



# 2010 Combined General Meeting of Shareholders

May 27, 2010



# Agenda

- Growth drivers – G. Schnepf
- A more responsive and efficient organization – O. Bazil
- Financial results – A. Burel
- A strong, competitive financial structure – G. Schnepf
- Social and environmental responsibility and corporate governance – G. Schnepf

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- Presentation of resolutions – G. Schnepf
  - Statutory auditors' report – D. Descours, G. Morin
  - Q & A
  - Vote of resolutions – J.-L. Fourneau

# Growth Drivers

**Gilles Schnepf**  
**Chairman and Chief Executive Officer**

# Growth Drivers

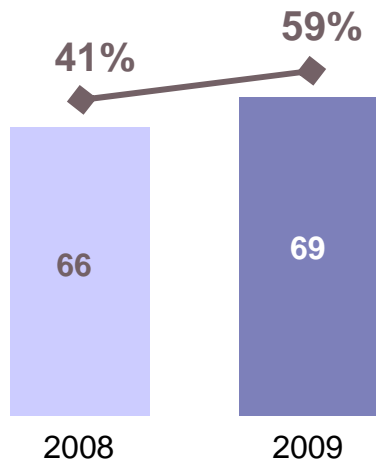
- Innovation
  
- Emerging countries
  
- 3 promising opportunities:
  - Energy efficiency
  - Digital convergence
  - Ageing population

# Active Innovation Strategy

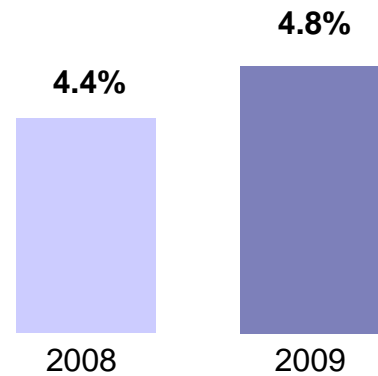
## Research & Development

- Over 1,800 people dedicated to R&D
- Close to 5% of sales invested in R&D
- 35% of sales generated with new products

Investment in new products  
(in €m and % of investments)



Spending on R&D  
(as % of sales)



## Innovation

# Active Innovation Strategy

New product launches, including:

