









# 2012 First-Quarter Results

May 4, 2012





# Contents

 Highlights	3 to 4
 Net sales	5 to 8
 Profitability, cash generation and balance sheet	9 to 12
 On-going reinforcement of our business model	13 to 17
 Conclusion	18 to 19
 Appendices	20 to 28

# HIGHLIGHTS





## Highlights

### ■ Rise in net sales

- Acquisition-driven growth: +5%
- Growth in new economies and the US
- Overall organic<sup>(1)</sup> change in group sales affected by high basis for comparison in Q1 2011, in particular in France

### ■ Profitability, free cash-flow and balance sheet

- Adjusted operating margin: 20.4% (20.8% excluding acquisitions)
- Free cash-flow > 13% of sales on a “normalized”<sup>(2)</sup> basis and 7.4% of sales on a reported basis
- Strong balance sheet structure and debt maturity extended

### ■ Ongoing reinforcement of the business model

- New-product launches
- Disciplined execution of acquisition strategy

### ■ 2012 targets confirmed<sup>(3)</sup>

1. *Organic: at constant scope of consolidation and exchange rates*

2. *Based on a constant ratio of working capital requirement to sales*

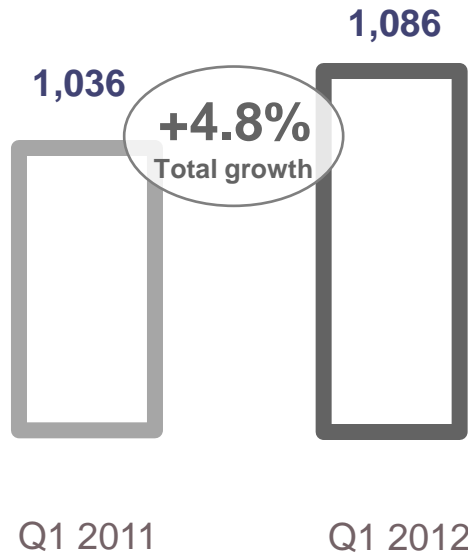
3. *Based on first-quarter achievements and in the absence of marked worsening in the economic environment*





## Change in Net Sales

€ millions



- Strong +5% acquisition-driven growth
- -0.9% organic<sup>(1)</sup> change in sales
  - High basis for comparison in France
  - Gap between sell-in/sell-out effects in Italy
  - Close to 6% growth in new economies
  - Over 4% growth in the US
- +0.7% FX effect

1. Organic: at constant scope of consolidation and exchange rates

## Change in Net Sales (1/2)

### France

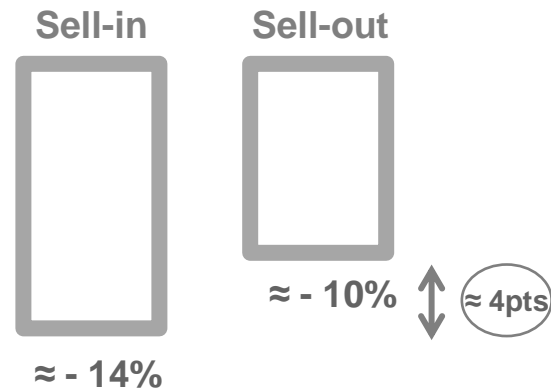
High Q1 and Q2 2011  
basis for comparison

- -2.1% organic<sup>(1)</sup> growth
- High Q1 2011 basis for comparison:
  - Major new product launches
  - Strong sales growth in Q1 2011: +12.1%
- +9.7% organic growth over 2 years (Q1 2012 vs Q1 2010)
- Good showings in segments where Legrand has strong market positions, such as wiring devices
- Reinforcement in energy distribution

### Italy

Gap between  
sell-in/sell-out effects

- -13.6% organic<sup>(1)</sup> growth
- Sell-out % better than sell-in %



- Better resilience in businesses where Legrand is a frontrunner, such as wiring devices



## Change in Net Sales (2/2)

### Rest of Europe Good performances in new economies

- +2.5% organic<sup>(1)</sup> growth
- New economies:  
Good performances in  
Russia, Turkey and Eastern  
Europe in general
- Mature economies:  
Good performances in  
Austria, Germany and the  
Netherlands  
Activity still declining in  
Southern Europe

### USA/Canada Encouraging performances


- +4.1% organic<sup>(1)</sup> growth
- Strong showings in wiring  
devices, cable management  
and highly energy-efficient  
lighting controls
- Improvement in the  
construction market even if  
it remains well below its  
historic levels

