

Investor day

November 17, 2010

Strategy presentation

Jean-Pascal Tricoire

President and CEO



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.



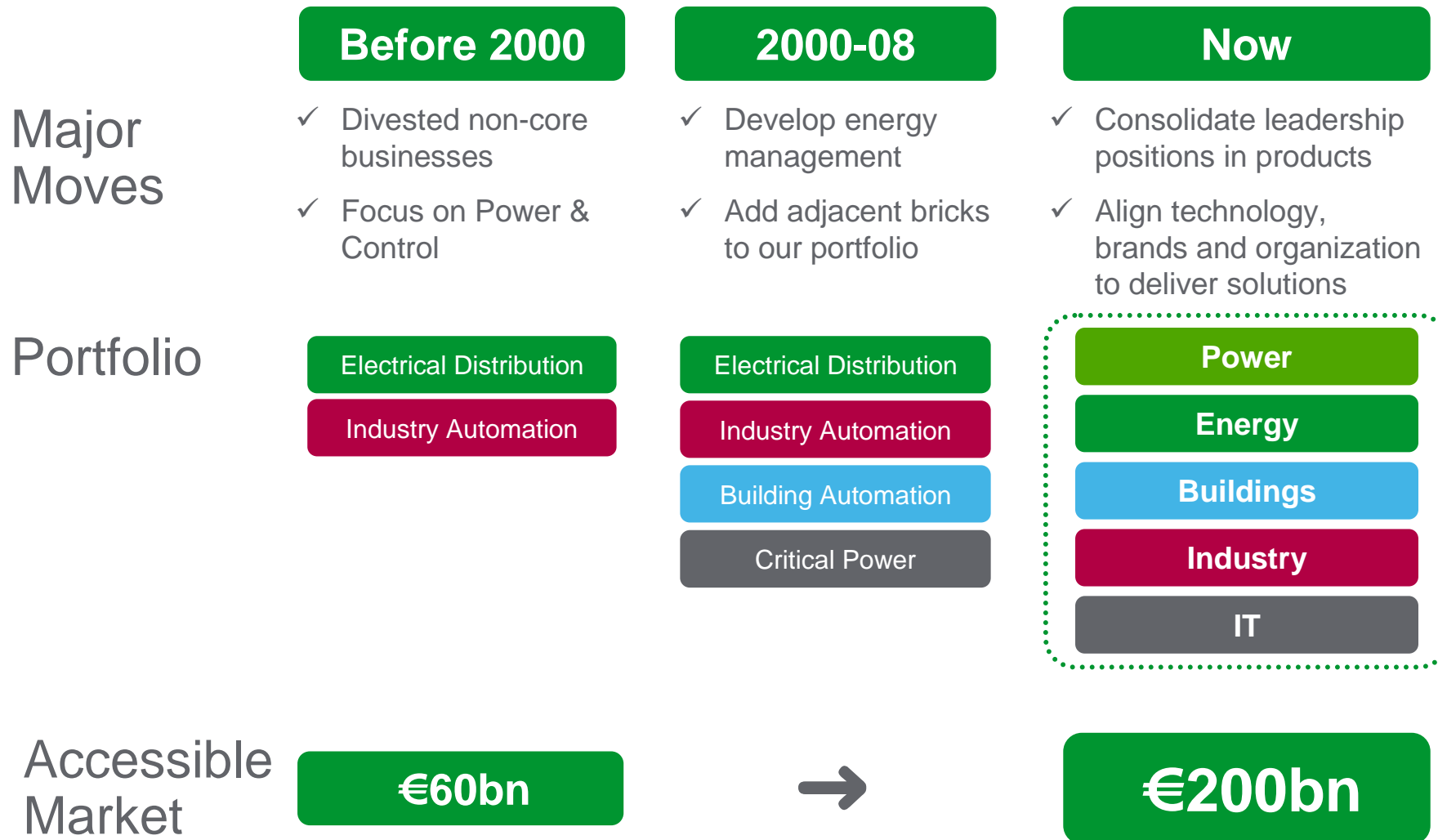
Agenda

- 8.00am - 8.30am ***Registration and welcome coffee***
- 8.30am - 12.15pm > Strategic presentation by the CEO, Jean-Pascal Tricoire
- > Business presentation by the Heads of Businesses:
- Power Julio Rodriguez
 - Energy Michel Crochon
 - Industry Clemens Blum
 - IT Laurent Vernerey
 - Buildings Chris Curtis
- > Financial presentation by the CFO, Emmanuel Babeau
- 12.30pm - 1.30pm ***Buffet lunch***
- 1.30pm - 4.15pm Products, innovations and solutions fair
- 4.15pm - 5.00pm Wrap up and Q&A
- 5.00pm ***End of the conference***

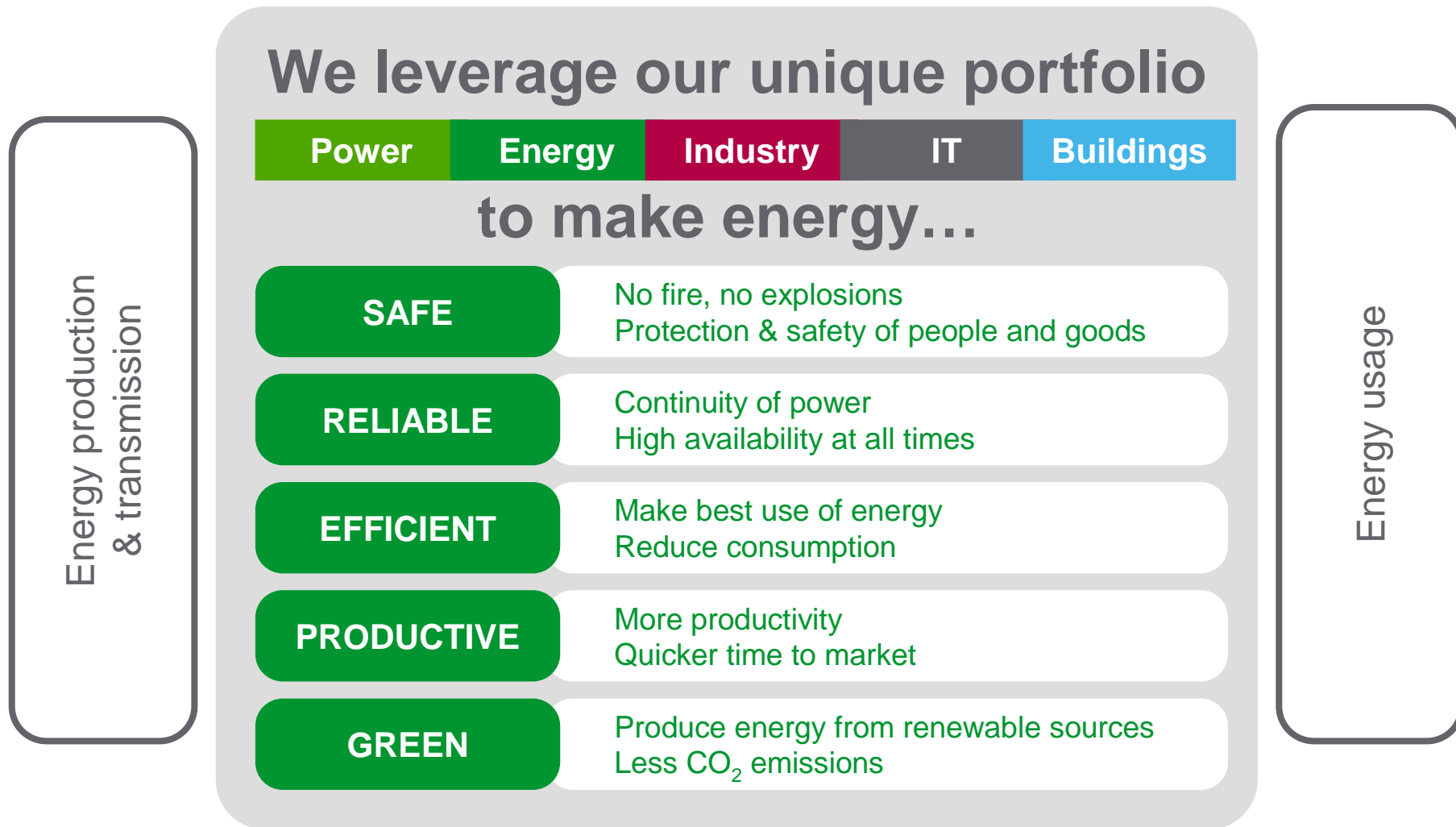
We have built
a leader in
a promising industry



