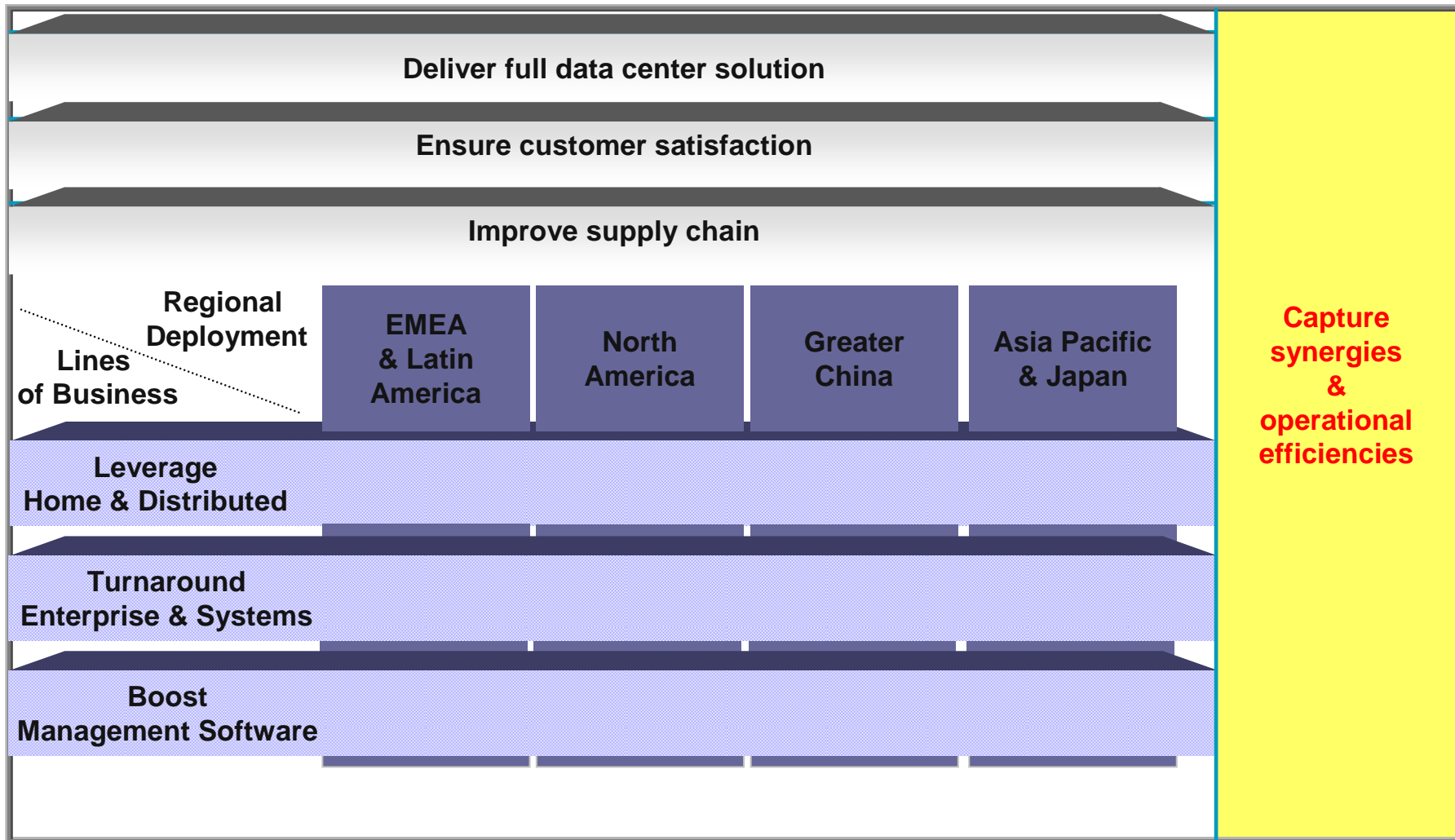




 **Critical Power**
 **Financial performance**
 **November 28, 2007**

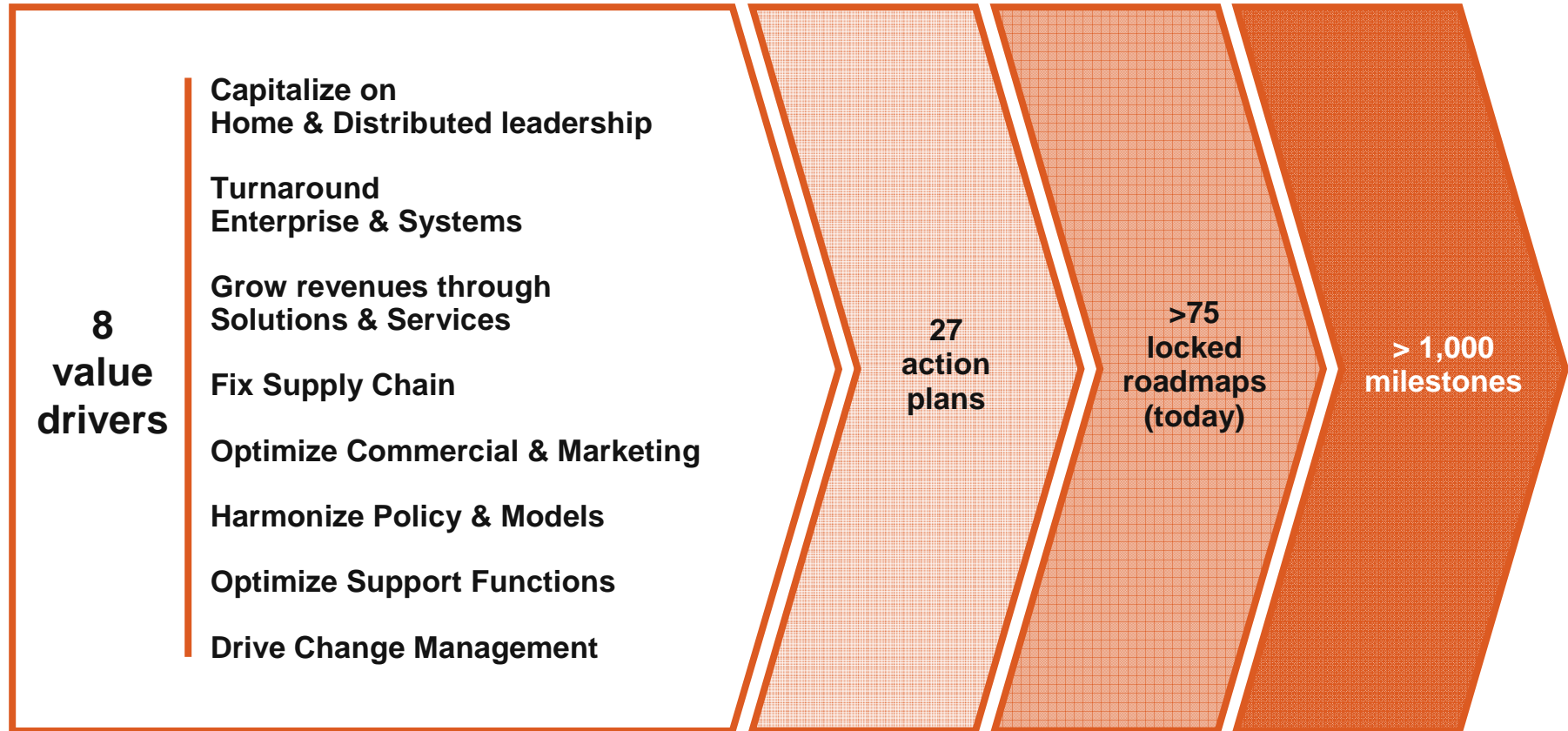


Capturing operational efficiencies is one of the strategic initiatives



A dedicated integration office monitors the synergies and operational efficiencies

→ Integration framework: from 8 value drivers to >1000 milestones

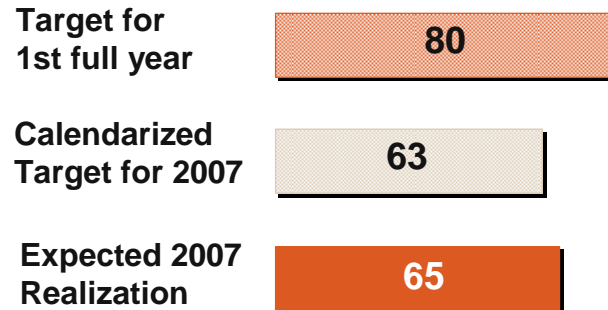


→ Integration backbone: target setting, IT, toolbox



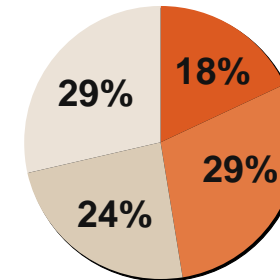
2007 synergies target will be achieved

Synergies progress (in \$m)



Breakdown by type

100% = \$65m



- Supply Chain (purchasing & logistics)
- Commercial & Marcom
- Support Functions
- Others

→ Key synergies plans launched in 2007

- **Purchasing:** economies of scale, harmonization of components, Schneider Electric substitution
- **Logistics:** DC consolidation, ...
- **Commercial integration:** sales force optimization, cross-selling, real-estate
- **Marcom** optimization between APC and MGE
- **G&A:** IT, shared services, ...