### Rest of the world Good showings in Asia and Latin America

- +2.7% organic<sup>(1)</sup> growth
- Good performances:  
In Asia (India and China)  
In Latin America (Mexico,  
Chile or Colombia)
- Some countries in Africa  
and Middle-East still  
impacted by the Arab  
Spring

1. Organic: at constant scope of consolidation and exchange rates





PROFITABILITY  
CASH GENERATION  
BALANCE SHEET



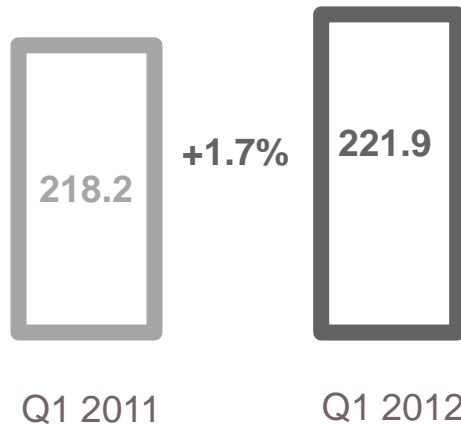
# Adjusted<sup>(1)</sup> Operating Margin

in € millions  
and as % of sales

**21.1%**

**20.4%** including acquisitions

**20.8%** excluding acquisitions



- Efficient pricing power
- Costs under control
- Ongoing productivity initiatives

1. Operating profit adjusted for amortization of the revaluation of intangible assets and for expense/income, relating both to acquisitions (€8.4 million in Q1 2011 and €6.0 million in Q1 2012), as well as, if applicable, for impairment of goodwill (€0 in Q1 2011 and Q1 2012)

## Free Cash Flow Generation in Q1 2012

**€ 81m**

7.4% of sales on a reported basis  
**but > 13% of sales**  
**on a “normalized”<sup>(1)</sup> basis**  
(as in 2011)

- Good cash flow from operations: €174m i.e. 16.1% of sales
- Specific items in change in working capital requirement in Q1 2012
  - Annual payment of interests of bonds issued in 2011
  - Decrease in trade payables in line with activity
- Overall capital employed under control
  - Working capital requirement < 10% of sales
  - Capex: 2.2% of sales

## Strong Balance Sheet Structure

- Improved balance sheet structure
  - Net debt / EBITDA ratio: 1.20 (last twelve months)
  
- Ongoing diversification of financing resources and extending debt maturity
  - Success of new €400m Eurobond issue maturing in 2022 with an annual coupon of 3.375%
  - Gross debt maturity taking account of latest Eurobond issue: 8 years
  
- Rating<sup>(1)</sup> raised in February 2012 to A- with stable outlook



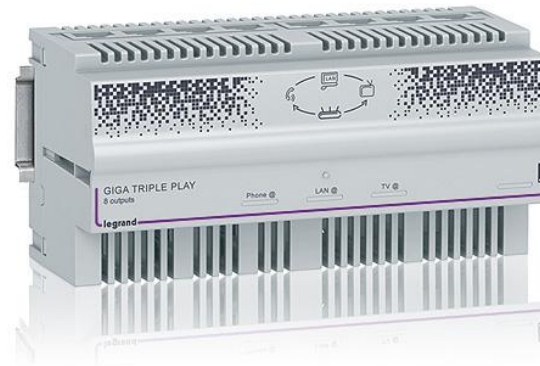
ONGOING  
REINFORCEMENT  
OF OUR  
BUSINESS MODEL

ONGOING  
REINFORCEMENT  
OF OUR  
BUSINESS MODEL

## New Product Launches



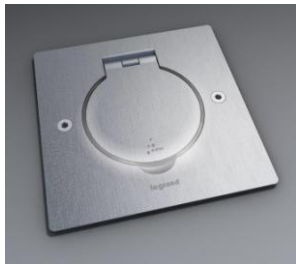
New Sfera door-entry systems  
(Italy)



Home Network systems  
(Worldwide)



Automatic & Green Switch  
new functions  
(Worldwide)



Platinum  
floor sockets  
(Europe)



CCTV offer  
(Worldwide)



Practice emergency  
lighting unit  
(France)



DPX<sup>3</sup> digital time switches  
(France)