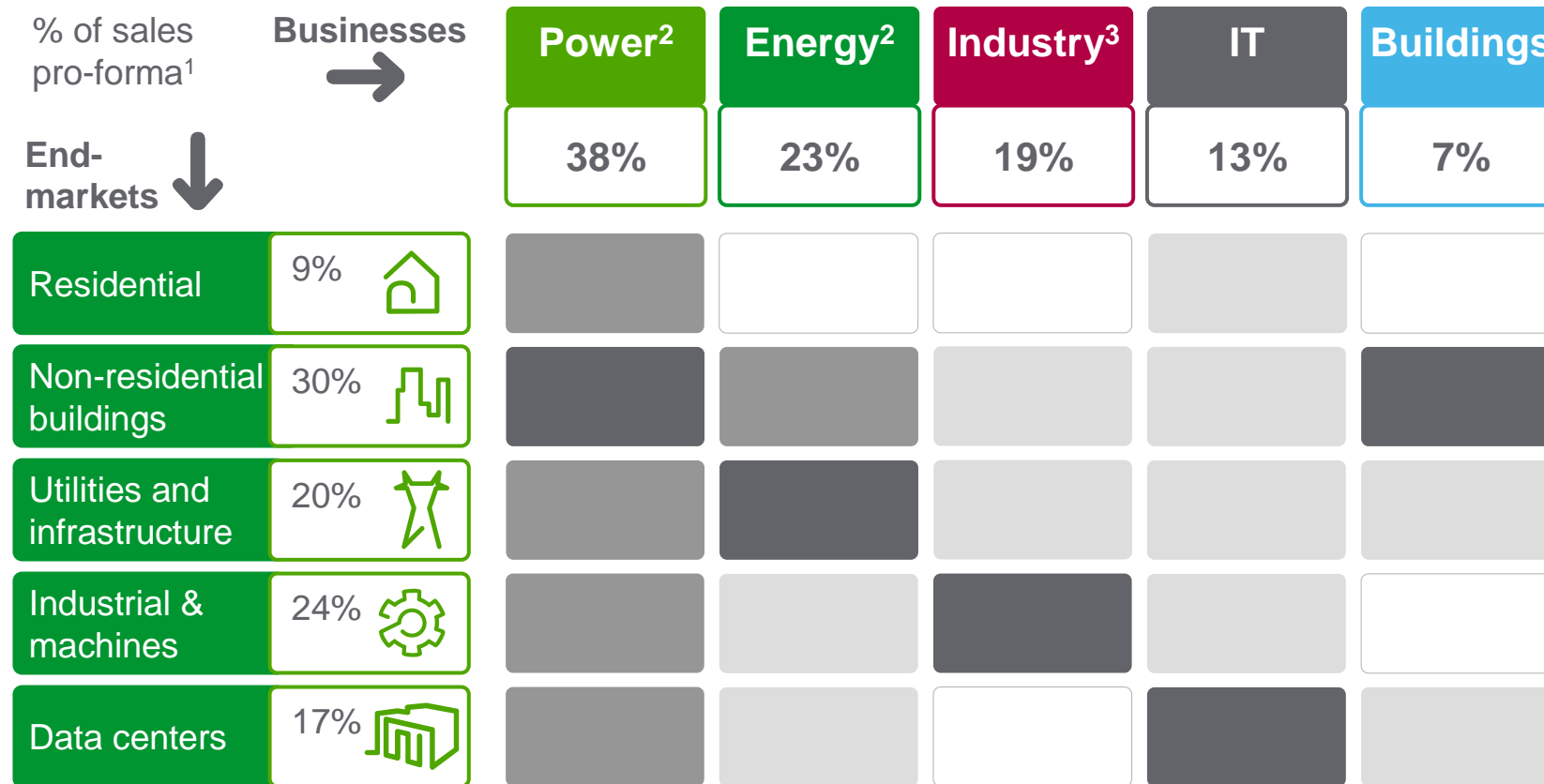
Our portfolio has been through a major transformation in the past decade



Today, we are the global specialist in energy management...



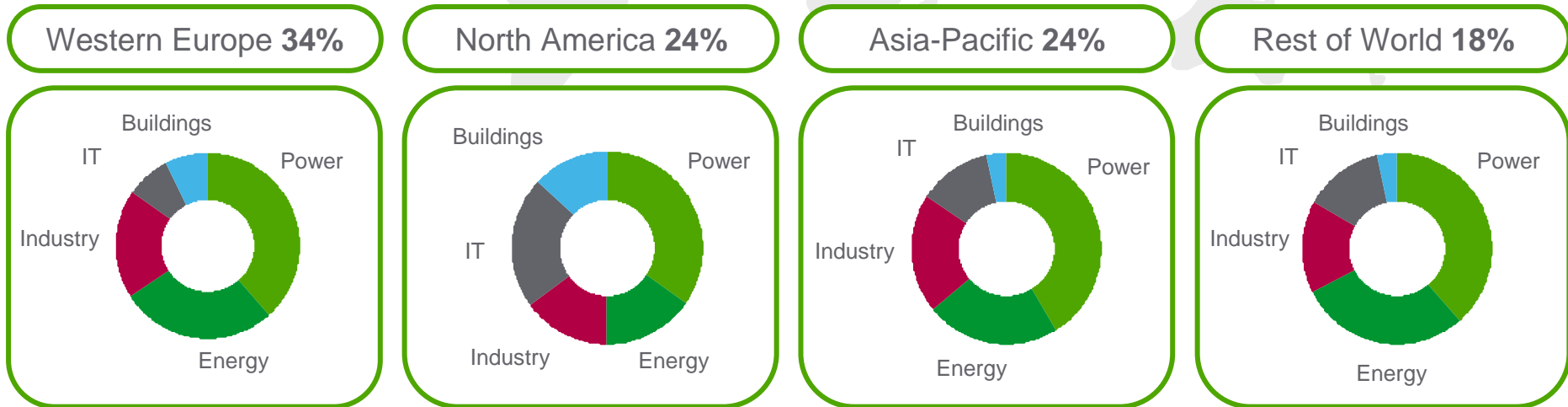
...with 5 strong businesses in 5 attractive end markets



1st market
Other key markets
Some presence
ns

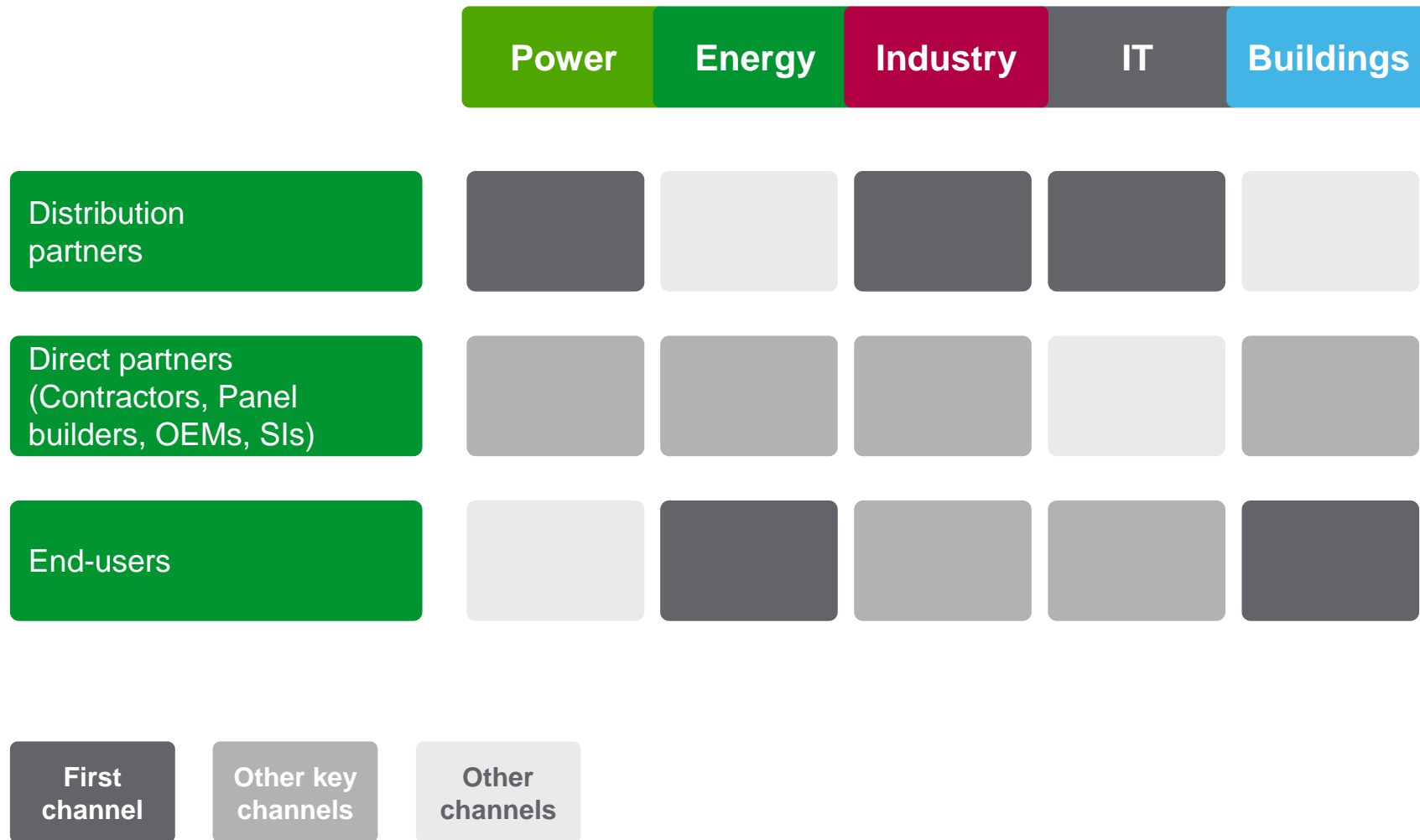
¹ Proforma with Areva D integrated on 12-month basis
² Estimates subject to changes. Final split between Power and Energy to be finalized
³ Analysis includes CST – starting in 2011 will be reported under Industry

