

Financial Information

Q3 2011 organic sales up 7.7%, reported sales €5.7 billion

- **Balanced contribution to growth by IT, Power, Energy and Industry**
- **New economies maintained good momentum, up +14%**
- **Solutions continued to outgrow group average by 4 points**
- **EBITA¹ margin target of about 14% on higher-than-expected negative mix, inflation and restructuring**

Rueil-Malmaison (France), October 20, 2011 – Schneider Electric today reported third-quarter sales of **€5,697 million**, up **4.6%** on a current structure and exchange rate basis. Organic growth reached **7.7%**.

The performance of sales by business was as follows:

€ million	Sales Q3 2011	% change Q3 (organic)	Sales 9-month 2011	% change 9-month (organic)
Power	2,162	+7.6%	6,098	+8.2%
Energy	1,174	+7.3%	3,203	+6.4%
Industry	1,090	+6.6%	3,317	+13.9%
IT	882	+12.6%	2,294	+10.8%
Buildings	389	+3.0%	1,121	+5.6%
Total	5,697	+7.7%	16,033	+9.3%

Jean-Pascal Tricoire, President and CEO, commented: *“We achieved broad based growth in the third quarter with sales well in line with our expectations. The performance illustrates once again the strength of our position in new economies and the growing contribution of solutions and services business. We are therefore comfortable with our 2011 organic growth guidance of 6% to 9%.*

Acceleration of price actions is clearly paying off. We however expect the combined effect of more negative mix due to higher solutions growth over products and less favorable geographical mix, and stronger inflationary pressure in new economies to have a higher-than-expected impact on our profitability this year. Given the reduced visibility of the near-term economic outlook, we are also accelerating the restructuring actions to raise efficiency going forward.

Beyond 2011, we are getting our organization prepared for our next company program covering the period 2012-2014. It will include the Group’s strategic ambition and a number of efficiency initiatives to focus the Group on continuous profitable growth. We are also preparing for different 2012 economic scenarios in order to generate a solid margin and cash performance.

¹ before acquisition and integration costs and consolidation impact of 2011 acquisitions

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

Financial Information (p. 2)

We aim to keep on delivering best-in-class performance through global product leadership, innovation in customer-focused solution offerings, and further expansion in both mature and new economies.”

Organic growth by business

Power (38% of Group Q3 sales) posted organic growth of **7.6%**. The product business continued to be robust due to rapid urbanization in the new economies and sustained industrial demand. New product launches contributed to the performance of LifeSpace’s wiring devices and lighting control product lines. Solutions renewed with growth, on stronger infrastructure investment and success of the energy management offering. Renewable energy was down as some countries reviewed their incentives policies. By region, growing electrification needs and increased geographical coverage drove the strong performance of Asia-Pacific and, to a lesser extent, of the Rest of the World region. North America growth was also solid. Western Europe was flat, still impacted by Spain but also softer Germany and Switzerland.

Energy (21% of Group Q3 sales) grew **7.3%** like-for-like. Products business remained on the whole stable, as the decline in the transformer activity was offset by the acceleration in secondary medium-voltage products. The solution business continued to grow, thanks to substations and dynamic service business. By region, Asia-Pacific was in solid growth, driven by utility and infrastructure projects. North America also posted a strong quarter. Rest of the World saw slower dynamic reflecting softness of the South American market. Western Europe was penalised by generally low utility spending, continued declines in Spain and a slowdown in France.

Industry (19% of Group Q3 sales) was up **6.6%** like-for-like in the quarter. As expected, all product lines showed lower growth than in the first half, particularly in the HMI activity, affected by the sluggish Japanese demand post earthquake, and the CST unit. The solution business continued on a strong trend, driven by OEM solutions for machine builders and fast growing installed base services. All regions showed positive growth, with North America and Asia-Pacific well ahead of Western Europe and Rest of the World which were weighed down by Spain and Africa respectively.

IT (15% of Group Q3 sales) delivered a strong quarter, posting organic growth of **12.6%**, mainly on solid progression of solutions for fully integrated data center projects in all regions. Services also improved, though at a lower rate than previous quarter. Products recorded a reacceleration of growth in Q3, driven primarily by sustained demand in new economies and some distributor catch-up actions in Western Europe following Q2 supply shortage, largely offsetting softer trend in North America. By region, with the exception of North America, all geographies grew double-digit.

