Financial Information

Q1 2010 renewed with organic growth led by strong rebound of Industry, IT and new economies

- **Improving trends for all businesses**
- **Industry (+19%) and IT (+6%) led the rebound**
- **Non-residential construction downturn in mature markets still weigh on performance of Power and Buildings**
- **New economies confirmed robust growth momentum, at +12%**
- **Q1 performance supports full year sales and profitability targets**

Rueil-Malmaison (France), April 21, 2010 – Schneider Electric today reported first-quarter sales of **€3,910 million**, up **2.3%** on a current structure and exchange rate basis. Like-for-like sales were also up **2.3%**. Working days effect is insignificant in the quarter.

The breakdown of sales by business was as follows:

€ million	Q1 2010 sales	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Power	2,211	-2.7%	+0.2%	+0.5%	-2.0%
Industry	764	+18.7%	-0.4%	+0.4%	+18.7%
IT	542	+6.4%	+1.3%	-3.0%	+4.7%
Buildings	303	-3.6%	+0.0%	-0.9%	-4.5%
CST	90	+6.3%	+0.0%	-3.8%	+2.5%
Total	**3,910**	**+2.3%**	**+0.2%**	**-0.2%**	**+2.3%**

Jean-Pascal Tricoire, President and CEO, commented: *"With Q1 2010, we are back on the growth track. As expected, we see a strong recovery of industrial activities after the sharp adjustment last year and a rebound in secured power investment. New economies, led by Asia and Middle East, confirm their robust growth momentum. On the other hand, the business environment in mature countries remains uncertain even though some end-market segments are starting to show early signs of recovery.*

In this backdrop, we continue to focus on driving efficiency and productivity while investing selectively in growth areas, in particular in the new economies, energy efficiency and services.

Q1 sales performance supports our full year targets set earlier this year, with low single-digit organic sales growth, and an EBITA margin of around 14% before restructuring costs, excluding impact of integration of Areva Distribution upon closing".

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Organic growth by business

Power (56% of Group sales) first quarter sales dropped **2.7%** like-for-like. Medium Voltage remained, as in the latter part of 2009, significantly impacted by the decline of construction and utilities end-markets. Low Voltage was overall stable. The positive impact of infrastructure and construction spending in Asia, the rebound of industrial demand and sustained investment in natural resources (mining, oil and gas) in its key regions made up for lower equipment sales and the weak non-residential market. Recovery of residential markets in mature countries is yet to come. In the Solutions field, projects and services were negative in first quarter due to their later cycle profile. However, energy efficiency and renewable energy, in Europe in particular, remain a support for growth with healthy order intake.

By region, growth was strong across Asia-Pacific. China continued to benefit from good domestic industrial demand and government stimulus in infrastructure. India and South Korea also recorded strong performance. The Rest of the World region was close to stable in the quarter. While Russia was in rebound, Africa faced a difficult base of comparison and Central Europe remained sluggish. Western Europe was down in the quarter. While France was resilient, Spain and the Scandinavia continued to be affected by the weak construction markets. In North America, the Power business was in negative territory, essentially due to the non-residential market decline.

Industry (20% of Group sales) sales were up an impressive **18.7%**, compared to a low first quarter last year. As expected, the business enjoyed a broad based rebound driven by strong recovery of industrial demand, in particular from OEMs, and some building and infrastructure investment in the new economies. Commercial success following new offer launches, such as SoMachine for OEMs, generated strong growth for the Solutions business. Trends in all regions were strong, with new economies accounting for two thirds of the growth in this quarter.

IT (14% of Group sales) sales were up **6.4%** compared to prior year quarter, with all business lines in rebound. Momentum was strong in small systems which benefited from robust demand on business networks, in particular in the US. Solutions recorded good dynamics in most regions thanks to demand from datacenters, with services continuing to be a strong growth driver. By region, markets were strong in US and Asia Pacific while Europe was lagging in its pace of recovery.