## Control and command

Arteor



Digital Lighting Management



Mallia



Nereya



## Voice-Data-Images

LCS<sup>2</sup>



Btnet



## Energy distribution

DMX<sup>3</sup>



Alpistatic



## Cable Management

GTL Viadis

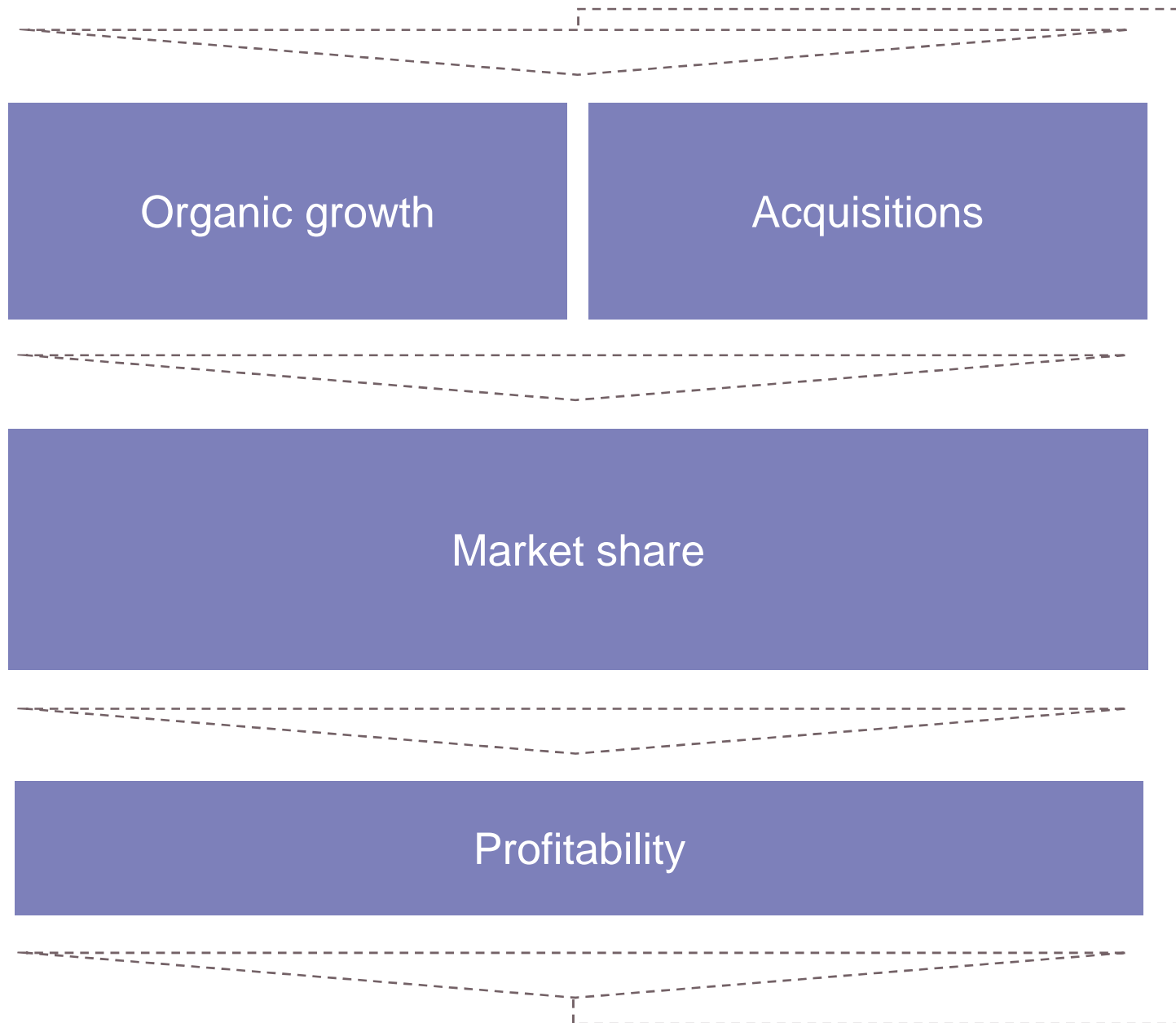


Logix



Innovation

# Efficient Business Model



# Replicating the Legrand Business Model with Success in Emerging Countries



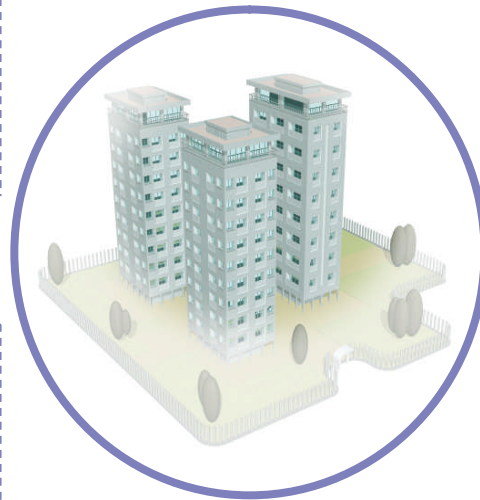


# 3 Promising Opportunities

## Opportunities for today

### Energy efficiency

Buildings alone account for **40%** of all energy used



### Digital convergence

**Growing** needs in digital infrastructures

## Opportunity for tomorrow

### Ageing of the population

**4-fold**

**increase** in world population over age 80 in slightly more than a generation<sup>(1)</sup>

# Opportunities for Today – Energy Efficiency

## Temperature management



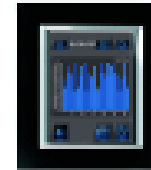
Up to 12% savings on heating.

## Solar-cell protection & mgmt



Secured operation of commercial and residential solar installations.

## Consumption monitoring

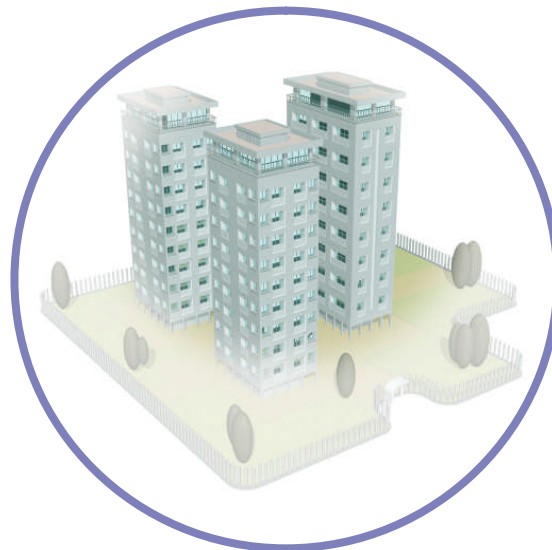


Energy consumption display system: up to 15% savings.

## Living scenarios



Up to 10% savings on energy consumption.



## Energy distribution



Programmable switches: up to 12% savings on heating.

## Shutter control



Up to 10% savings on heating and 80% on air-conditioning

## Lighting management



Automatic switches: up to 55% savings on lighting costs.

## Airtight flush-mounting boxes



Up to 7 kWh/m<sup>2</sup> savings per year.