Our geographical footprint is global and balanced across regions



Data based on 12-month 2010 sales, including Areva Distribution on a proforma basis over the period. Power and Energy split to be finalized.

We manage multiple accesses to markets, built on strong partnerships



We have built worldwide leadership in most of our businesses

	Power	Energy	Industry	IT	Buildings
Key technology	Low Voltage & Renewable	Medium Voltage	Industrial Automation	Critical Power & Cooling	Building Automation & Security
Schneider Electric worldwide rank	#1	#1	#2	#1	#4
Global competitors	ABB Siemens Eaton Legrand	ABB Siemens	Siemens Rockwell	Emerson Eaton	Siemens JCI Honeywell

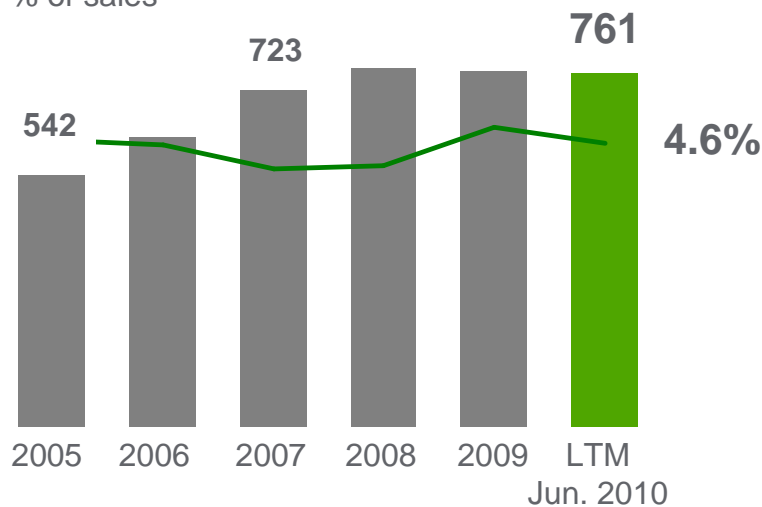
← Adjacent & synergetic businesses →

90% of group sales as world #1 or 2 player vs. 50% in 2000

Commitment to innovation and R&D in products and solutions to support future growth

R&D budget

€m
and % of sales



Market leader

Different countries
different norms

Communication &
integration

One step ahead
with partnerships

Leading
technologies

Managing many
different local needs

EcoStruxure,
IP, Wireless

Universities,
Cisco, IBM...

Continuous high level of investment to drive leadership

We are a socially responsible company committed to sustainable development

Environment

- Apply standards like RoHS, REACH, WEEE
- Eco-design
- ISO14001 certification



Business

- Head of *Green Grid*
- Sign the *Clinton Climate Initiative*
- Partner of *Alliance to Save energy*



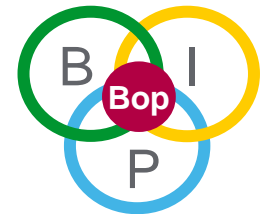
Ethics

- Global compact of the United Nations
- Principles of responsibility signed by every employee



Access to energy

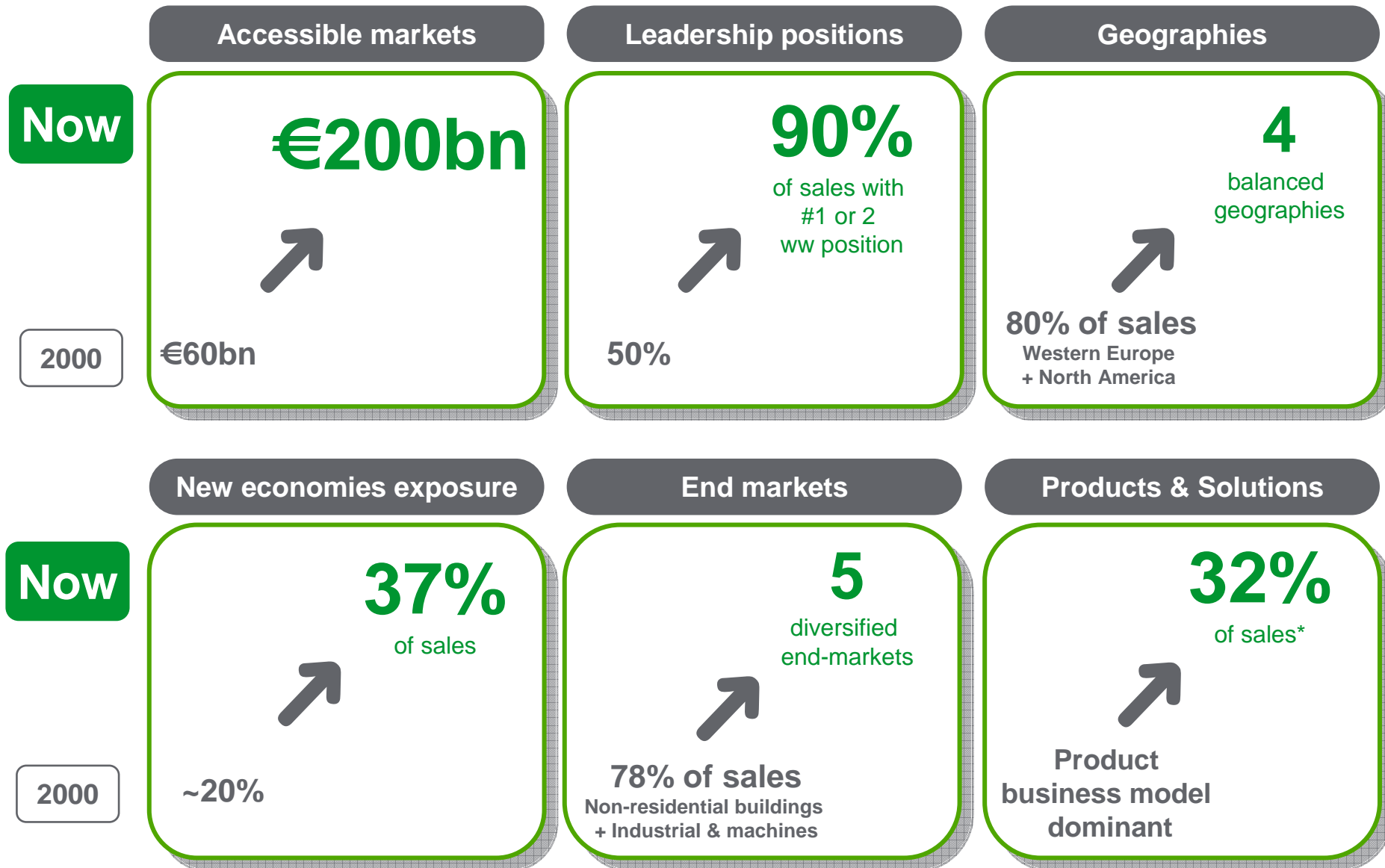
- Provide access to electricity for 1.6 billion people
- Train disadvantaged young people in the field of energy
- Business angel for local entrepreneurs



Responsible



We have transformed our company



* Before consolidation impact of Areva Distribution

The business
environment is
changing, creating
major opportunities
for us



We see favorable trends in our environment...

