

Financial Information

Q3 2009 sales led by improving momentum in new economies

- **New economies: 10 points better than mature countries**
- **Solution and services: 6 points above group average**
- **Demand in mature countries stabilized but remains globally soft**
- **Cost reduction plans on track to support margin**
- **FY EBITA margin target upgraded to around 12.5% pre-restructuring cost**

Rueil-Malmaison (France), October 22, 2009 – Schneider Electric today reported third-quarter sales of **€3,950 million**, down **15.1%** on a current structure and exchange rate basis. Like-for-like sales were down **17.0%**, up from the low point reached in the second quarter 2009.

The breakdown of sales by geographical region was as follows:

€ million	Sales Q3 2009	% change Q3 (organic)	Sales 9-month 2009	% change 9-month (organic)
Europe	1,523	-22.3%	4,740	-20.1%
North America	1,108	-21.3%	3,292	-22.1%
Asia-Pacific	891	-5.3%	2,411	-11.9%
Rest of the World	428	-4.2%	1,262	-2.8%
Total	3,950	-17.0%	11,705	-17.6%

Jean-Pascal Tricoire, President and CEO, commented: *“Our performance in Q3 highlights the better resilience of our long term growth engines, the new economies and solutions, which offset to some extent the soft demand in mature countries. New economies demonstrate again their structurally superior growth potential. Also, we are leveraging our expertise in solutions and services to capture opportunities driven by energy efficiency or stimulus packages.*

We keep on deploying our company program One in order to make Schneider Electric leaner, simpler, and closer to our customers.

Considering the Q3 trend, and with our cost reduction plans well on track, we upgrade our full year EBITA margin target to around 12.5% pre-restructuring cost.”

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Growth by region

Europe third quarter sales dropped by **22.3%** like-for-like compared to the same period in 2008. In Western Europe, France continued to hold up better than Group average. While Spain was still deeply impacted by the construction downturn, some signs of stabilization started to emerge from the UK and Scandinavia. Germany also benefited from a slight rebound in industrial demand compared to the severe contraction of the second quarter. The Building Automation business resisted better, supported by energy efficiency projects and services.

Eastern Europe still suffered from very weak demand in industry and lack of financing for building projects while infrastructure markets showed better resilience on the overall. However, some countries, notably Russia, started to stabilize at a very low point.

North America sales decline was a touch better than in Q2, at **-21.3%** in this quarter. As expected, non-residential buildings continued to suffer due to lower order intakes in the first half. However, solution business with public and government facilities remained robust thanks to the US administration's push for energy efficiency. Industry was probably close to bottom in the third quarter. Data centers started to improve, with encouraging signs coming from the government or educational markets, as well as telecom customers. The energy and infrastructure end-market continued to outperform the region's average, thanks in particular to water and oil & gas projects.

Asia Pacific organic sales declined by **5.3%**. China, boosted by government-driven stimulation, recorded double-digit growth and led the recovery of the region. Business opportunities were particularly visible in energy and infrastructure end-markets, such as rail, subway, wind power, oil & gas projects, and also in housing and industry segments. The Pacific zone, India and Japan showed sequential improvement, following the stabilization of the residential and industrial end-markets.

Sales in the **Rest of the World** declined by **4.2%** like-for-like. Middle East showed sequential growth thanks to more positive trends in resource rich countries, such as Saudi Arabia. South America was stable compared to the second quarter. However, Africa shifted to negative territory as a result of the slowdown in demand for industry and infrastructure.

The sales decline of the new economies was at **-9.5%** on an organic basis.

Growth by business

Electrical Distribution (which represents 58% of group sales this quarter) was down **14.5%** in the third quarter. Trends were better in low voltage and in projects and services, partly supported by stimulus packages, while market conditions in medium voltage were tougher.

Automation and Control (27% of group sales this quarter) still posted the sharpest organic decline among Group businesses, at **-21.2%**. However, this was about six points better than in Q2. In this division, the activity related to industrial end-markets bottomed, coupled with the end of destocking at distributors. Building Automation remains more resilient than Group average.

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Critical Power (15% of group sales this quarter) posted an organic decline of **18.5%** on par with the first half level. This reflects both a still challenging basis of comparison and delay in the invoicing of part of the backlog.

€ million	Sales Q3 2009	% change Q3 (organic)	Sales 9-month 2009	% change 9-month (organic)
Electrical Distribution	2,293	-14.5%	6,835	-13.5%
Automation & Control	1,061	-21.2%	3,148	-24.9%
Critical Power & Cooling	596	-18.5%	1,722	-18.0%
Total	3,950	-17.0%	11,705	-17.6%

Consolidation and foreign exchange impacts

Acquisitions contributed +1.2% or €56 million. Such contribution includes €30 million from acquisitions, €40 million linked to the proportional integration of the Delixi joint-venture since January 1st and a negative €14 million impact from divestments.

Foreign exchange fluctuations added €36 million, less than the amount recorded in the two previous quarters due to the recent depreciation of the US dollar and the Chinese yuan.

Recent highlights

Schneider Electric continues to seize refinancing opportunities and announced on September 15 that it signed a 3 and 5-year credit facility for a total amount of €1.8 billion. This facility helped secure a very strong liquidity position for the Group, which has now more than €2.8 billion of back-up credit lines, and of which €2.5 billion have maturities in June 2012 and beyond.

The Group also announced on September 10 the disposal of Selectron Systems AG, a Swiss based subsidiary active in automation solutions for rail vehicles with reported 2008 sales of about CHF24 million. This is part of Schneider Electric's intention to regularly adapt its business portfolio.

Outlook

Considering the Q3 trend, Schneider Electric believes the organic sales decline in H2 will be slightly less severe than in H1. With the cost reduction effort on track to deliver the expected savings, the full year EBITA margin target is upgraded to around 12.5% before restructuring charges.

2009 full year results and fourth quarter sales will be released on 18 February 2010.

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About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 114,000 employees achieved sales of more than 18.3 billion euros in 2008, through an active commitment to help individuals and organizations "Make the most of their energy."

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Appendix – Breakdown by geography

Third-quarter 2009 sales by geographical region were as follows:

€ million	Sales Q3 2009	% change Q3 (organic)	Changes in scope of consolidation	Currency effect	% change Q3 (current)
Europe	1,523	-22.3%	-0.2%	-2.2%	-24.7%
North America	1,108	-21.3%	+2.1%	+4.3%	-14.9%
Asia-Pacific	891	-5.3%	+3.1%	+3.5%	+1.3%
Rest of the World	428	-4.2%	+1.6%	-2.1%	-4.7%
Total	3,950	-17.0%	+1.2%	+0.7%	-15.1%

Nine-month 2009 sales by geographical region were as follows:

€ million	Sales 9-month 2009	% change 9-month (organic)	Changes in scope of consolidation	Currency effect	% change 9-month (current)
Europe	4,740	-20.1%	+0.1%	-2.4%	-22.4%
North America	3,292	-22.1%	+2.8%	+8.4%	-10.9%
Asia-Pacific	2,411	-11.9%	+2.7%	+5.1%	-4.1%
Rest of the World	1,262	-2.8%	+1.2%	+0.2%	-1.4%
Total	11,705	-17.6%	+1.4%	+2.3%	-13.9%

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Electrical Distribution	2,293	-14.5%	+2.4%	-0.2%	-12.3%
Automation & Control	1,061	-21.2%	-0.2%	+0.8%	-20.6%
Critical Power & Cooling	596	-18.5%	-0.5%	+3.7%	-15.3%
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