3 opportunities

# Opportunities for Today – Energy Efficiency

## Lighting Management

Up to **55%** savings on energy



Motion detector with luminance threshold



Voluntary Switch on/off button



Presence and luminance management with variation in a 400sq.m building<sup>(1)</sup>

SAVINGS /YEAR <sup>(2)</sup>

**€327**

SAVINGS /YEAR <sup>(2)</sup>

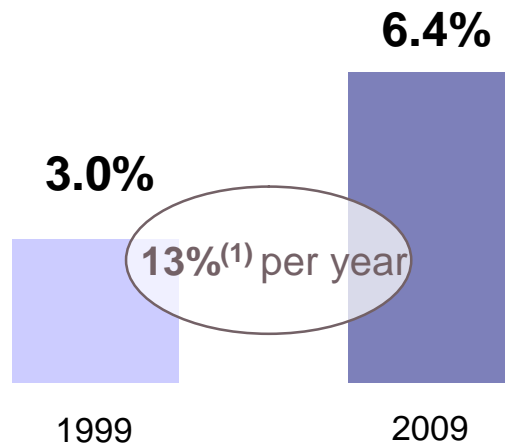
**0.5 t.éq. CO<sub>2</sub><sup>(3)</sup>**

3 opportunities

1. At green or yellow rates; at blue rate, savings are two times higher
2. Calculation in euros in accordance with the EN 15 193 standard and in CO<sub>2</sub> with EIME “Electricité de France” model software
3. CO<sub>2</sub> equivalent of all gases generating pollution (CO<sub>2</sub>, methane, carbon monoxide, fluoride gases, etc.)

# Opportunities for Today – Energy Efficiency

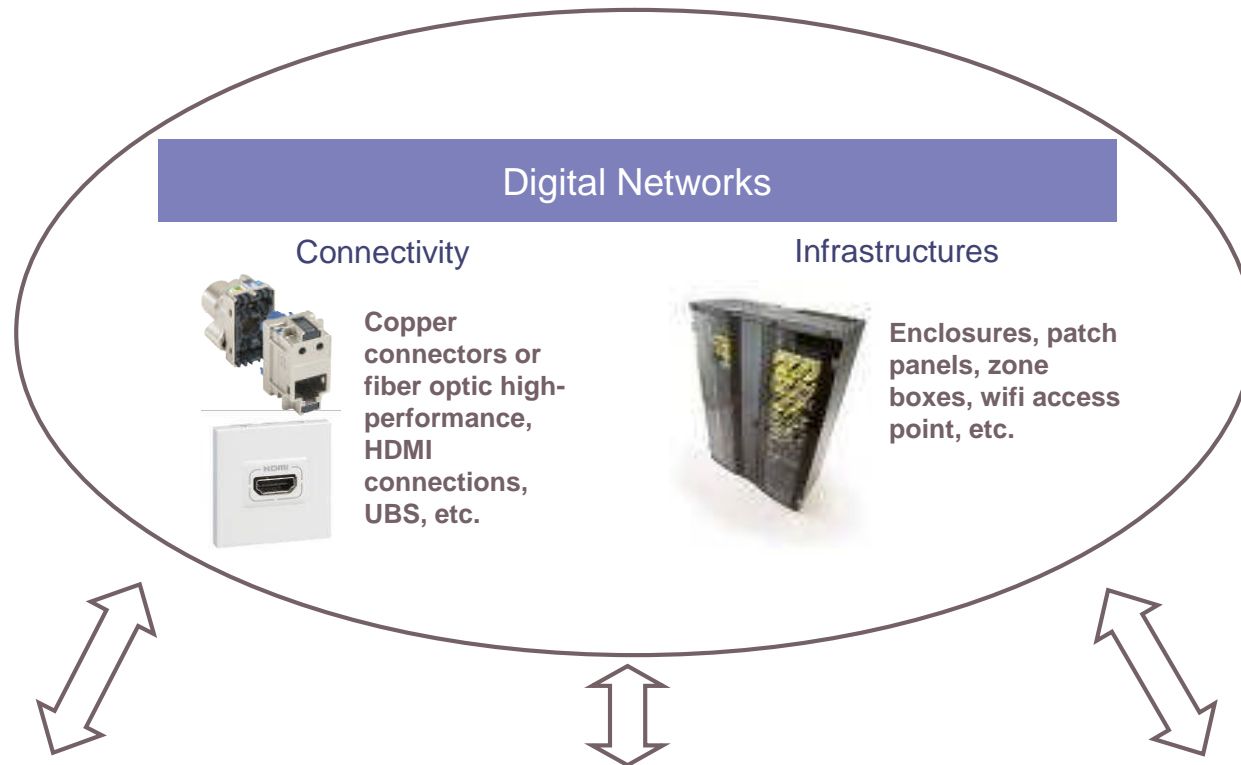
Sales of energy-efficient solutions as % of total sales