Buildings (7% of Group Q3 sales) reported an organic growth of **3.0%** year-on-year. The product business was in slight decline due to the weak construction market in mature economies. Solutions business continued to be strong, supported by robust advanced energy and installed base services for higher energy efficiency. By region, Asia-Pacific reported the highest growth, followed by Western Europe and North America. The Rest of the World region was in decline, impacted primarily by a drop in activities in the Middle East.

Organic growth of Solutions across the Group was **12%** in the quarter and represented **35%** of sales.

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

Financial Information (p. 3)

Organic growth by geography

Western Europe (31% of Group Q3 sales) was stable on a comparable basis in the third quarter. Italy, France and the Nordic countries progressed. Germany, while still in solid growth, decelerated from a very strong first half, as the comparison for industry related activities became much more challenging. Spain's double-digit decline continued.

Asia-Pacific (27% of Group Q3 sales) delivered another strong quarter, posting an organic growth of **15%**. China and India continued to lead the progression of the region, while South-East Asia and, to a lesser extent, the Pacific were also solid. Japan was decelerating after a second quarter that was probably higher than normal due to the tensions on components supply. All businesses contributed to the performance.

North America (24% of Group Q3 sales) further rebounded from the lows of 2009 and 2010 and was up **+9%**. Growth was driven by Energy, Industry and Power while IT and Buildings posted low single-digit growth.

Rest of the World (18% of Group Q3 sales) grew **10%** year-on-year. Strong growth in Middle East, South America and Russia, driven by the IT and Power businesses, was partly offset by weakness in Central Europe and Africa.

New economies¹ grew **14%** on a comparable basis in the quarter and exceeded for the first time **40%** of sales.

€ million	Sales Q3 2011	% change Q3 (organic)	Sales 9-month 2011	% change 9-month (organic)
Western Europe	1,755	+0%	5,222	+3%
Asia-Pacific	1,576	+15%	4,244	+16%
North America	1,352	+9%	3,743	+11%
Rest of the World	1,014	+10%	2,824	+11%
Total	5,697	+7.7%	16,033	+9.3%

Consolidation and foreign exchange impacts

Scope contributed only €9 million due to the fact that Areva Distribution was consolidated for four months in the third quarter of 2010. Excluding this impact, the Group started to integrate Telvent (leading software firm reported in the Energy business), Luminous (IT business in India) and Steck Group (Power business in Brazil). Acquisitions impacting the third-quarter and nine-month sales are detailed in the appendix.

Foreign exchange fluctuations brought a negative impact of €165 million on sales, primarily the result of the variations of the US dollar and Chinese yuan against the euro over the period.

¹ New economies: Asia (excl. Japan), Eastern Europe (incl. Russia), Middle East, Africa, Latin America (incl. Mexico)

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

Financial Information (p. 4)

Outlook

Taking into account the year-to-date topline performance, Schneider Electric now expects its 2011 organic growth to fall comfortably within its target range of 6% to 9% which should be supported by solid solutions backlog if the product business further decelerates in reaction to the global economic outlook.

As expected, thanks to more aggressive price actions, price increases should end up in line with the +1% guidance. While the Group also expects strong productivity, the combined effect of more negative mix on gross margin due to higher solutions growth over products and less favorable geographical mix, and stronger than expected inflationary pressure in new economies, is anticipated to reduce its near term profitability by 0.5 to 0.7 point compared to previous EBITA* margin guidance of about 15%.

In addition, given the reduced visibility of the near-term economic outlook, the Group is accelerating the restructuring actions to drive higher cost efficiency going forward and will book additional restructuring charges impacting the margin by a further 0.2 to 0.4 point.

As a result, Schneider Electric now targets a full-year EBITA margin of about 14% before acquisition and integration costs and consolidation impact of 2011 acquisitions. Nonetheless, 2011 is expected to be another year of growth of the EBITA before acquisition costs and restructuring.

Beyond 2011, Schneider Electric is getting the organization prepared to cope with different 2012 macro-economic scenarios in order to generate a solid margin and cash performance.

