Financial Information

Q3 2010 organic sales up 12%
Solid growth and Areva Distribution integration
drove nine-month sales to a record high of € 14 billion

- **Industry and IT continued to expand at double-digit**
- **Improvement confirmed in Power and Buildings businesses**
- **New economies up 16% and Western Europe in strong rebound**
- **Integration of Areva Distribution, on track with targets**
- **Full year margin[1] target raised to a range of 15.5% to 16%**

Rueil-Malmaison (France), October 20, 2010 – Schneider Electric today reported third-quarter sales of **€5,446 million**, up **37.9%** on a current structure and exchange rate basis. Like-for-like sales were also up **11.9%**. Working days effect is insignificant in the quarter.

The breakdown of sales by business was as follows:

€ million	Sales Q3 2010	% change Q3 (organic)	Sales 9-month 2010	% change 9-month (organic)
Power	2,697	+8.0%	7,523	+3.9%
Areva Distribution[2]	629	-	629	-
Industry	942	+27.5%	2,620	+24.6%
IT	703	+11.9%	1,912	+9.6%
Buildings	363	+4.6%	1,017	+1.2%
CST	112	+22.5%	316	+19.9%
Total	**5,446**	**+11.9%**	**14,017**	**+8.3%**

Jean-Pascal Tricoire, President and CEO, commented: *"This is another quarter of strong growth. The Industry and IT businesses continue to lead our sales progression. The improvement of the later cycle Power and Buildings businesses is also confirmed, thanks in part to successes in energy efficiency and renewable power projects.*

All our end-markets are now past their trough, even though non-residential construction and energy and infrastructure remain at a low level in many mature countries. We continue to drive productivity and adapt costs to business level, in line with our €1.6bn savings plan by 2011.

1 *EBITA margin before restructuring costs and consolidation impact of Areva Distribution*
EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill.

2 *Integrated for the June to September period (4 months) – Please refer to the section "Consolidation impact"*

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This quarter also marks the first consolidation of Areva Distribution. Its integration is on track with plan The combination of the business with our medium voltage activity will offer our customers an enhanced value proposition in terms of technologies, geographical coverage and solution capabilities..

In view of our recent performance, we now expect second-half organic growth to be at a high single digit rate. We therefore also raise our full-year EBITA margin guidance to a range of 15.5% to 16%, before restructuring costs and consolidation impact of Areva Distribution."

Organic growth by business

Power (49% of Group sales) third quarter sales increased **8.0%** like-for-like. Medium voltage started to show sequential improvement from second quarter trough, as non-residential construction stabilised. Low voltage products growth accelerated in the quarter, driven by good dynamics in new economies, strong industrial demand and improving construction markets that bottomed in Western Europe. The rebound of solutions was slightly behind that of products, but solid growth in oil & gas and metals & mining projects in Eastern Europe and South America and successes in renewable energy projects across Europe supported the solutions business.

Within Power, Western Europe posted solid growth, partly helped by easier comparison, but also improvement in medium voltage and a growing number of solar farm projects. Asia-Pacific was robust across the board, with South-East Asia, India and the Pacific catching up with China. South America further improved this quarter, reflecting overall good economic fundamentals. Russia continued the strong rebound while other Eastern European countries improved after the severe weakness endured a few quarters ago. North America was slightly negative.

Areva Distribution (12% of Group sales) sales impact is fully under scope effect until June 2011 and is therefore discussed in the section "Consolidation Impact".

Industry (17% of Group sales) sales continued to post impressive growth with **+27.5%**, lifted by the strong demand from OEMs (machine manufacturers) for both the products and solutions offerings (launch of SoMachine v.2, successes in packaging and HVAC). Performance with automation end-users, though not as strong, was supported by better momentum in the mining and water segments. While sales still benefited from some anticipated orders because of component shortages, the supply tension is easing progressively. By region, trends were strong in mature as in new economies, with Western Europe and North America accelerating compared to Q2. Next quarters will be measured against a tougher comparison.

IT (13% of Group sales) sales grew **11.9%** versus the same period last year, with all business lines and geographies in positive territory. Small systems for homes and business networks continued to be strong, supported by good momentum in most regions and releases of new generation products. Growth of large systems solutions further accelerated, with delivery of several big projects in Asia

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Pacific and Eastern Europe and robust growth in services. By region, Western Europe renewed with growth thanks to improving market conditions. Asia-Pacific still faced some components shortage. North America was up double-digit for the third consecutive quarter. The rebound of Russia and strong Latin America continued to support the Rest of World region. IT will face a tougher comparison in the fourth quarter given that it was the first business to return to growth in Q4 last year.

Buildings (7% of Group sales) third quarter organic sales were up **4.6%**, an improvement over Q2, driven primarily by a strong solution business, in both installed base services and advanced services for energy efficiency projects in North America and Nordic European countries. Demand in new economies was growing, in particular for security products.

CST (2% of Group sales) sales were up **22.5%** like-for-like. The business continued to benefit from the recovery of the transportation markets in Europe and North America and better global industrial demand, especially in new economies. Aerospace bottomed and was back in positive zone in the quarter.

Organic growth by geography[1]

€ million	Sales Q3 2010	% change Q3 (organic)	Sales 9-month 2010	% change 9-month (organic)
Western Europe	1,791	+11%	4,675	+4%
North America	1,284	+6%	3,481	+4%
Asia-Pacific	1,381	+20%	3,423	+22%
Rest of the World[2]	990	+11%	2,438	+7%
Total	**5,446**	**+11.9%**	**14,017**	**+8.3%**

Western Europe (33% of Group sales in Q3) was up **11%**, a sequential improvement that was partly due to easier comparison. Germany and Italy clearly led the way with a strong exposure, for both countries, to the fast-growing OEM business and to solar projects for the latter. France remains solid and Spain and Scandinavia are stabilising.