3 opportunities

1. Compound Annual Growth Rate

# Opportunities for Today – Digital Convergence

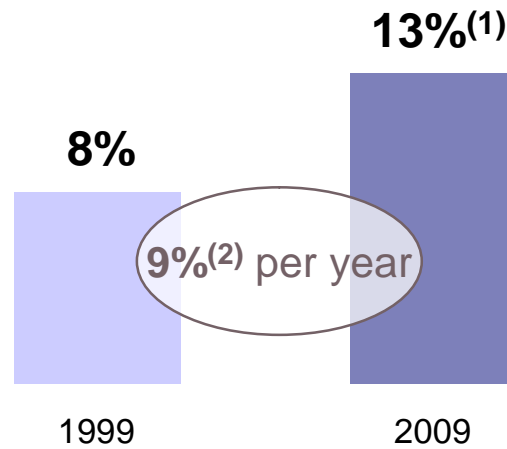


3 opportunities

<p><b>Energy Management</b></p>	<p><b>Safety</b></p>	<p><b>Commercial applications: hotels, offices, hospitals, etc.</b></p>
 <p>Monitoring, visualization and transmission of energy consumption.</p>	 <p>Access control, video surveillance, alarms, etc.</p>	

# Opportunities for Today – Digital Convergence

Sales of digital infrastructures as % of total group sales

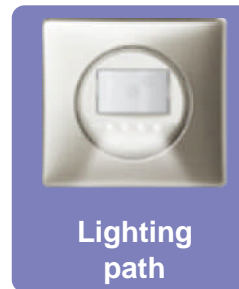


3 opportunities

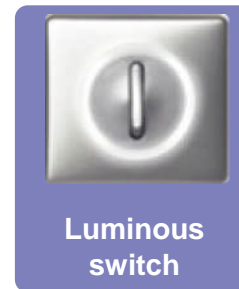
1. 22% including residential systems, lighting systems etc.  
2. Compound Annual Growth Rate