## Disciplined Execution of Acquisition Strategy

- Self financed
- Small to mid-size bolt-on acquisitions
  - 2 new companies acquired<sup>(1)</sup> in Q1 2012, with total annual sales of more than €115 million
  - +4.6% of scope of consolidation impact expected in FY2012 (on the basis of acquisitions already announced, see page 27) in line with mid-term targets
- Frontrunners
- Fast-growing segments or economies
- Docking process under control

1. The acquisition of Numeric UPS is subject to customary closing procedures

## Disciplined Execution of Acquisition Strategy – Numeric UPS



- India's market leader in low- and medium-power UPS<sup>(1)</sup>
  - Nearly €80 million annual sales
  - Strong brand awareness and extensive nationwide sales and service network of over 1,500 employees
  - Over 2,500 employees in total
- 
- Rounding out Legrand's strong positions in India



- Stepping up expansion in the promising UPS market

1. *Uninterruptible Power Supply*



## Disciplined Execution of Acquisition Strategy – Aegide



- Market leader in Voice-Data-Image cabinets for data centers in the Netherlands and a front-running European contender
- €36 million annual sales
- 170 employees

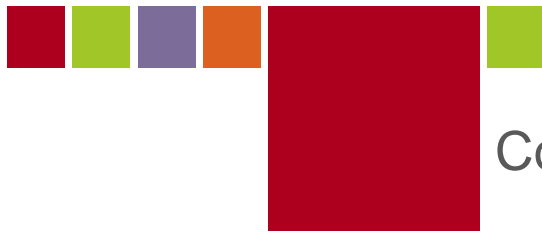


- Ideal complement to Legrand's offer for data centers

- Strengthening positions in digital infrastructures



# CONCLUSION



## Conclusion

- Growth, profitability, free cash-flow and balance sheet
  - Growth drivers: acquisitions and new product launches
  - Adjusted operating margin: 20.4% (20.8% excluding acquisitions)
  - Free cash-flow > 13% of sales on a “normalized”<sup>(1)</sup> basis and 7.4% of sales on a reported basis
  - Strong balance sheet structure and debt maturity extended
  
- Based on first-quarter achievements and in the absence of marked worsening in the economic environment, Legrand confirms its targets for 2012
  - Organic<sup>(2)</sup> growth in sales of about zero
  - Adjusted operating margin equaling or exceeding 19% of sales, including acquisitions<sup>(3)</sup>

1. Based on a constant ratio of working capital requirement to sales  
2. Organic growth: at constant scope of consolidation and exchange rates  
3. Small and medium-size bolt-on acquisitions