Buildings (8% of Group sales) first quarter organic sales were down **3.6%** year-on-year. While Western Europe and Rest of World regions showed early signs of recovery, the business continued to be impacted by the construction downturn in US. This was partly offset by the strong growth of services driven by energy efficiency projects in Scandinavia and the US. Good order intake in this quarter for energy efficiency solutions should also provide support for the rest of the year.

CST (2% of Group sales) sales were up **6.3%,** like-for-like versus prior year period. It benefited from a significant improvement of demand from automotive/truck customers and the recovery of industrial demand in Western Europe and to a lesser extent in the US. However, aerospace segment still suffered from weak demand from commercial jets.

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Organic growth by geography*

Western Europe (36% of Group sales) was down **4%** compared to prior year quarter. Germany and Italy were back to growth driven mainly by the rebound of OEM demand. France continued to show resilience as in last year while UK stabilised. Spain and Scandinavia were still impacted by the construction downturn.

North America (25% of Group sales) posted a slight decline at **-2%** year-on-year. Though the region benefited from the good momentum of IT and the rebound of the industrial end-market, the construction downturn continued to be a drag on the performance.

Asia-Pacific (23% of Group sales) posted a strong quarter, with sales up **23%** like-for-like. All countries were back to growth, confirming the good dynamics of the region with China, India and Japan taking the lead.

Rest of World** (16% of Group sales) was stable at **-1%** versus Q1 2009. While Middle East posted double-digit growth, Eastern Europe was still in decline, despite the sequential rebound of Russia. South America was stable.

New economies as a whole generated **12%** of organic growth in the first quarter and represented **34%** of reported sales. Mature countries recorded a negative growth of **-2%**.

€ million	**Q1 2010 sales**	**Organic growth (quarter)**
Western Europe	1,404	-4%
North America	973	-2%
Asia-Pacific	888	+23%
Rest of the World**	645	-1%
Total	**3,910**	**+2%**

Consolidation and foreign exchange impacts

Acquisitions contributed +0.2% or €8 million. Such contribution includes €11 million from acquisitions (mainly Microsol in IT and Conzerv in Power) and a negative € 3 million impact related to the disposal of Selectron (in Industry).

* *Starting from 2010, the geographical reporting is based on sales by destination. Some differences can exist compared to numbers in 2009 financial reports which are based on sales by country of invoicing.*

** *Note that compared to 2009 reporting, the Rest of World region includes Eastern Europe, in addition to Middle East, Africa and South America, consistently with Schneider Electric's new organization.*

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Impact of foreign exchange fluctuations was negative at -€6 million, or -0.2%. The negative US dollar and Chinese yuan impact was partly offset by appreciation of the Australian dollar and some other emerging currencies against the euro for the period.

Recent highlights

Schneider Electric reinforces its position in complete automation solutions in the Middle East

On January 21, Schneider Electric announced that it has signed an agreement to acquire Cimac, the leading systems integrator for industrial automation solutions in the Middle East Gulf region, primarily for water-waste water and oil & gas customers. It generates sales in excess of €40 million and employs over 400 people. This acquisition meets Schneider Electric's Return on Capital Employed criteria and is consolidated as of April 2010.

Schneider Electric takes a leading position in integrated building management systems for the fast growing Indian market

On March 5, Schneider Electric announced that it has signed an agreement with Zicom Electronic Security Systems Limited to acquire the assets of their electronic security systems integration business that recorded revenues of approx. €30 million in fiscal 2009 and has a headcount of about 200. The completion of the transaction, subject to conditions precedent and Zicom shareholders' approval, is expected to occur in April 2010. This acquisition meets Schneider Electric's Return on Capital Employed criteria.

The European Commission has approved the proposed acquisition by Schneider Electric and Alstom of Areva's T&D business

On March 26, Schneider Electric and Alstom received the approval by the European Commission of their joint acquisition of Areva's Transmission & Distribution business. The closing of the transaction remains subject to the approvals of competition authorities in some countries and of the French Commission des Participations et des Transferts (CPT).