# Opportunities for Tomorrow – Ageing Population

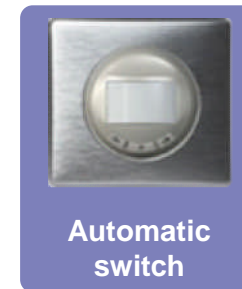
- Preventing falls



Lighting path



Luminous switch



Automatic switch

- Preventing home risks



Gas detector

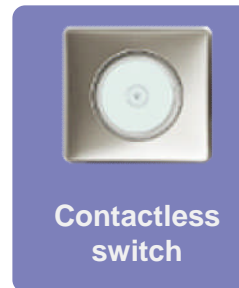


Smoke detector

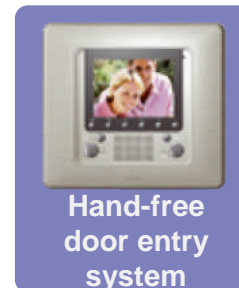


Flood detector

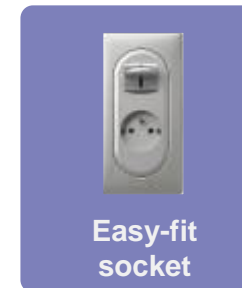
- Hands-free monitoring



Contactless switch



Hand-free door entry system

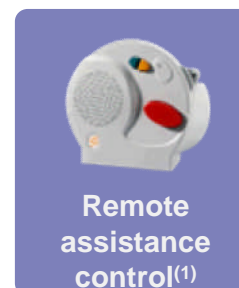


Easy-fit socket

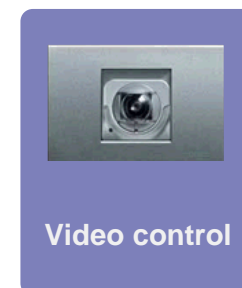
- Remote communication



Door entry system with teleloop



Remote assistance control<sup>(1)</sup>



Video control

3 opportunities

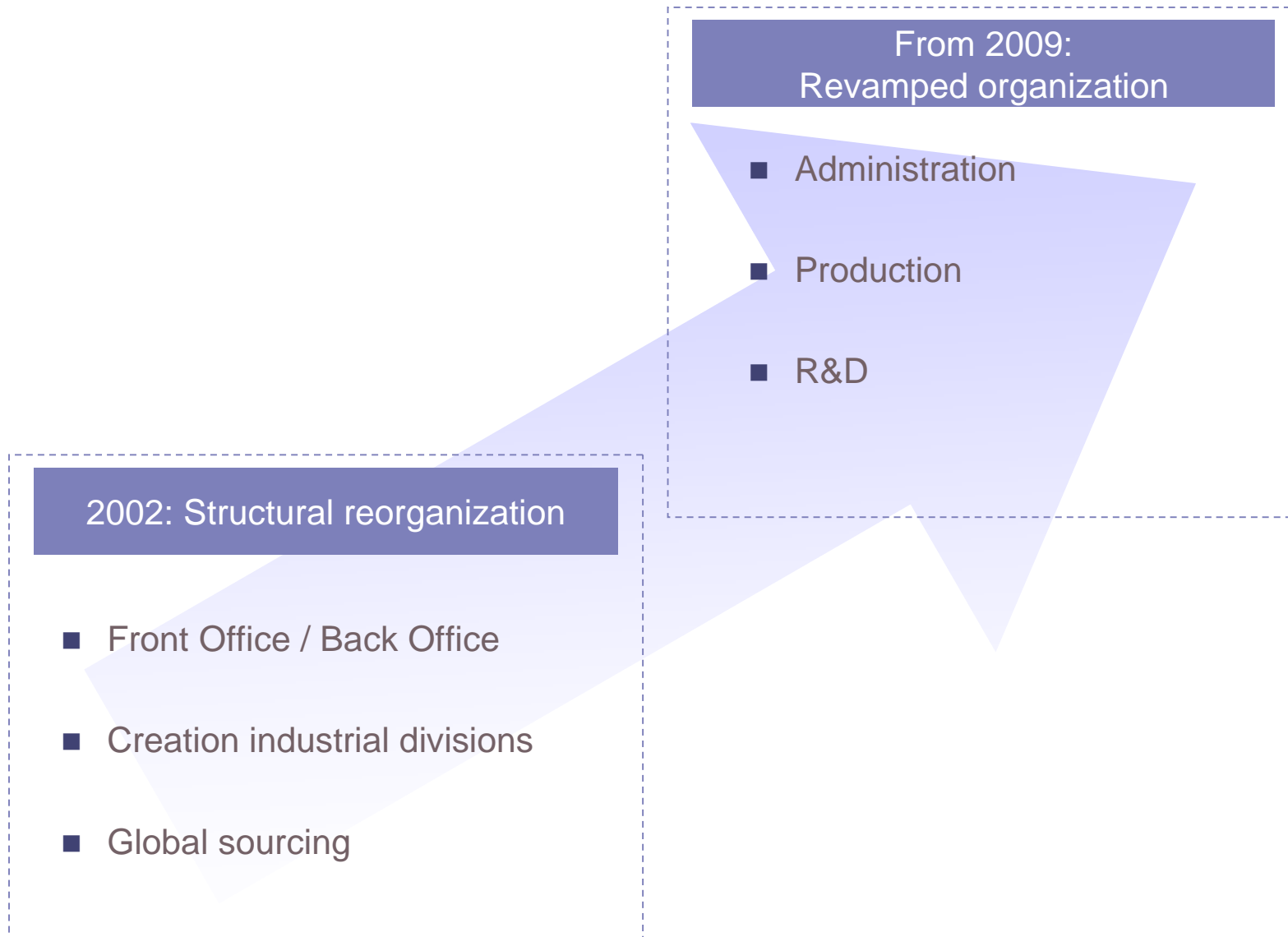
1 In partnership with a third party company

# A More Responsive and Efficient Organization

**Olivier Bazil**  
**Vice Chairman and Chief Operating Officer**



# Legrand: A New Step Forward



# Process Re-engineering

## *Administration*

- IT systems: centralizing infrastructures for greater **safety** and **responsiveness**
- Client communication: use of the tools (e-communication) that are **more competitive and respectful of environment**
- Professional trips: Increased use of conference calls and webcasts for more **efficient, economical and frequent** corporate communications