**Energy
efficiency is
mainstream**

**Smart grid is
emerging**

**New economies
are driving
world growth**



...that create a world of opportunities for us

Energy efficiency regulations and standards are popping up everywhere



US

- **Federal commercial building codes** updated and new codes adopted in **34 states**
- **Federal tax deductions** (e.g. USD1.8 per sq. ft if certain measures are applied)
- **New York example:** all energy efficiency retrofits with payback < 5 years need to be introduced
- **Net-zero buildings by 2050**



CHINA

- **Clear energy efficiency targets (20%)** in the nation's 5-year plan
- Strong government **focus on highly-consuming industries** such as power, metals & mining, oil & gas, construction
- Building codes and regulations for implementation detail **mandatory efficiency improvements** to building envelopes, lighting and HVAC systems



INDIA

- **Perform Achieve and Trade Scheme:** market-based trading mechanism to buy-sell energy saving certificates that can enhance cost-effectiveness of improvements in large industries
- **Energy conservation building code**, mandatory for government buildings

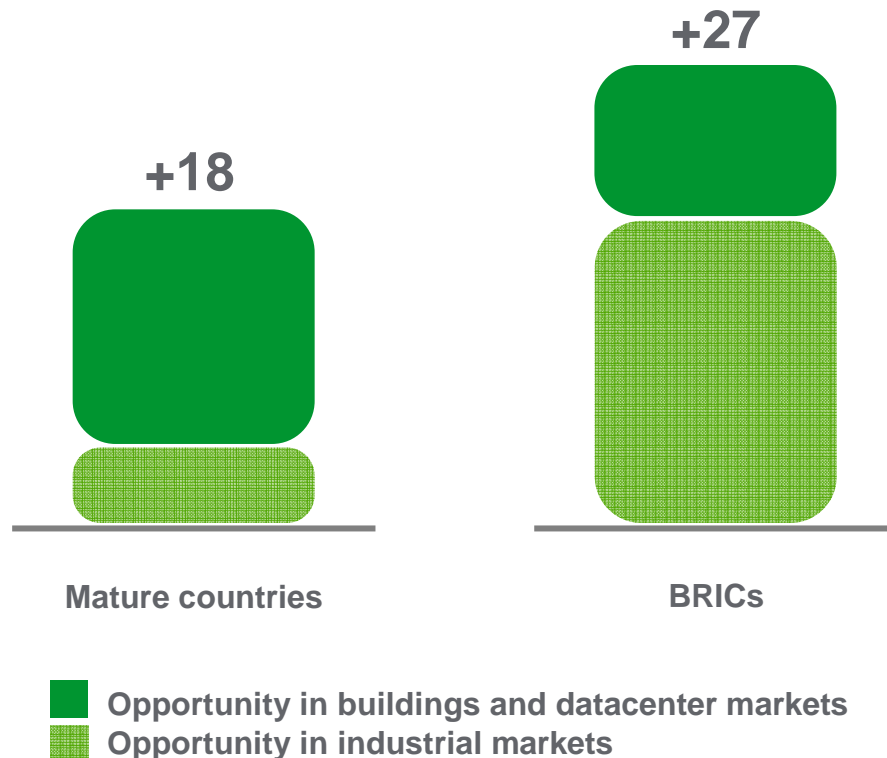


EUROPE

- **Energy certification mandatory** for new, rented and sold buildings
- **Mandatory standards** for buildings energy **performance**
- **Building codes adjusted in member states** – **new builds and renovations need to meet energy efficiency standards (funding programs >EUR 9 bn for promotion of energy efficiency established)**

Energy efficiency is a powerful engine to fuel our business

Incremental market opportunity on annual basis by 2020 (\$bn)



~\$45bn incremental opportunity for the sector

40% in mature countries
60% in new economies

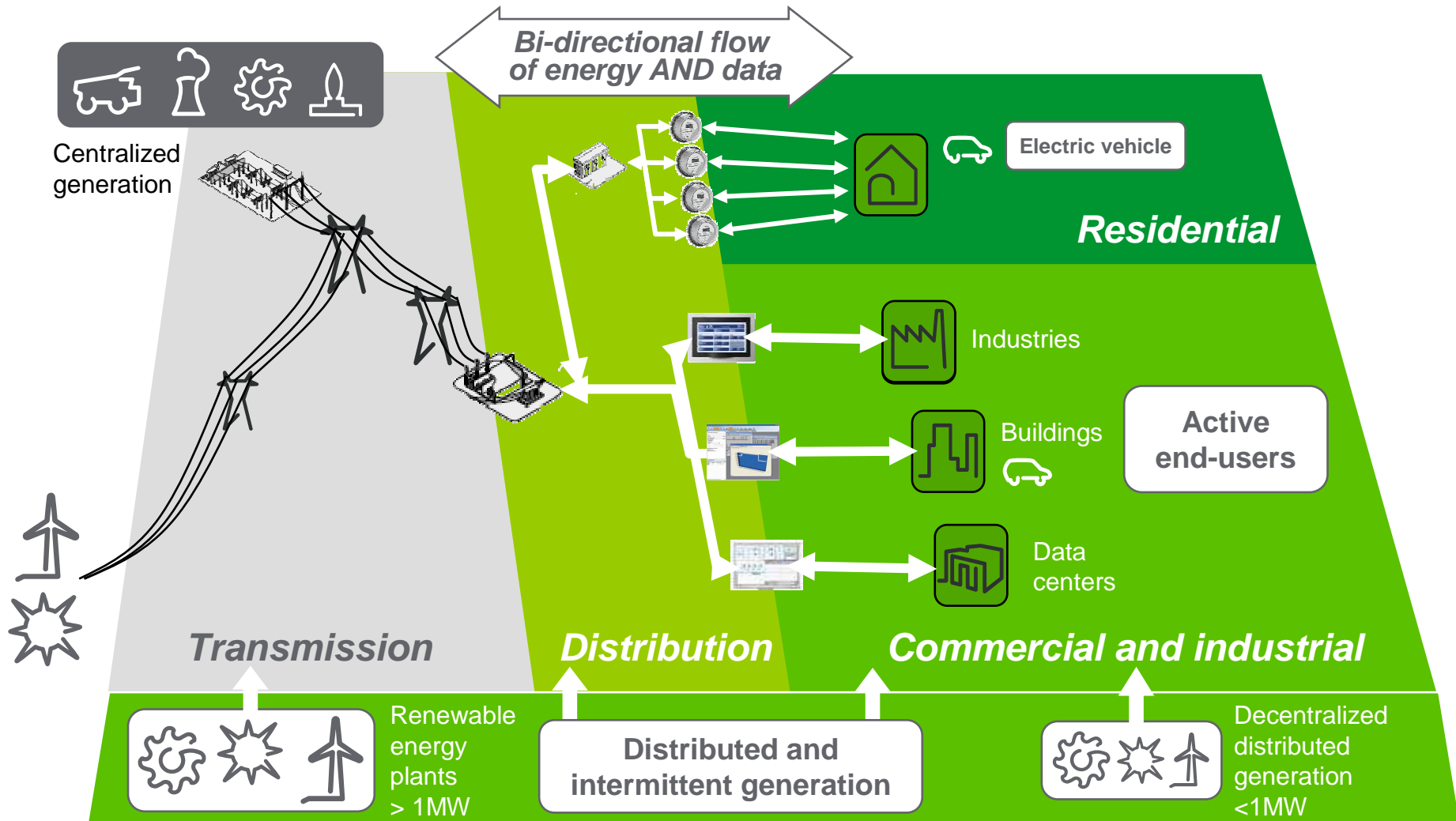
Mature countries: large **buildings** opportunity

New economies: large **industry** opportunity

Energy efficiency opportunity in the non-residential, industrial, residential and data-center markets driven by 1/ regulations introduced in connection with carbon abatement pledges by governments and 2/ NPV-positive energy saving measures

Source: Schneider Electric estimates based on McKinsey Climate Change Special Initiative research

Energy challenges driving major transformation: from top-down grid to interactive Smart Grid

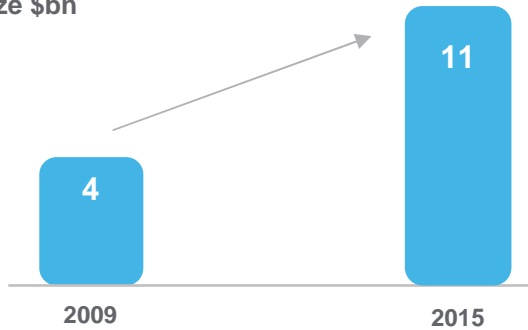


Huge investments planned in development & deployment of associated infrastructure

