

## Financial Information

### Third-Quarter 2004 Sales Up a Strong 19.6%

- Organic growth remained a healthy 8.7% in the third-quarter
- Better-than-expected sales in North America
- Further excellent performance in emerging markets
- Moderate growth in Western Europe

(Rueil Malmaison – October 21, 2004) – Schneider Electric sales for the nine months ended September 30, 2004 amounted to **€7,628 million**, up **18.3%** from the year-earlier period.

Sales expanded to **€2,644 million** in the **third quarter** alone, representing a strong **19.6%** gain over third-quarter 2003. On a constant structure and exchange rate basis, sales were up **8.7%** quarter on quarter, in line with the first-half's 8.6% gain, despite unfavorable prior-year comparatives in North America.

Acquisitions added a significant €323 million to third-quarter sales, accounting for 14.6 points of growth. Kavlico and Andover Controls have been consolidated since July 1, 2004. The currency negative effect remained significant, reducing reported sales by €82 million, or 3.7 points of growth.

Third quarter 2004 performance was better than expected in North America, while growth remained robust in emerging markets. Business trends were generally stable in Western Europe, where the economic environment was more contrasted.

Sales change by operating division was as follows:

€millions	Sales 3 <sup>rd</sup> quarter 2004	% Change 3 <sup>rd</sup> quarter Constant	Sales Nine months 2004	% Change Nine months Constant
Europe	1,211	+3.7%	3,659	+4.7%
North America	563	+6.8%	1,583	+6.5%
Asia – Pacific	450	+18.6%	1,241	+19.7%
Rest of the world (i)	185	+28.7%	491	+22.9%
Growth Platforms (ii)	235	-	654	-
<b>Total</b>	<b>2,644</b>	<b>+8.7%</b>	<b>7,628</b>	<b>+8.6%</b>

(i) Africa, Middle East, South America.

(ii) Building Automation (TAC and Andover Controls) and Secured Power (MGE UPS Systems).



**Financial Communication:**  
Schneider Electric  
Alexandre Brunet

Tel. +33 (0)1 41 29 70 71  
Fax +33 (0)1 41 29 71 42  
[www.schneider-electric.com](http://www.schneider-electric.com)  
ISIN: FR0000121972

**Press Contact:**  
Schneider Electric  
Véronique Moine

Tel. +33 (0)1 41 29 70 76  
Fax +33 (0)1 41 29 71 95

**Press Contact:**  
DGM  
Michel Calzaroni  
Olivier Labesse

Tel. +33 (0)1 40 70 11 89  
Fax +33 (0)1 40 70 90 46

## Financial information (p. 2)

Sales in **Europe** were up **3.7%** for the quarter, less than the growth shown in the first half (5.2%). This was primarily due to slower growth in Eastern Europe, where sales gained around 10% during the period, reflecting unfavorable prior-year comparatives and temporary disruptions in the logistics chain in Russia. Business trend is still developing well.

Markets are gradually improving in Western Europe, with business remaining subdued in the industry and only partially improving in non-residential buildings. Sales growth in the main countries, including France, averaged 3%. In Spain, sales enjoyed sustained growth in the third quarter, led by more favorable market conditions and an excellent performance in the wiring devices business.

Sales in **North America** rose **6.8%** during the quarter, as better market conditions offset the initial impact of less favorable prior-year comparatives. Industrial investment showed signs of a rebound in certain segments and the non-residential construction continued its modest recovery.

In **Asia – Pacific**, sales maintained their strong momentum, gaining **18.6%** during the quarter. Confirmed leadership positions and sustained expansion drove sales growth of nearly 20% in almost all of the Asian regions, amply outpacing the local markets.

Sales growth in the **Rest of the world**, which was already high in the first half, accelerated to **29.7%** in the third quarter. Successful business development actions in the residential market in Brazil, South Africa and Turkey, as well as in the infrastructure market in North Africa and the Middle East, helped to drive a remarkable performance in all of these regions.

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*“Our balanced geographic presence and effective growth plans enabled us to fully leverage global economic growth and report again a remarkable growth in the third quarter,” said Henri Lachmann, Chairman and Chief Executive Officer of Schneider Electric. “In light of prevailing economic and currency conditions and the geographic spread of our business activity, we expect sales up 17% to 18% for the full year and confirm that growth in operating income will exceed 25%, for a one point improvement in operating margin.”*

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**Fourth quarter sales will be released on January 20, 2005 and the 2004 annual results will be presented on February 17, 2005.**

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*Schneider Electric is the world's power and control specialist. Through its world-class brands, Merlin Gerin, Square D and Telemecanique, Schneider Electric manufactures and markets a comprehensive range of products and services for the residential, buildings, industry, and energy and infrastructure markets. Schneider Electric has 85,000 employees worldwide, operations in 130 countries and recorded sales of €8.8 billion in 2003 through 13,000 sales outlets.*



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## Financial information (p. 3)

### Appendices

Third-quarter 2004 sales by operating division

€ millions	Sales 3 <sup>rd</sup> quarter 2004	% Change 3 <sup>rd</sup> quarter Constant	Change in structure	Currency effect	% Change 3 <sup>rd</sup> quarter Current
Europe	1,211	+3.7%	+3.4%	-	+7.1%
North America	563	+6.8%	-	-8.2%	-1.4%
Asia – Pacific	450	+18.6%	+20.3%	-6.4%	+32.5%
Rest of the world	185	+28.7%	+5.1%	-5.8%	+28.0%
Growth Platforms	235	-	-	-	-
<b>Total</b>	<b>2,644</b>	<b>+8.7%</b>	<b>+14.6%</b>	<b>-3.7%</b>	<b>+19.6%</b>

Nine-month 2004 sales by operating division

€ millions	Sales Nine months 2004	% Change Nine months Constant	Change in structure	Currency effect	% Change Nine months Current
Europe	3,659	+4.7%	+0.9%	-0.4%	+5.2%
North America	1,583	+6.5%	+0.1%	-9.5%	-2.9%
Asia – Pacific	1,241	+19.7%	+21.5%	-5.5%	+35.7%
Rest of the world	491	+22.9%	+5.3%	-5.5%	+22.7%
Growth Platforms	654	-	-	-	-
<b>Total</b>	<b>7,628</b>	<b>+8.6%</b>	<b>+13.6%</b>	<b>-3.9%</b>	<b>+18.3%</b>



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Fax +33 (0)1 40 70 90 46