More responsive  
organization

Systematic use of new  
technology for  
sustainable  
development

# Process Re-engineering *Production*

## Platform rationalization<sup>(1)</sup>

**From**

**85** ranges

**29** platforms



**To**

**60** ranges

**9** platforms



**60-70%**

reduction in number of  
components

**Increase**

in facility utilization  
rate

**Reduce**

product update  
complexity &  
inventories

1. Example for wiring devices and home systems

# Process Re-engineering *R&D*

## New processes in product design

**From**

**To**

**22**-month development cycle

**14** months

**10** projects



**18** projects



**Increase and accelerate  
new product launches**

**Deployment of eco-design**

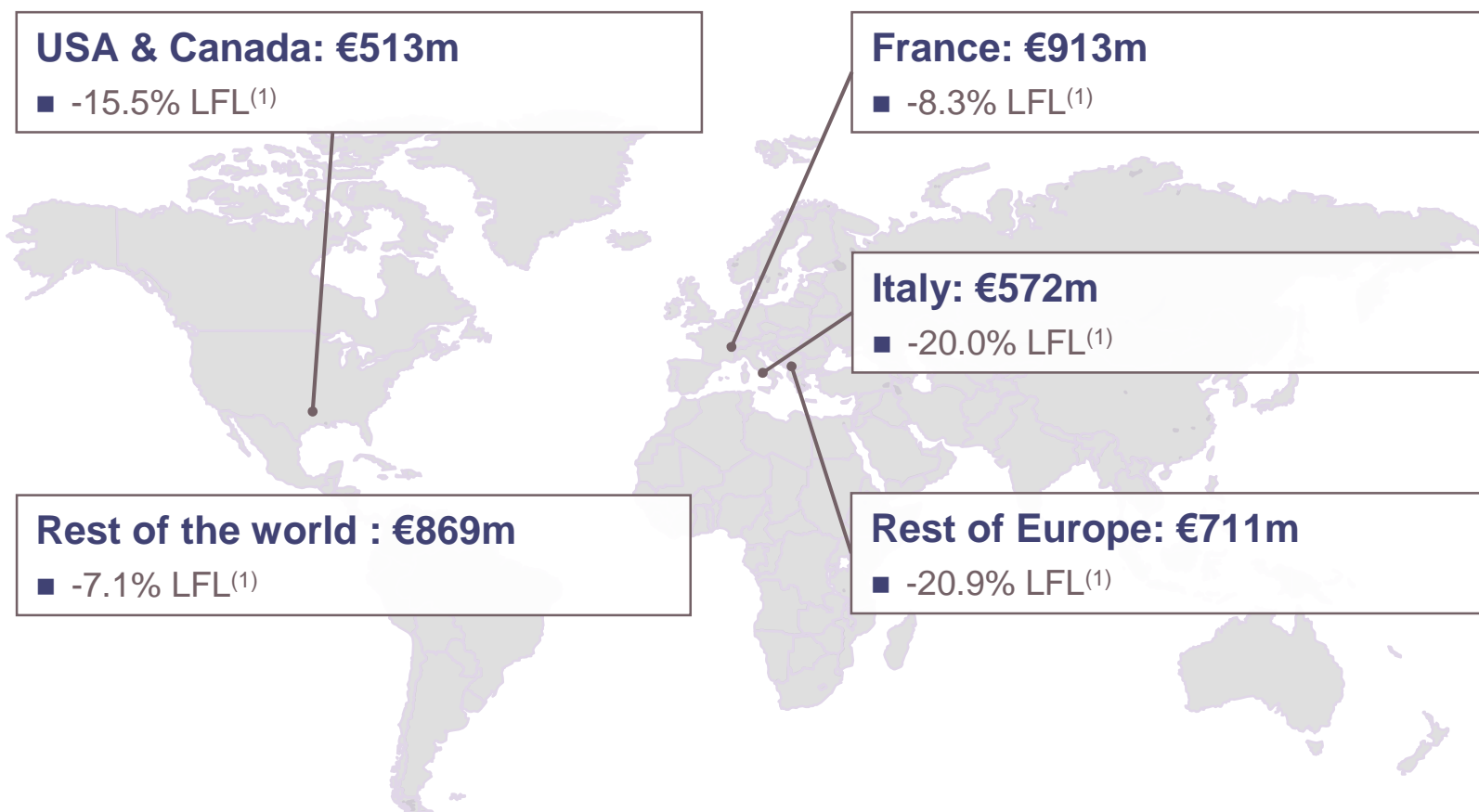
# Financial Results

**Antoine Burel**  
**Chief Financial Officer**

# Sales in 2009

## Total sales: €3,578m in 2009

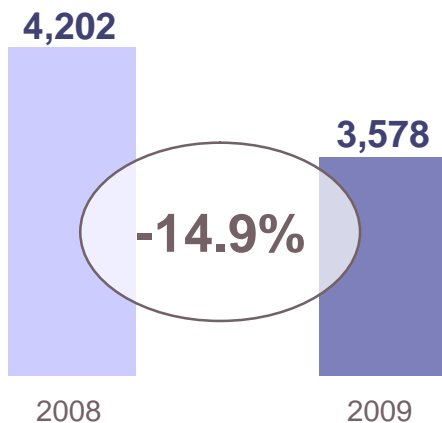
- -14.9%
- -13.9% like-for-like<sup>(1)</sup>



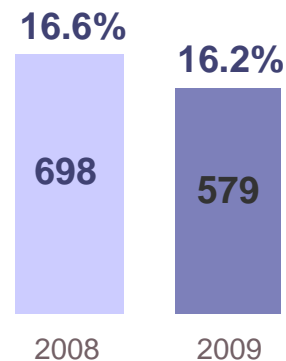
1. At constant scope of consolidation and exchange rates

# 2009 Full-Year Results

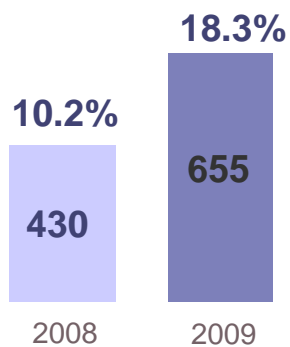
Change in net sales  
In €m



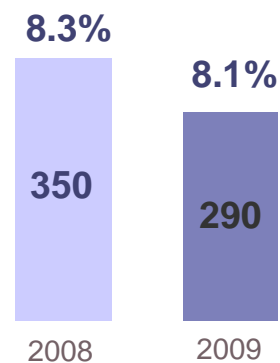
Resilient adjusted EBIT margin  
in €m and as % of sales