Grid automation ¹

Source: Pike Research
(1): Substation & Distribution Automation

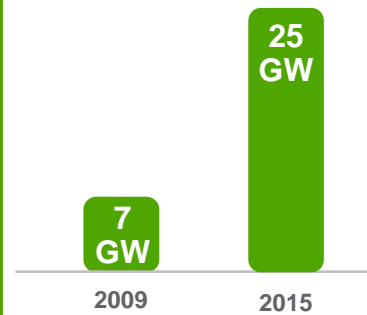
Grid Automation
Market Size \$bn



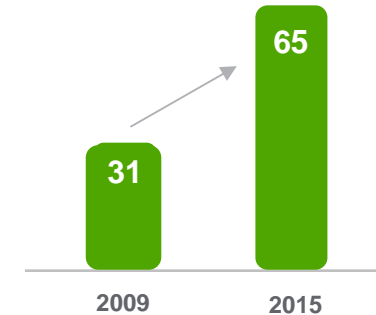
Solar PV solutions

Source: IMS

Installed Capacity GW



Annual capex \$bn

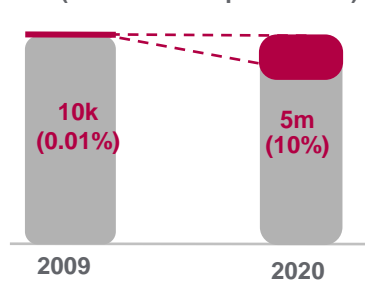


including spending on real estate & PV panels not accessible to SE

Electrical vehicles

Average scenario

No. of EV/PHEV cars
(% of total car production)