[1] *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.*

[2] *Note that compared to 2009 reporting, the Rest of the 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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North America (24% of Group) posted **6%** growth, which primarily resulted from growth in Industry and IT while the more construction-related Power business remained a drag.

Asia Pacific (25% of Group) was up **20%**, despite a much more challenging comparison in China. South-East Asian countries improved, aided by strong Indonesia, Singapore and the Philippines.

Rest of the World (18% of Group) sales in the quarter were up at a solid **11%**. All regions posted growth, led by South America and Eastern Europe. Africa remained in a softer momentum but nonetheless renewed with growth.

Sales of new economies were up **16%** like-for-like in the third quarter and represented **37%** of reported sales in the first nine months of 2010 (including Areva Distribution).

Consolidation impact - First integration of Areva Distribution

Acquisitions contributed +16.8% or €663 million, primarily related to the integration of the Areva Distribution business. The rest of the contribution impact includes mainly SCADAgroup and Cimac in Industry and smaller units in Buildings.

This quarter marks the first consolidation of **Areva Distribution**. It generated sales of €629 million in the June to September period, which was fully consolidated in this quarter. The unit, to be soon merged with Schneider Electric's current medium voltage activity to form the new business called Energy, is on track to reach its €1.1 billion sales target for the June to December period. It will be reported under the Energy business from 2011 onwards.

The Group has integrated four months of Areva Distribution sales this quarter taking into account the June 7 closing date which made the preparation of the business' financial statements as of the acquisition date incompatible with the deadlines for the release of Schneider Electric's interim financial statements. The unit generated sales of €459 million for the 3-month period of July to September, stable compared to the same period last year.

Foreign exchange impact

Foreign exchange fluctuations added €325 million to Q3 sales, primarily the result of the appreciation of most currencies against the Euro, notably the US dollar, the Chinese yuan and the Australian dollar.

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Outlook

In view of Q3 sales performance, Schneider Electric now expects second-half organic growth to be at a high single digit rate. While improvement of the Power and Buildings businesses is confirmed, the Industry and IT businesses will be facing more demanding basis of comparison in the coming quarter. The new economies should continue to develop very positively but will also be measured against tougher comparison. Recovery of mature markets, especially North America, would probably remain slow.

Consequently, Schneider Electric raises its full-year EBITA margin guidance to a range of 15.5% to 16%, before restructuring cost and consolidation impact of Areva Distribution.

Areva Distribution is on track with targets to add approximately €1.1 billion to Group sales for the 7-month period consolidated in 2010 and to deliver a corresponding EBITA margin of about 5%, before integration and separation costs.

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The Q3 2010 sales presentation is available at www.schneider-electric.com

2010 full year results and fourth quarter sales will be released on February 17, 2011.

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Appendix – Breakdown by business

Third-quarter 2010 sales by business were as follows:

€ million	Sales Q3 2010	% change Q3 (organic)	Changes in scope of consolidation	Currency effect	% change Q3 (current)
Power	2,697	+8.0%	+0.1%	+8.8%	+16.9%
Areva Distribution[1]	629	-	-	-	-
Industry	942	+27.5%	+3.9%	+9.6%	+41.0%
IT	703	+11.9%	+0.0%	+10.4%	+22.3%
Buildings	363	+4.6%	+2.1%	+9.2%	+15.9%
CST	112	+22.5%	+0.0%	+8.6%	+31.1%
Total	**5,446**	**+11.9%**	**+16.8%**	**+9.2%**	**+37.9%**

Nine-month 2009 sales by business were as follows:

€ million	Sales 9-month 2010	% change 9-month (organic)	Changes in scope of consolidation	Currency effect	% change 9-month (current)
Power	7,523	+3.9%	+0.2%	+5.2%	+9.3%
Areva Distribution[1]	629	-	-	-	-
Industry	2,620	+24.6%	+2.7%	+5.7%	+33.0%
IT	1,912	+9.6%	+1.0%	+5.2%	+15.8%
Buildings	1,017	+1.2%	+1.2%	+5.0%	+7.4%
CST	316	+19.9%	+0.0%	+3.2%	+23.1%
Total	**14,017**	**+8.3%**	**+6.2%**	**+5.3%**	**+19.8%**

[1] *Integrated for the June to September period (4 months) – Please refer to the section "Consolidation impact"*

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Appendix – Breakdown by geography

Starting from this year, geographical reporting is based on sales by destination.

Third-quarter 2010 sales by geographical region were as follows:

€ million	Sales Q3 2010	% change Q3 (organic)	% change Q3 (current)
Western Europe	1,791	+11%	+38%
North America	1,284	+6%	+20%
Asia-Pacific	1,381	+20%	+54%
Rest of the World	990	+11%	+44%
Total	**5,446**	**+11.9%**	**+37.9%**

Nine-month 2010 sales by geographical region were as follows:

€ million	Sales 9-month 2010	% change 9-month (organic)	% change 9-month (current)
Western Europe	4,675	+4%	+13%
North America	3,481	+4%	+9%
Asia-Pacific	3,423	+22%	+41%
Rest of the World	2,438	+7%	+23%
Total	**14,017**	**+8.3%**	**+19.8%**

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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 by geography in 2009

€ 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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