Schneider Electric acquires SCADAgroup, a leader in telemetry technologies and solutions for water and oil & gas segments

On April 13, Schneider Electric announced that it had signed an agreement to acquire SCADAgroup, an Australian based leading provider of telemetry products and solutions for the water and waste-water, oil & gas and electric power end-market segments. SCADAgroup has operations throughout North America, the UK and Australia and is expected to generate revenues in excess of AU$110 million (~ €75 million) for the current fiscal year ending in June 2010. The closing of the transaction, subject to regulatory approvals, is expected to occur soon. The purchase price of the transaction, expressed as an enterprise value, is AU$200 million (~ €140 million), or 11 times fiscal 2010e EBITA. This acquisition should be accretive on earnings per share from year 1 and meets Schneider Electric's Return on Capital Employed criteria.

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Outlook

The improved momentum of the new economies and the rebound of the industry and data centers markets should continue to support growth in 2010. However, the business environment in the mature countries is still uncertain and demand in these markets is expected to remain relatively soft.

Q1 sales performance supports Schneider Electric’s targets of a return to topline growth in 2010, at low single-digit (on organic basis), and of an improvement of profitability with an EBITA margin of around 14% before restructuring cost (and before any impact of integration of Areva Distribution upon closing).

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The Q1 2010 sales presentation is available at www.schneider-electric.com

2010 half year results and second quarter sales will be released on July 30, 2010.

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Appendix
Quarterly sales figures of 2009 according to the new reporting structure effective 2010

Quarterly sales by business in 2009

€ million	Sales Q1 2009	Sales Q2 2009	Sales Q3 2009	Sales Q4 2009	Sales full-year 2009
Power	2,256	2,316	2,307	2,354	9,233
Industry	644	658	668	695	2,665
IT	517	559	575	619	2,270
Buildings	318	316	314	320	1,268
CST	87	84	86	100	357
Total	**3,822**	**3,933**	**3,950**	**4,088**	**15,793**

Please note that due to a change of responsibility, full-year 2009 figures of the Power and IT businesses have been modified compared to the data set provided on February 18, 2010.

Quarterly sales breakdown by geography

€ million	Sales Q1 2009	Sales Q2 2009	Sales Q3 2009	Sales Q4 2009	Sales full-year 2009
Western Europe	1,445	1,378	1,301	1,422	5,546
North America	1,048	1,066	1,066	1,010	4,190
Asia-Pacific	701	827	897	881	3,306
Rest of World	628	662	686	775	2,751
Total	**3,822**	**3,933**	**3,950**	**4,088**	**15,793**

Starting from 2010, the geographical reporting is based on sales by destination. Some differences can exist compared to numbers in 2009 financial reports which are based on sales by country of invoicing. Additionally, compared to 2009 reporting, the Rest of World region now includes Eastern Europe, in addition to Middle East, Africa and South America, consistently with Schneider Electric's new organization.

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Appendix
Information on 2009 profitability according to the new reporting structure, effective 2010

Full-year results breakdown by division

€ million	Sales	EBITA[1] before restructuring and one-off gain	Margin in % of sales	EBITA[1]	Margin in % of sales
2009					
Power	9,233	1,571[2]	17.0%	1,504	16.3%
Industry	2,665	255[2]	9.6%	189	7.1%
IT	2,270	363	16.0%	334	14.7%
Buildings	1,268	132	10.4%	121	9.5%
CST	357	20	5.7%	(4)	(1.1%)
Holding	-	(297)	-	(321)	-
Total	**15,793**	**2,044[2]**	**12.9%**	**1,823**	**11.5%**

1 EBIT before amortization of purchase accounting intangibles
2 Before a one-off profit from pension curtailment of €92 million, of which €81 million in Power and €11 million in Industry

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