
Financial information

Schneider Electric acquires 74% of Luminous and becomes the leader in the fast-growing Indian inverter and secured power market

Rueil-Malmaison (France), May 30, 2011 - Schneider Electric announced today that it has signed an agreement to acquire 74% of Luminous Power Technologies Pvt. Ltd., a market leader in India that provides inverters, UPS and power storage systems to help homes and small and medium sized businesses face frequent power cuts.

Luminous is a leading player in the ~€ 800 million Indian inverter and power storage market that is growing at more than 20% a year.

Luminous has a strong presence in India and employs approx. 3,000 people in 8 different industrial sites in India and 1 in China. It has generated revenues of INR 11.0 billion (~€ 170 million) for the fiscal year ending March 2011.

Luminous brings to Schneider Electric:

- A strong brand name in the Indian market for inverters and power storage,
- A diverse portfolio that includes inverters for homes and small and medium enterprises, deep-cycle batteries, uninterruptible power supply (UPS), physical infrastructure solutions for IT & Telecom, renewable energy systems (wind, solar) and engineering design & support services,
- An excellent market access to the diffused distribution network with approx. 900 distributors, and over 25,000 points of sales,
- A broad customer base with 3 million existing inverter users and also an access to institutional clients, in particular government and telecom sectors,
- A strong service network covering all parts of the country.

With Luminous, Schneider Electric will become the leader in the Indian inverters and secured power market and gain access to a complementary retail network.

The combination with Luminous will broaden the product portfolio of Schneider Electric, balance its geographical exposure in India and provide access to the diffused distribution network which complements the existing IT distribution channels. The Group will strengthen its local research & development capabilities and benefit from a cost efficient industrial footprint in India.

Besides, Schneider Electric will be able to leverage the strength of the Luminous brand as a platform to expand into the inverter market in other new economies and also reinforce its position in the home electrical space through a very large number of retail outlets.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet Montegon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 88 14

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse

Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

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Laurent Vernerey, Executive Vice-President of Schneider Electric's IT business, commented: *"This acquisition is another significant step for Schneider Electric to become a leader in new economies. The Group will further strengthen its position in India, attain critical size in the fast growing Indian inverter market and further consolidate the global leadership in its IT business. Luminous will also provide a platform to expand the inverter market into other new economies, in particular Middle East, Africa and South-East Asia"*.

"From a small beginning 20 years ago, Luminous Power Technologies has evolved to become a strong market leader in the inverters and power storage space. We are glad to partner with Schneider Electric. Both companies share common values and passion to provide our customers with innovative products in home electrical space. We strongly believe that our customers, business partners, employees and other stakeholders will greatly benefit from this combination in the years to come. The founders will continue to be closely associated with the future growth of the company in India and around the world" said Rakesh Malhotra, Founder and Chairman of Luminous.

The purchase price for 74% of the shares is INR 14 billion (~ € 215 million). The total net debt of the company was INR 2.4 billion (~€37 million) as of 31 March 2011, leading to an implied transaction multiple of ~16x fiscal 2011 EBITDA. The remaining 26% owned by the founders will be subject to put and call options.

This acquisition is expected to be accretive on earnings per share from the first year. This return on capital employed of the acquisition is expected to beat Schneider Electric's weighted average cost of capital in year 4.

Following the recent acceleration of our development in the country, India is now a major sales and R&D platform for the Group

After this acquisition, Schneider Electric can report a significant increase of its size in India. The total sales in this country would exceed € 700m on a pro-forma basis, tripling the sales compared to 2009 and turning India into the no. 7 country in terms of Group sales with a headcount of approx 11,500 on payrolls.

Schneider Electric India further reinforces its significance to the industrial footprint of the Group with 31 industrial sites which are well spread geographically and about 1,000 R&D engineers.

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 centers/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 110,000 plus employees achieved sales of 20 billion euros in 2010, through an active commitment to help individuals and organizations "Make the most of their energy".

www.schneider-electric.com/company

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse

Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46