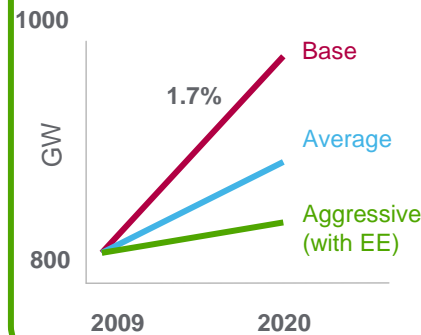


€5bn
of charging
infrastructure
market in 2020

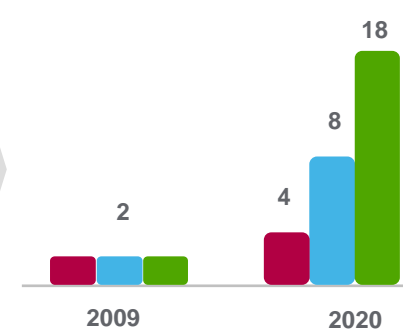
Demand Response

Example : USA
Source: Pike Research

Power Consumption GW /
DR Potential

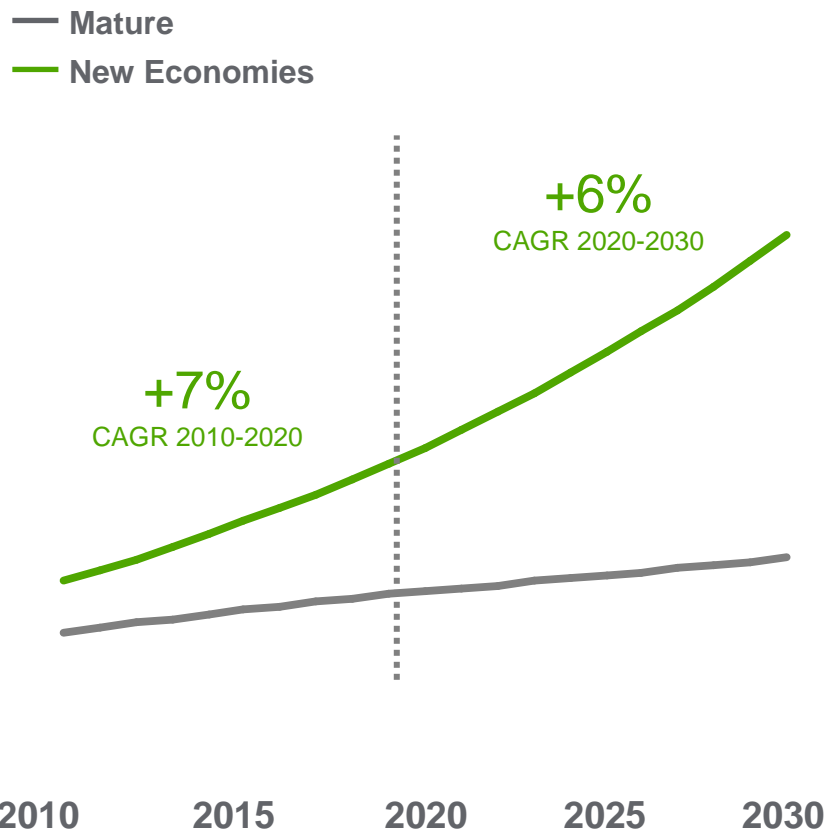


DR Market Size \$bn



A two-speed world necessitating different answers to different markets

Capex at Purchasing Power Parity



Source: Oxford Economics

New economies

70% of **GDP** growth opportunity

80% of **capex** growth opportunity

Our transformation
continues with One



We are executing @ne program to become different to our customers

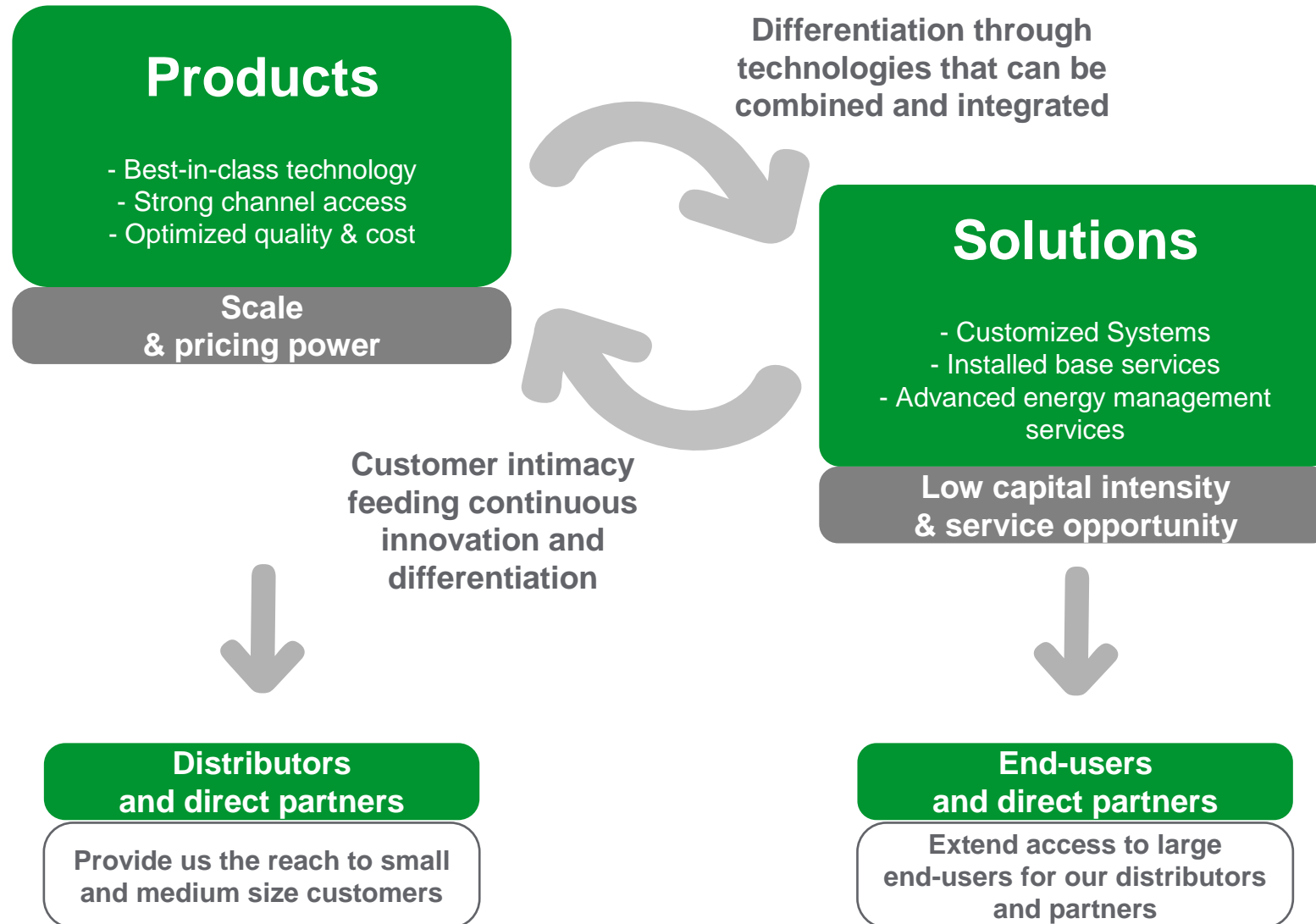


Our transformation
continues with One

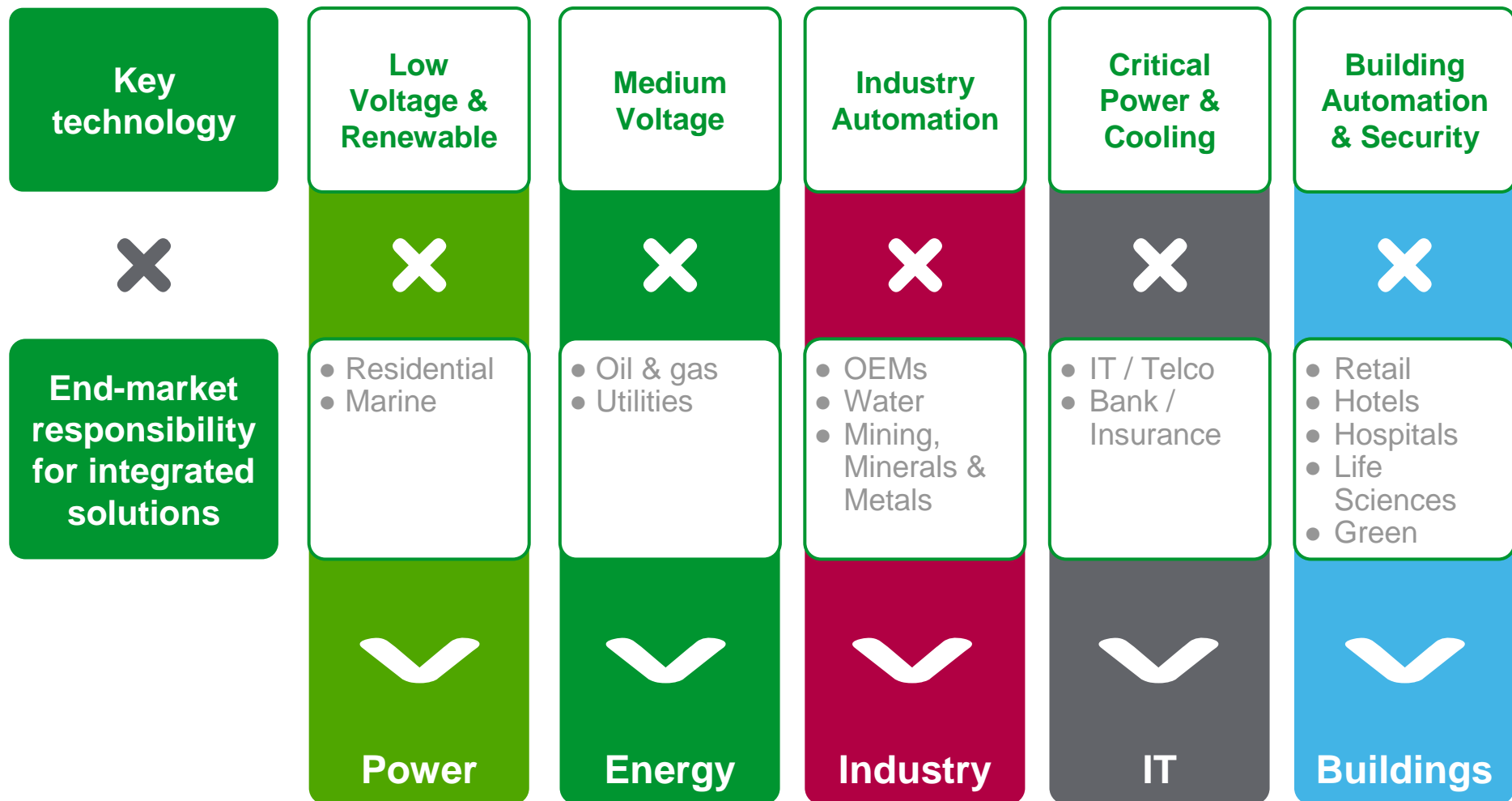
*Deliver solutions for
energy efficiency
and the smart grid*