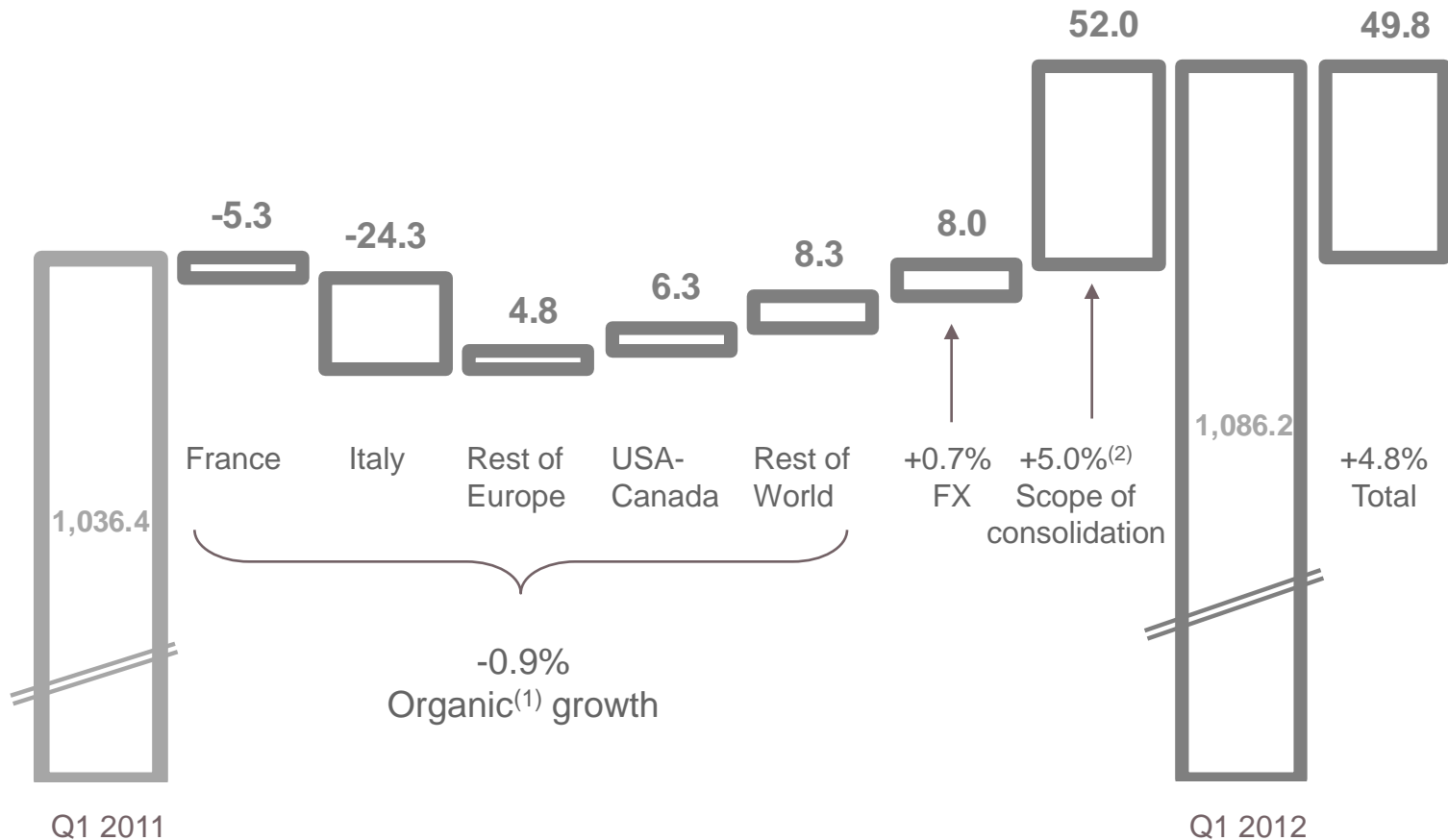
# APPENDICES



APPENDICES

# Change in Net Sales

Breakdown of change in 2012 first-quarter net sales by destination (€m)



1. Organic: at constant scope of consolidation and exchange rates  
 2. Due to the consolidation of Intervox Systems, Middle Atlantic Products, SMS and Megapower

Q1 2012 First Quarter – Net Sales by Destination<sup>(1)</sup>

In € millions	Q1 2011	Q1 2012	Total Change	Scope of Consolidation	Like-for-Like Growth	Currency Effect
France	254.4	251.3	<b>-1.2%</b>	0.9%	<b>-2.1%</b>	0.0%
Italy	178.6	154.3	<b>-13.6%</b>	0.0%	<b>-13.6%</b>	0.0%
Rest of Europe	191.2	193.9	<b>1.4%</b>	0.3%	<b>2.5%</b>	-1.3%
USA/Canada	136.4	168.9	<b>23.8%</b>	14.2%	<b>4.1%</b>	4.2%
Rest of the World	275.8	317.8	<b>15.2%</b>	10.8%	<b>2.7%</b>	1.2%
<b>Total</b>	<b>1,036.4</b>	<b>1,086.2</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-0.9%</b>	<b>0.7%</b>

1. Market where sales are recorded

Q1 2012 First Quarter – Net Sales by Origin<sup>(1)</sup>

In € millions	Q1 2011	Q1 2012	Total Change	Scope of Consolidation	Like-for-Like Growth	Currency Effect
France	284.2	280.2	<b>-1.4%</b>	0.5%	<b>-1.9%</b>	0.0%
Italy	187.6	160.6	<b>-14.4%</b>	0.0%	<b>-14.4%</b>	0.0%
Rest of Europe	187.1	189.4	<b>1.2%</b>	0.0%	<b>2.8%</b>	-1.5%
USA/Canada	139.3	172.5	<b>23.8%</b>	14.6%	<b>3.7%</b>	4.2%
Rest of the World	238.2	283.5	<b>19.0%</b>	12.8%	<b>4.1%</b>	1.4%
<b>Total</b>	<b>1,036.4</b>	<b>1,086.2</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-0.9%</b>	<b>0.7%</b>

