Grid **automation**

Our strength

Complete solutions for the smart grid

New economies

- **2bn additional people** in the energy middle class by 2030
- Already **35%** of Group sales
- **Outperforming** mature countries organic growth by 9 pts p.a. since 2005

Our strength

Strong presence in new economies (44,000 employees)

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