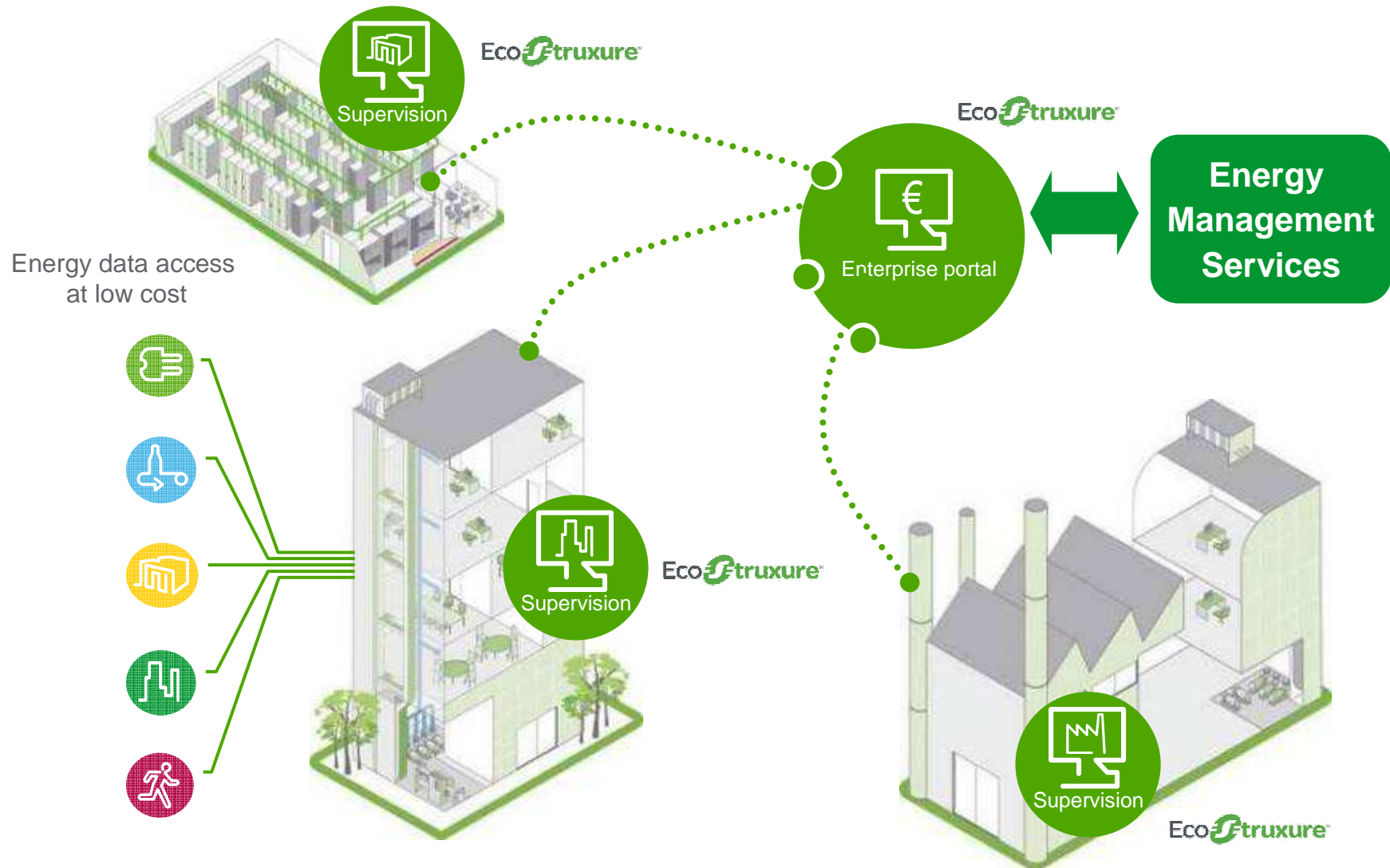
From products to products & solutions



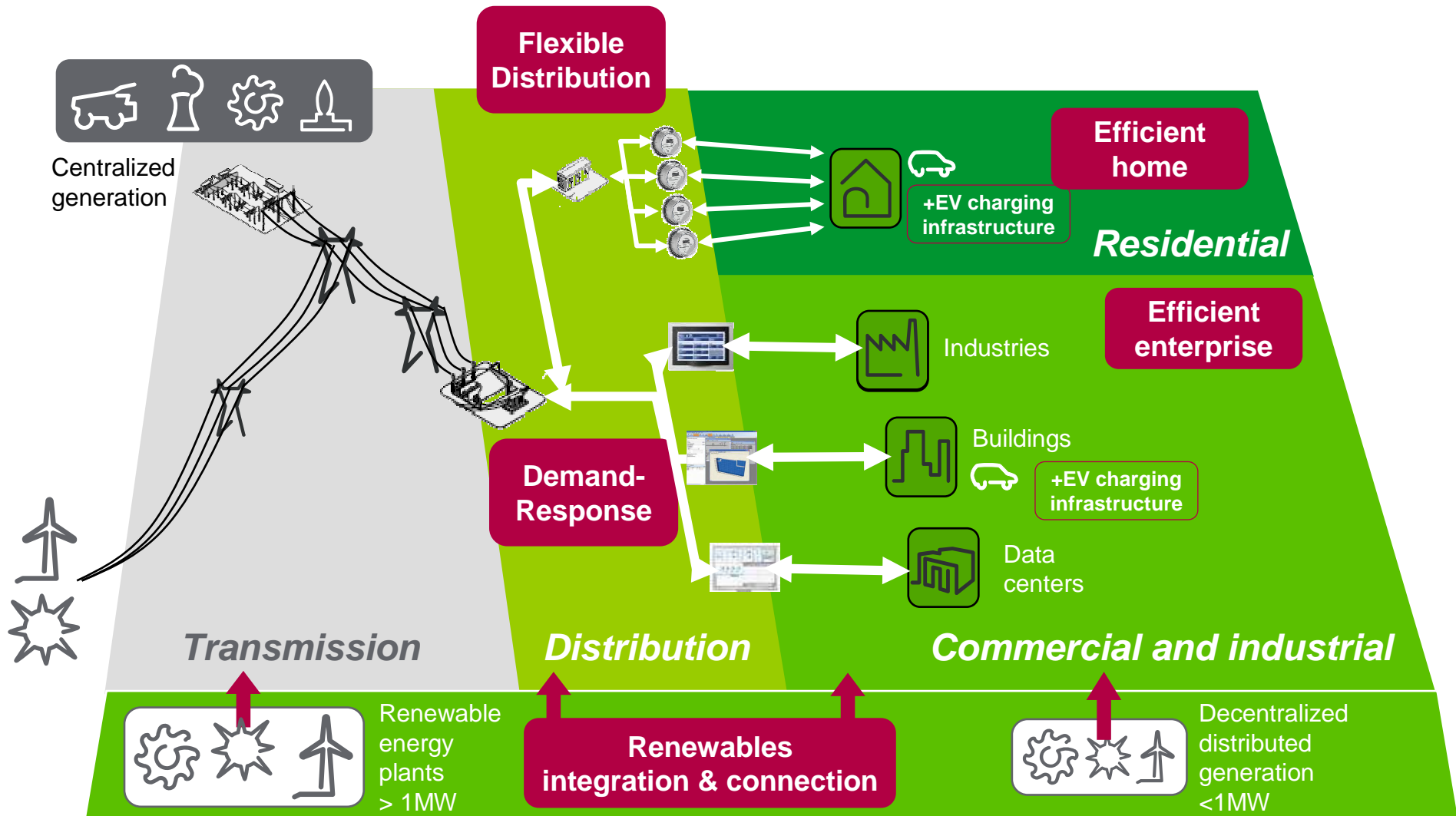
①ne organization is put in place with increased end-market focus



Seamless integration and a single software environment with EcoStruxure™



Interactive Smart Grid: 5 fields of opportunities for Schneider Electric



How do we capture the opportunity?

Renewables

- Photovoltaic solar farms & solar solutions integrated in buildings
- Capturing business also in wind and hydro markets
- On track to reach ~2% of sales in 2010



Flexible Distribution

- Help utilities build, operate and maintain the grid in a changing environment
- Providing hardware, software and services
- Customized solutions according to specific geographic needs



PACiS



MiCOM

Electric Vehicle Infrastructure

- Priority to safety and ease of use
- Entering series production in 2011
- Preparing integration of EVs into the smart grid



Demand-Response management

- Priority to experiment new solutions and business models
- US: a couple references already
- Europe: ramping up in 2011

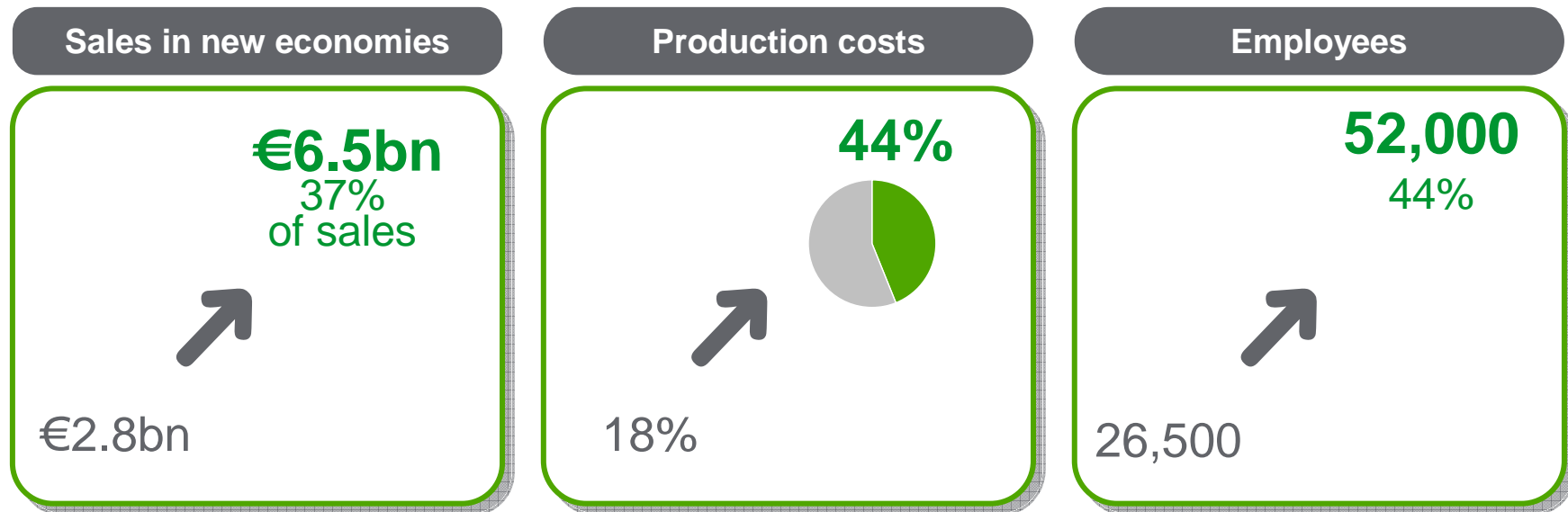


Our transformation
continues with One


*Capturing growth
in new economies*



We continue to establish strong market presence and industrial base in new economies



New economies:
Asian countries excluding Japan, Africa, Middle East,
Latin America & Mexico, Eastern Europe including Russia

2004  **today**
last 12 months

...thanks to a strong and sustainable business model

Deploying the traditional Schneider Electric way



- 1 Global leadership
- 2 Strong brands
- 3 Vast network of global distributor partners
- 4 Strong local partners (including contractors, EPC)
- 5 Efficient supply chain

New economies specific factors



- 1 Local R&D
- 2 Products meeting local needs
- 3 Embedded in local landscape
> 600 distribution partners in China
- 4 Successful joint ventures
- 5 Ecosystem of local qualified suppliers

New economies strategy by business

Power

- Offer adaptation with local R&D
- Accelerate global footprint

Energy

- Develop the commercial synergies of the business plan
- Leverage Areva D industrial capacity

Industry

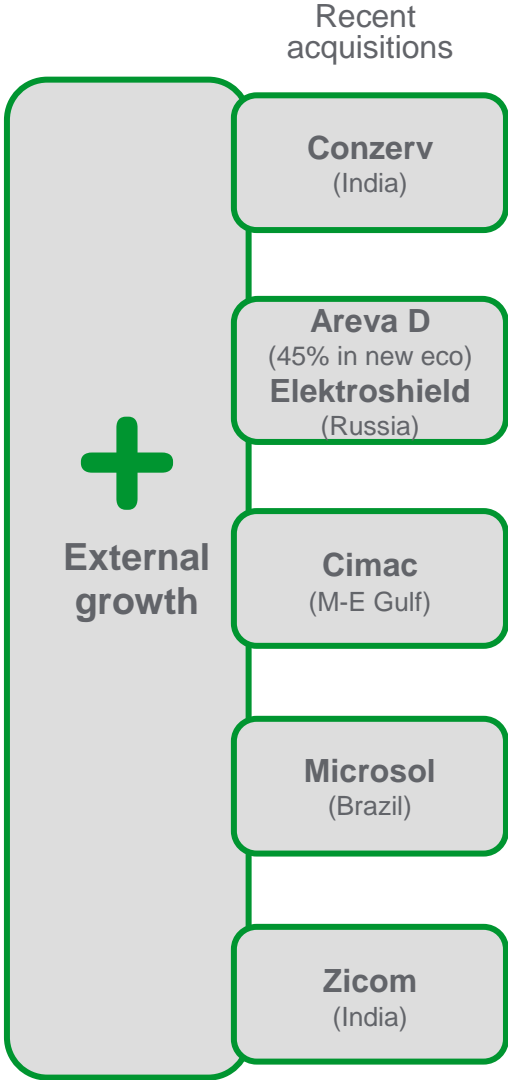
- Simple machine solutions for OEMs
- Complete offer capabilities in mining, minerals & metals and water