Healthy free cash-flow generation  
in €m and as % of sales

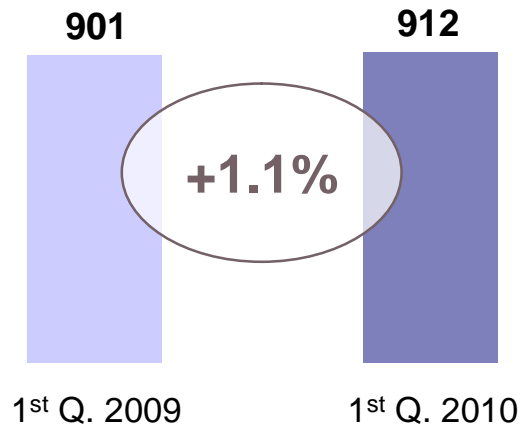


Net Result  
in €m and as % of sales

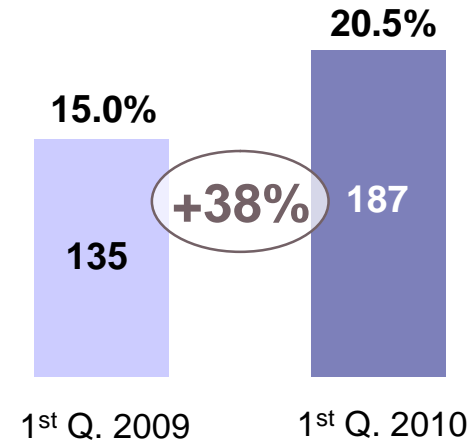


# 2010 First-Quarter Results

Change in net sales  
In €m



Strong increase in adjusted operating  
income (in €m and as % of sales)



## Highlights

- Emerging markets: strong rise in sales (+15.8%) and leverage effect on margins
- Success of new products: Arteor, Céliane, LCS<sup>2</sup>, etc.
- Close to 5% of sales invested in R&D