APC EBITA will more than double in 2007

APC results 2007 Forecast (F)

\$m	FY 2006	FY 2007	% chg
Sales	2,378	2,690	+13%
EBITA before non recurring charges*	150	349	x2.3
<i>Margin %</i>	6.3%	13.0%	+6.7pts
EBITA**	94	331	
<i>Margin %</i>	4.0%	12.3%	

→ Strong volume increase

→ Revenue management

- Terms & conditions improvement: discounts, return policy, incentives
- Selected price increase to offset raw materials impact (mainly lead)
- Termination of unprofitable product lines and project selection

→ Cost base optimization

- Supply chain: productivity, logistics costs
- Support functions

* Before non-recurring charges: restructuring costs and assets value adjustments

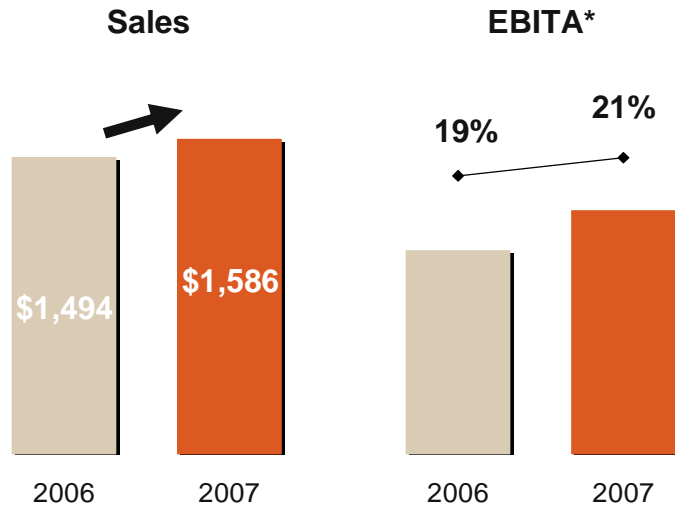
** Operating income before amortization of purchase accounting intangibles



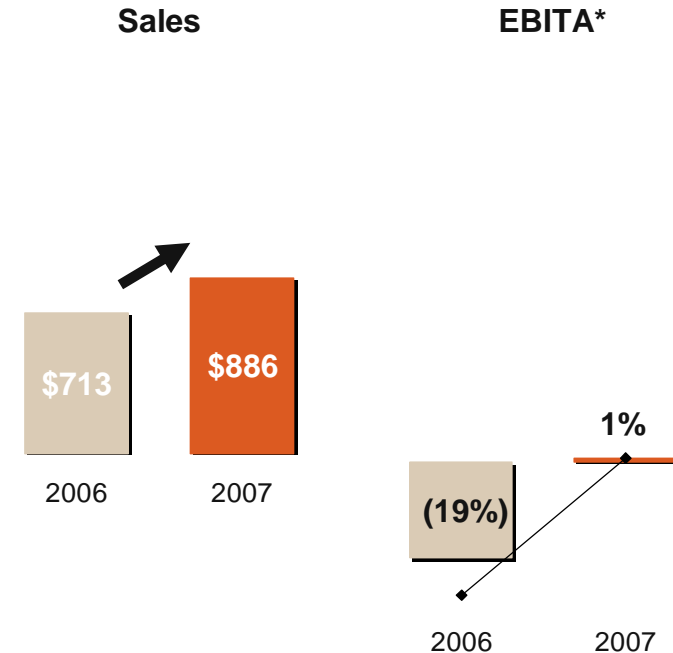
APC performance will be largely driven by the turnaround at Enterprise Systems & Services

APC results 2007 (F)

Home & Distributed



Enterprise Systems & Services



- ➔ Breakeven in **Enterprise Systems & Services** achieved 1 year in advance
- ➔ **Home & Distributed** profitability improved by 2 points

