
Financial information

Schneider Electric acquires Leader Harvest Power Technologies, one of the leading players in medium voltage drives in China

Rueil-Malmaison (France), June 9, 2011 - Schneider Electric, the global specialist in energy management, announced today that it has signed an agreement to acquire Leader Harvest Power Technologies Holdings Limited ('Leader & Harvest'), one of the leading players in the fast-growing medium voltage drives market in China.

Headquartered in Beijing, Leader & Harvest develops, manufactures and commercialises medium voltage (MV) variable speed drives. The company employs over 750 people and has an extensive in-house nationwide sales and service support network across 30 provinces. With an annual growth rate in excess of 20% in the past few years, the company is expected to generate sales of approximately USD 150 million (approx. €100 million) for the current year with an EBITDA margin of about 20%.

Leader & Harvest brings to Schneider Electric:

- Technical competency in MV drive technology, a key energy efficiency enabler
- Strong position in MV system drives in the Chinese market, which represents about 40% of the global MV drive market
- Enhanced solutions offerings, especially in the end-markets such as cement, mining and metals and energy
- Very strong front office employing 150 sales representatives and 100 service engineers

Schneider Electric recently estimated that energy efficiency would represent an incremental market opportunity of USD45 billion annually by year 2020^{*}, a significant portion of which would come from the industrial end-markets in new economies. Drives can provide up to 50% energy savings for industrial motors. MV drives are particularly used in energy-intensive markets such as power generation, mining, minerals and metals, oil and gas, water and water treatment. It is estimated that about 70% of the world's medium voltage motors are not yet equipped with drives.

The transaction will add another key brick to Schneider Electric's product and solution offerings that provide energy efficiency to its key targeted end-markets in new economies. Leader & Harvest's medium voltage drives range from 2 kV to 11 kV, while Schneider Electric is already a leading player in low voltage drives which serve different market segments. Leader & Harvest also improves the Group's advanced service capability for its customers.

Based on a McKinsey Climate Change Special Initiative research

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Clemens Blum, Executive Vice-President of Schneider Electric's Industry business, commented: *"Leader & Harvest's range represents an excellent addition to our industrial automation range of products and solutions. Medium voltage drives are a key element of energy efficient solutions to our key target segments of mining, minerals & metals and water & waste water. The transaction also enlarges our customer reach and presence in China which is a key market for our business. It also provides us with the opportunity to increase our penetration in a number of countries, especially in the new economies."*

Schneider Electric expects the transaction to be highly synergetic with estimated EBITA impact from synergies of USD 25-30 million in 2015. This would be generated primarily by revenue synergies of USD115 million, to be achieved through cross-selling opportunities to the two companies' customer bases in China as well as geographical expansion. Schneider Electric also expects cost synergies by adding Leader & Harvest to its business platform in China.

The total purchase price for the company is about USD 650 million (~ € 450 million) on an enterprise value basis, subject to certain adjustments. The completion of the transaction is subject to regulatory approvals. This acquisition is expected to be accretive on earnings per share from year 1 and to meet Schneider Electric's Return on Capital Employed criteria in 2015.

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".

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