



Financial Press Release

First-Quarter 2005 Sales Significant Growth of 6.7%

- Sustained organic growth of 4.8%
- Excellent performance in North America
- Lower business volumes in the first-quarter in Western Europe
- Continued high growth in emerging countries
- Confirmation of full year targets

Rueil Malmaison, April 20, 2005 – First-Quarter 2005 sales totaled **€2,526 million**, up a significant 6.7% from the year-earlier period on a current structure and exchange rate basis.

Acquisitions (Kavlico and Andover Controls) added €75 million, or 3.2% of growth for the period. The currency effect was less unfavorable than in earlier quarters, at €30 million (-1.3%).

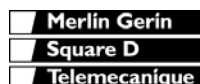
On a constant structure and exchange rate basis, first-quarter sales rose a sustained **4.8%**. The order book shows higher growth, in line with the annual target.

The breakdown by geographical region was as follows:

€ millions	Q1 2005 sales	% Change (constant) quarter	Changes in scope	Currency effect	% change (current) quarter
Europe	1,310	+0.9%	+0.7%	+0.6%	+2.2%
North America	615	+7.0%	+12.1%	-4.8%	+14.3%
Asia-Pacific	404	+4.9%	+0.3%	-2.8%	+2.4%
Rest of the world	197	+28.1%	-	-0.1%	+28.0%
Total	2,526	+4.8%	+3.2%	-1.3%	+6.7%

Very favorable business trends continued in North America, where first-quarter sales were much higher than expected. Sales in Western Europe were dampened by a significantly lower number of business days compared with the year-earlier period. This shaved 1.2 points off growth in Europe and 0.7 point at the Group level. An opposite effect is anticipated in the second quarter.

The emerging markets maintained a high pace of growth, at around 10% overall, despite very tough prior-year comparatives due to an exceptional growth in 2004. A remarkable increase in the Rest of the World—notably in the Middle East—offset moderate gains in the Asia-Pacific region stemming from business conditions in Japan and the late Chinese New Year.



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In **Europe**, sales rose **2.1%** excluding the business day effect. Reported growth came to **0.9%**.

Performance in Western Europe was mixed. In France and Italy, sales were affected by weak investment spending, which led to lower medium-voltage project volumes. Sales growth was stronger in Spain and the United Kingdom, thanks to relatively high investment in buildings and infrastructure.

Growth in Eastern Europe was limited early in the year by a particularly demanding basis of comparison. Nonetheless, sales trends remain positive.

In **North America**, buoyant demand and effective sales actions drove an excellent performance, with a **7.0%** increase in sales. Industrial spending is continuing to recover, while services—especially in energy management—are enjoying strong growth.

In the **Asia-Pacific** region, sales rose a moderate **4.9%**. Sales declined in Japan in an unfavorable economic environment. In the rest of Asia, growth was close to 10%, as forecast. Because the Chinese New Year fell later in 2005, demand was low virtually to the end of February and did not pick up until March. The outlook is still very encouraging.

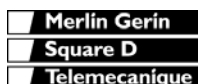
In the **Rest of the World**, Schneider Electric again turned in a remarkable performance thanks to the quality of its local operations. Sales surged **28.1%** over the period. Growth was strong in the Middle East, fueled by active infrastructure investment, and exceeded 20% in South America.

Commenting on the results, Henri Lachmann, Chairman and Chief Executive Officer, noted that: *“Schneider Electric achieved sustained sales growth in the first quarter, despite the impact of seasonal factors. Thanks to our wide-ranging geographic and business positions and effective measures to promote growth, we continue to benefit from the buoyant economic environment. Driven by the significant increase in sales and ongoing impact of our productivity plans, growth in first-quarter operating income is in line with our annual objective. As a result, we confirm our full-year targets of 5% to 6% organic growth and a 10% increase in operating income.”*

Half-year financial results and second quarter sales data will be presented on July 29, 2005.

Schneider Electric: Giving the best of the New Electric World to everyone, everywhere, at any time

Schneider Electric is the world's power and control specialist. Through its world-class brands, Merlin Gerin, Square D and Telemecanique, Schneider Electric anticipates and satisfies its customers' requirements in the residential, building, industry and energy and infrastructure markets. With 85,000 employees and operations in 130 countries, Schneider Electric generated sales of €10.4 billion in 2004 through the 13,000 outlets of its distributors.



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