IT

- Boost local adaptation
- Solve “stressed grid” situations

Buildings

- Further enhance commercial presence
- Local offers



Our transformation
continues with One

*Deploy One efficient
way of driving the
company*



The Schneider Electric Way

One **EcoStruxure**
One customer touchpoint
One brand, One design

One service and
solution organization



Simple for customers

One organization
One set of processes

One global supply chain
One set of shared services

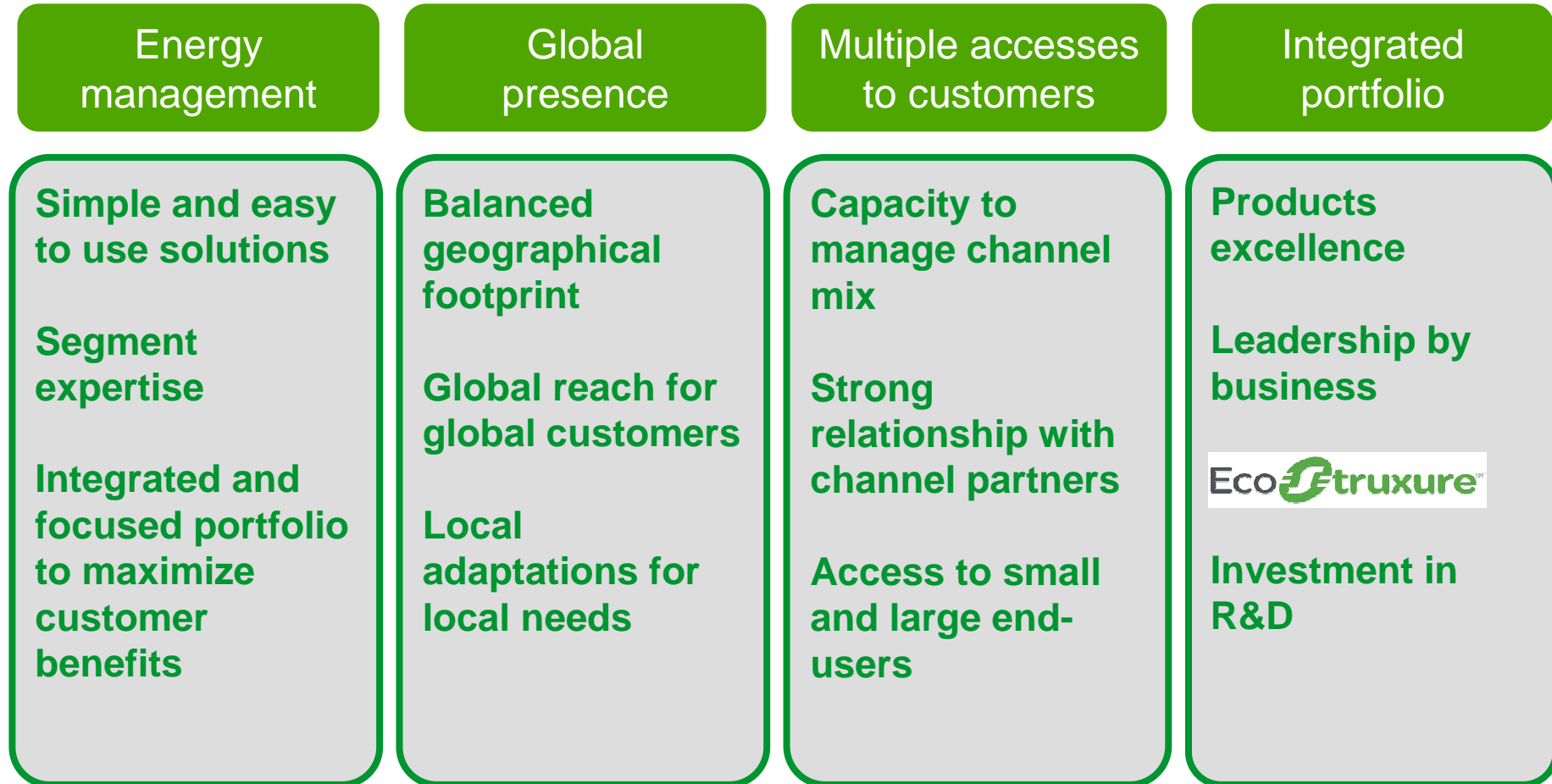


Efficient organization

Conclusion



Schneider Electric's differentiators



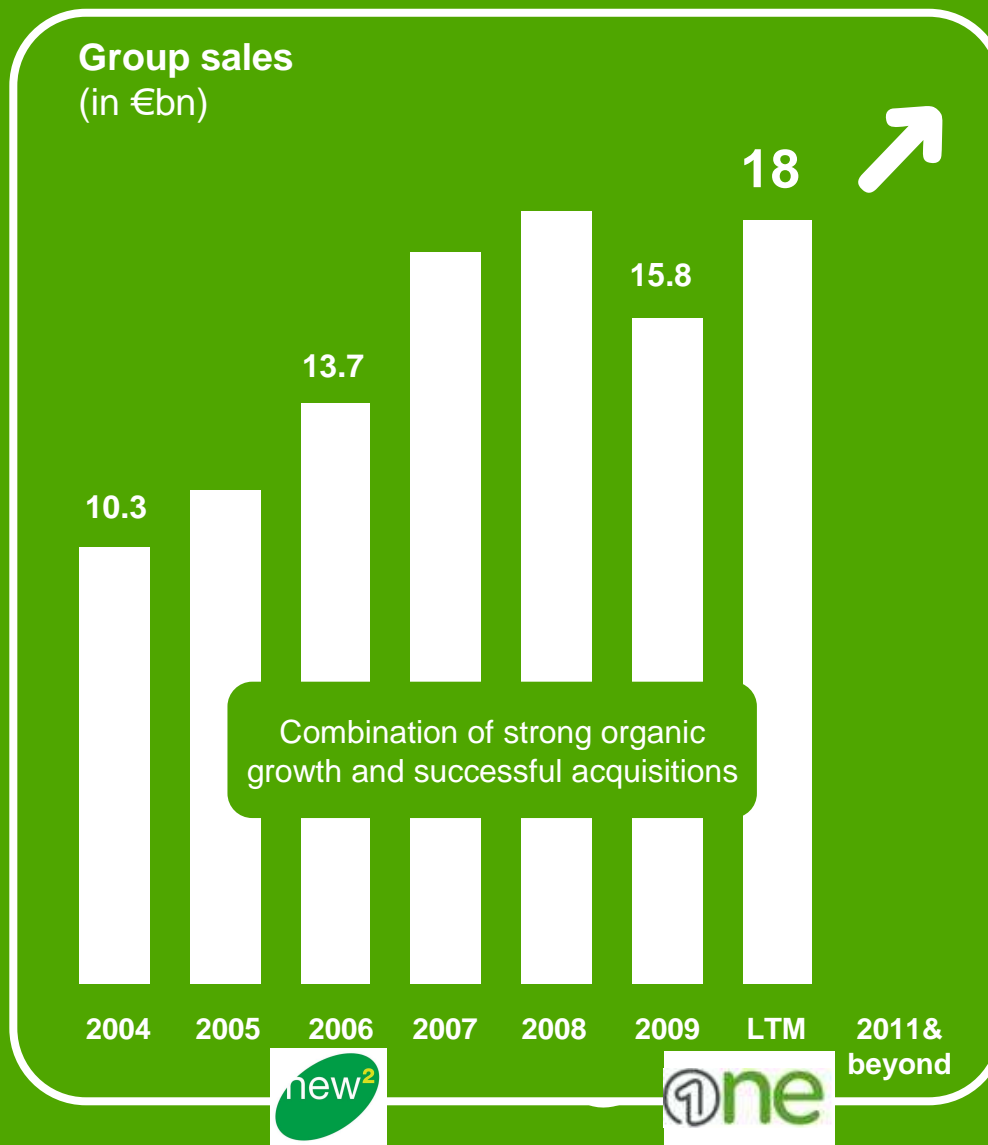
Schneider Electric: a growth story

growth targets
across a normal cycle

Solutions
(32% of sales)
targeted organic growth
at GDP +5 points

New economies
(37% of sales)
targeted organic growth
at GDP +6 points

Group
targeted organic growth
at world GDP +3 points



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