* Before non-recurring charges: restructuring costs and assets value adjustments



Recovery of APC and first effects of integration with MGE will lead to strong progress of Critical Power results

Critical Power results 2007 (F)

(in \$m)	2006 Proforma*	2007 F Proforma*	% chg
Sales	3,023	3,500	+16%
<i>Organic growth</i>			+13%
EBITA before non recurring charges**	209	426	x2.0
<i>Margin %</i>	6.9%	12.2%	+5.3pts
EBITA***	150	388	
<i>Margin %</i>	5.0%	11.1%	

- Combined **EBITA increase** of \$222m of which \$204m coming from ex-APC
 - **Positive impacts:** pricing, forex, synergies & operational efficiencies
 - **Negative impacts:** raw materials, business lines mix
- Strong performance of **ex-MGE perimeter:** EBITA +31%

* 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

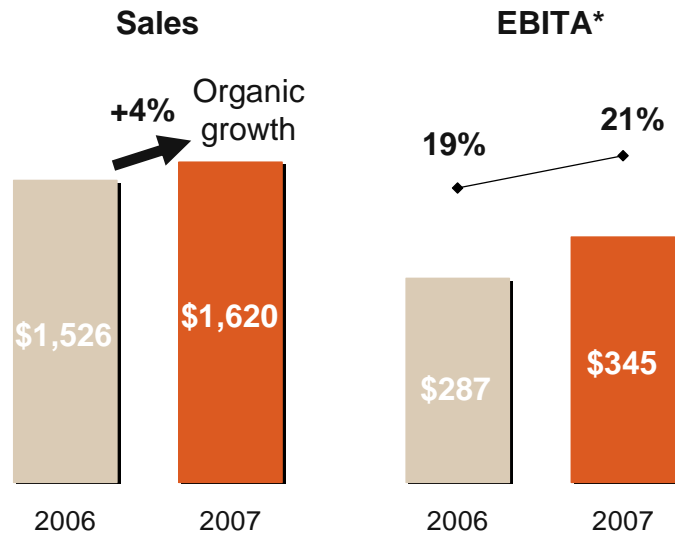
*** Operating income before amortization of purchase accounting intangibles



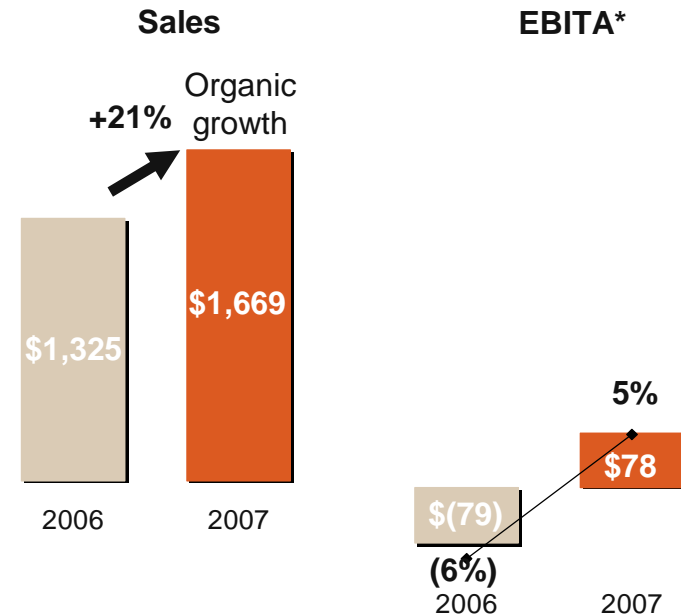
Critical Power will show in 2007 20% EBITA increase at H&D while ES&S will be clearly in the black

Critical Power results 2007 (F)

Home & Distributed



Enterprise Systems & Services



→ Enterprise Systems & Services (ES&S)

- Continuation of strong sales momentum
- Turnaround driving \$157m EBITA increase

→ Home & Distributed (H&D)

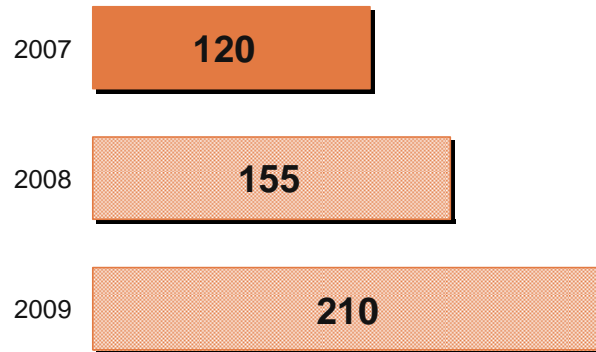
- Growth impacted by product lines termination (~3pts)
- Generation of \$58m additional EBITA