1. Zone of origin of the product sold

## Q1 2012 First Quarter – P&amp;L

In € millions	Q1 2011	Q1 2012	% change
<b>Net sales</b>	<b>1,036.4</b>	<b>1,086.2</b>	<b>4.8%</b>
Gross profit	561.7	576.9	2.7%
as % of sales	54.2%	53.1%	
<b>Adjusted<sup>(1)</sup> operating profit</b>	<b>218.2</b>	<b>221.9</b>	<b>1.7%</b>
as % of sales	<b>21.1%</b>	<b>20.4%<sup>(2)</sup></b>	
Amortization and expense/income related to acquisitions	(8.4)	(6.0)	
Operating profit	209.8	215.9	2.9%
as % of sales	20.2%	19.9%	
Financial income (costs)	(17.9)	(20.3)	
Exchange gains (losses)	6.0	(5.1)	
Income-tax expense	(70.2)	(66.5)	
Profit	127.7	124.0	-2.9%
<b>Profit excluding minority interests</b>	<b>127.5</b>	<b>123.3</b>	<b>-3.3%</b>

1. Operating profit adjusted for amortization of the revaluation of intangible assets and for expense/income, relating both to acquisitions (€8.4 million in Q1 2011 and €6.0 million in Q1 2012, as well as, if applicable, for impairment of goodwill (€0 for Q1 2011 and Q1 2012)

2. 20.8% excluding acquisitions



## Q1 2012 – Reconciliation of Cash Flow From Operations with Profit

In € millions	Q1 2011	Q1 2012
<b>Profit</b>	<b>127.7</b>	<b>124.0</b>
Depreciation & amortization	42.7	38.9
Change in other non-current assets and liabilities and deferred tax	10.9	8.5
Exchange (gains)/losses net	3.6	3.5
(Gains)/losses on sales of assets, net	(1.6)	(1.1)
Other adjustments	(0.2)	0.6
<b>Cash flow from operations</b>	<b>183.1</b>	<b>174.4</b>

## Q1 2012 – Reconciliation of Free Cash Flow with Cash Flow From Operations

In € millions	Q1 2011	Q1 2012	% change
<b>Cash flow from operations<sup>(1)</sup></b>	<b>183.1<sup>(2)</sup></b>	<b>174.4<sup>(2)</sup></b>	<b>-4.8%</b>
<b>as % of sales</b>	<b>17.7%</b>	<b>16.1%</b>	
Change in working capital requirement	(67.7)	(72.1)	
Net cash provided by operating activities	115.4	102.3	-11.4%
as % of sales	11.1%	9.4%	
Capital expenditures (including capitalized R&D)	(27.5)	(23.5)	
Net proceeds of sales of fixed assets	5.3	2.0	
<b>Free cash flow</b>	<b>93.2</b>	<b>80.8</b>	<b>-13.3%</b>
<b>as % of sales</b>	<b>9.0%</b>	<b>7.4%</b>	

1. Cash flow from operations is defined as the sum of net cash of operating activities and change in working capital requirement
2. Adjusted for cash FX impact, cash flow from operations comes to €173.5m in Q1 2011 and €176.0m in Q1 2012



APPENDICES

# Scope of Consolidation

2011	Q1	H1	9M	FY
Intervox Systems	Balance sheet only	6 months	9 months	12 months
Middle Atlantic Products		Balance sheet only	4 months	7 months
SMS			Balance sheet only	5 months
Megapower				Balance sheet only

2012	Q1	H1	9M	FY
Intervox Systems	3 months	6 months	9 months	12 months
Middle Atlantic Products	3 months	6 months	9 months	12 months
SMS	3 months	6 months	9 months	12 months
Megapower	3 months	6 months	9 months	12 months
Numeric UPS	NA	2 months tbc	5 months tbc	8 months tbc
Aegide	Balance sheet only	4 months	7 months	10 months

# Disclaimer

The information contained in this presentation has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

This presentation contains information about Legrand's markets and its competitive position therein. Legrand is not aware of any authoritative industry or market reports that cover or address its market. Legrand assembles information on its markets through its subsidiaries, which in turn compile information on its local markets annually from formal and informal contacts with industry professionals, electrical-product distributors, building statistics, and macroeconomic data. Legrand estimates its position in its markets based on market data referred to above and on its actual sales in the relevant market for the same period.

This document may contain estimates and/or forward-looking statements. Such statements do not constitute forecasts regarding Legrand's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties, many of which are outside Legrand's control, including, but not limited to the risks described in Legrand's reference document available on its Internet website ([www.legrand.com](http://www.legrand.com)). These statements do not reflect future performance of Legrand, which may materially differ. Legrand does not undertake to provide updates of these statements to reflect events that occur or circumstances that arise after the date of this document.

This document does not constitute an offer to sell, or a solicitation of an offer to buy Legrand shares in any jurisdiction.