This includes leveraging the embedded flexibility and low capital intensity of its business model. While 70% of the Group's cost of sales is variable, the production capacity can also be adjusted quickly.

The strategic ambition of the company and a number of efficiency initiatives to focus the Group on continuous profitable growth will also be announced when it unveils its next company program for the period 2012-2014.

The Group's new company program will be presented in the first quarter of 2012.

* before acquisition and integration costs and consolidation impact of 2011 acquisitions

The Q3 2011 sales presentation is available at www.schneider-electric.com

2011 full year results and fourth quarter sales will be released on February 22, 2012.

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

Financial Information (p. 5)

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 Utilities & Infrastructures, Industries & Machine manufacturers, Non-residential buildings, Data centers & Networks, and in Residential. Focused on making energy safe, reliable, efficient, productive and green, the Group'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

Financial Information (p. 6)

Appendix – Sales breakdown by business

Third-quarter 2011 sales by business were as follows:

€ million	Sales Q3 2011	% change Q3 (organic)	Changes in scope of consolidation	Currency effect	% change Q3 (current)
Power	2,162	+7.6%	+0.9%	-3.2%	+5.3%
Energy	1,174	+7.3%	-10.8%	-2.8%	-6.3%
Industry	1,090	+6.6%	+0%	-3.2%	+3.4%
IT	882	+12.6%	+12.8%	-3.7%	+21.7%
Buildings	389	+3.0%	+8.9%	-5.0%	+6.9%
Total	5,697	+7.7%	+0.2%	-3.3%	+4.6%

Nine-month 2011 sales by business were as follows:

€ million	Sales 9-month 2011	% change 9-month (organic)	Changes in scope of consolidation	Currency effect	% change 9-month (current)
Power	6,098	+8.2%	+0.2%	-1.5%	+6.9%
Energy	3,203	+6.4%	+30.2%	-1.9%	+34.7%
Industry	3,317	+13.9%	+0.9%	-1.8%	+13.0%
IT	2,294	+10.8%	+7.8%	-2.7%	+15.9%
Buildings	1,121	+5.6%	+7.5%	-2.9%	+10.2%
Total	16,033	+9.3%	+7.0%	-1.9%	+14.4%

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

Financial Information (p. 7)

Appendix – Breakdown by geography

Third-quarter 2011 sales by geographical region were as follows:

€ million	Sales Q3 2011	% change Q3 (organic)	% change Q3 (current)
Western Europe	1,755	+0%	-2%
Asia-Pacific	1,576	+15%	+14%
North America	1,352	+9%	+5%
Rest of the World	1,014	+10%	+2%
Total	5,697	+7.7%	+4.6%

Nine-month 2011 sales by geographical region were as follows:

€ million	Sales 9-month 2011	% change 9-month (organic)	% change 9-month (current)
Western Europe	5,222	+3%	+12%
Asia-Pacific	4,244	+16%	+24%
North America	3,743	+11%	+8%
Rest of the World	2,824	+11%	+16%
Total	16,033	+9.3%	+14.4%

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

Financial Information (p. 8)

Appendix – Consolidation impact on sales and EBITA

In number of months	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4
Areva Distribution Energy business 2010 sales €1.9 billion	3m	3m	-1m					
50% of Electroshield TM Samara	EM	EM	EM	EM	EM	EM	EM	EM
Uniflair IT business 2010e sales €80 million	3m	3m	3m	3m				
Vizelia- D5X Buildings business 2010e sales €8 million	3m	3m	3m	3m				
Lee Technologies IT business 2010 sales \$140 million		3m	3m	3m				
Summit Energy Buildings business 2011e sales \$65 million		3m	3m	3m				
Digilink Power business 2010 sales c. €25 million			3m	3m				
APW President IT business FY 31/10/10 sales €18 million			3m	3m				
Luminous IT business FY 31/3/11 sales c€170 million			3m	3m				
Steck Group Power 2011e sales €80 million			2m	3m	3m	3m	1m	
Telvent Energy business 2010 sales €753 million			1m	3m	3m	3m	2m	
Leader & Harvest Industry business 2011e sales \$150 million				3m	3m	3m	3m	
9% of NVC Lighting			EM	EM	EM	EM	EM	EM

EM: Accounted for with the equity method (in profit/loss of associates)

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