* Before non-recurring charges: restructuring costs and assets value adjustments

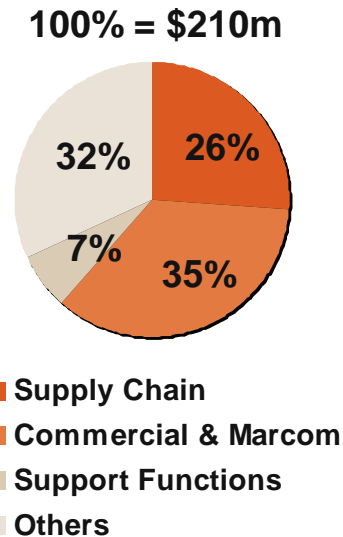


Total operational efficiencies should reach \$210m in 2009

Operational efficiencies status (in \$m)



Breakdown by type



→ Operational efficiency plans deployed to underpin the profitability improvement target

- Main efficiencies:
- Commercial strategy: harmonization of policies, T&Cs, ...
 - Supply chain: purchasing, logistics, ...
 - Support functions: G&A, IT, Marcom
 - Lines of business: Enterprise Systems, Services

Critical Power EBITA has the potential to nearly double again by 2009

Critical Power targets 2009

(in \$m)	2006 Proforma	2007 (F) Proforma	2009 Target	vs 2007
Sales	3,023	3,500	4,300-4,500	
<i>Organic growth</i>		+13%		+11-13% CAGR
EBITA*	150	388	650-750	
<i>Margin %</i>	5.0%	11.1%	15-17%	+4-6pts



* Operating income before amortization of purchase accounting intangibles



Strong prospects for 2009 lie in profitable growth at H&D and double-digit margin at highly-growing ES&S

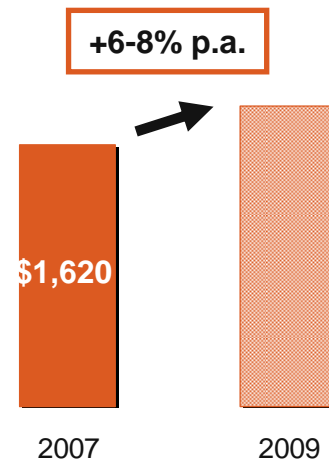
→ Home & Distributed

- Strategic product focus on 4 segments (AV, Mobile, Network Closet, Server Room)
- Regional focus on BRIC countries and Africa
- Commercial investments in new targeted countries

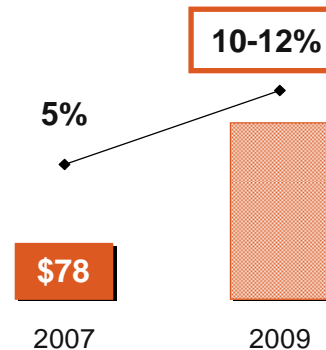
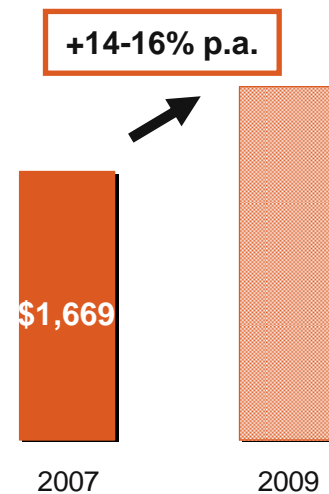
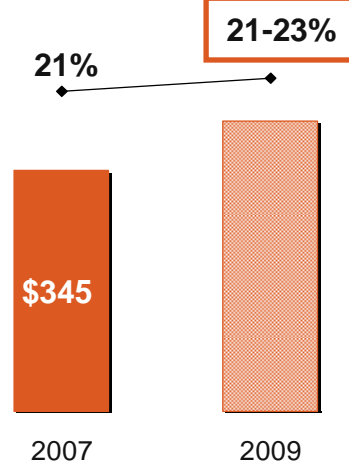
→ Enterprise Systems & Services

- Two digit growth in all regions, driven by data centers
- Full impact of the turnaround plan (from sales efficiency to R&D)
- Redefined services strategy
- Supply chain improvement

Organic growth



EBITA* margin



* Before non-recurring charges: restructuring costs and assets value adjustments



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.