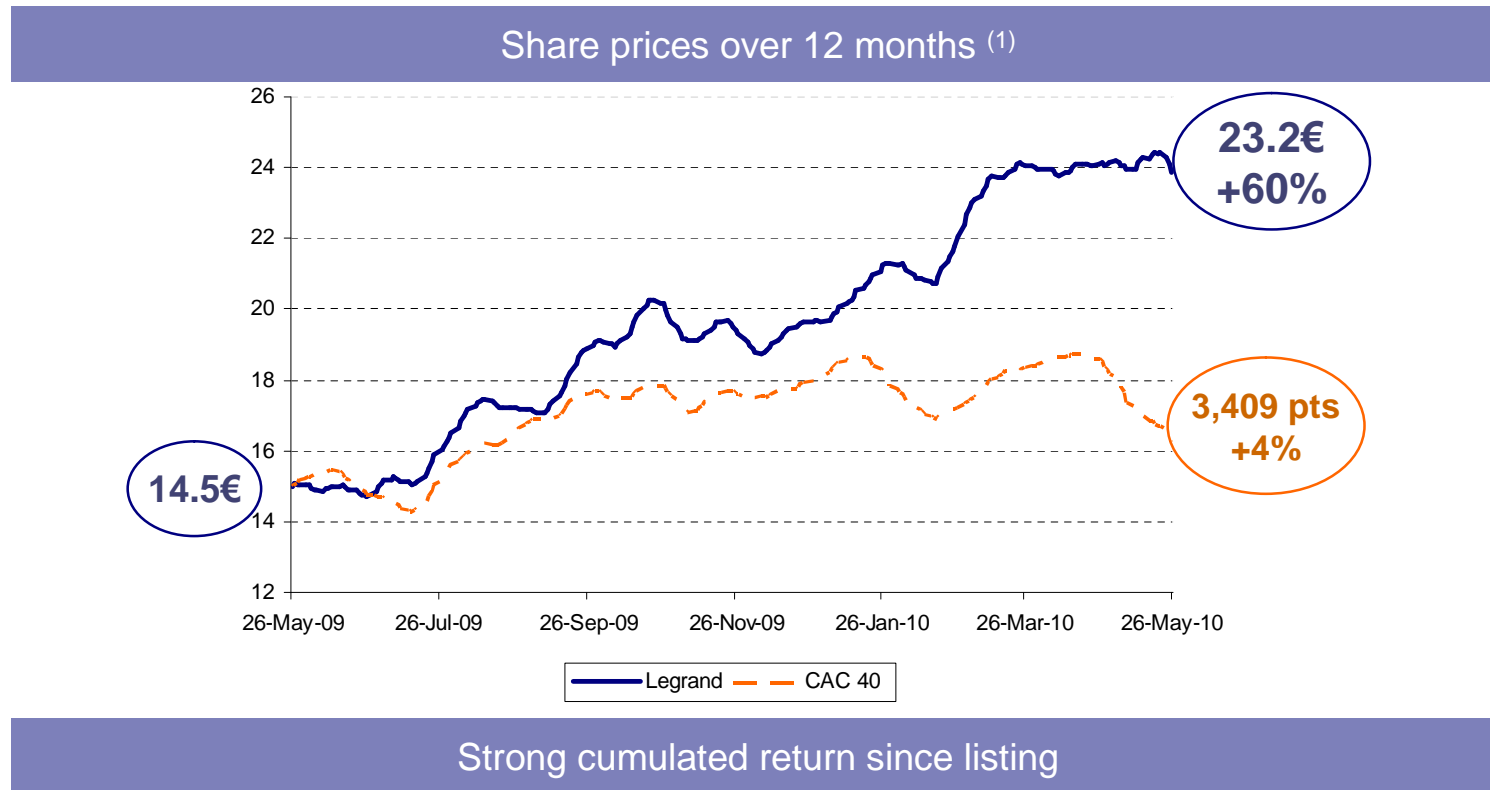


**Legrand has set its 2010 target for adjusted operating margin at over 18%.**

# A strong, Competitive Financial Structure

**Gilles Schnepf**  
**Chairman and Chief Executive Officer**

# Stock Performance

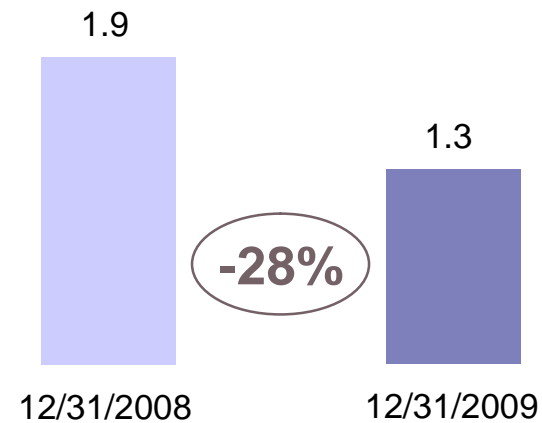


€100 invested at the time of the IPO are today worth, assuming reinvestment of dividends, €132, despite crisis.

1. 10-day mobile average

# Strong Financial Structure

## Reduction in net debt in €bn



## Long-term financing capacity

**100%**

of net debt backed up by credit lines due in **2013 at the earliest**

**€1,3bn**

of **available funds** at March 31, 2010

# Dividend Proposal for 2009

Almost steady  
adjusted operating  
margins in 2009

Strong free cash-flow  
generation



**Dividend per  
share  
maintained at  
€0.70<sup>(1)</sup>**

1. Subject to the approval of the General Meeting of shareholders on May 27, 2010.  
Ex date: June 2, 2010. Payment date: June 7, 2010

# Social and environmental commitments and corporate governance

**Gilles Schnepp**  
**Chairman & CEO**

# MAIN SUSTAINABILITY CHALLENGES FOR THE GROUP

## 2009 RESULTS AT A GLANCE

### SOCIAL

**Invest in employees**  
72% of management staff had an individual review



**Develop access to electricity**

10 projects sponsored across three continents (Africa, Asia, South America)



**Act for Assisted Living**  
Over 100 product lines specially adapted or adaptable to seniors



### ENVIRONMENT

**Limit the environmental impact of the operations**  
84% of sites certified ISO 14001



**Accelerate the development of products with high environmental performance'**

70% of R&D centres apply eco-design principles



**Develop and promote energy efficiency**

64% rise in sales of products dedicated to improving energy efficiency since 2002



### GOVERNANCE

**Apply the ethical commitments in day-to-day operations**  
60 ethics representatives

make sure the Charter of Fundamental Principles is applied



**Include suppliers in the sustainable development process**

57% of purchasing turnover is placed with strategic suppliers endorsing the Global Compact's principles



# Social – Invest in employees

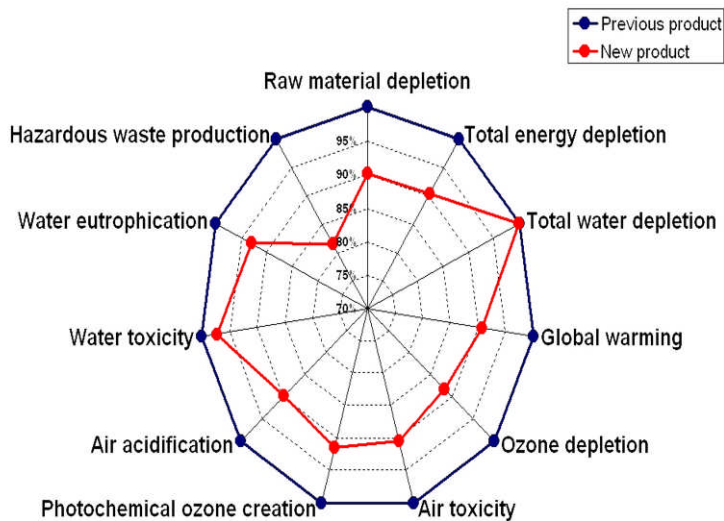


- **Reinforce management of competencies:**
  - Focus on career management and staff mobility
  - Individual review for 72% of managers
  - Average of 16 hours training / employee
- **Combat discrimination and favor diversity:**
  - Respect for people and a commitment to diversity is part of our code of ethics
  - Appointment of a diversity manager
- **Prevent accidents and ensure safety:**
  - *Esculape* project based on ILO OSH 2001
  - Preventing stress at work is part of the program
  - 85% of the workforce is represented by a Health and Safety Committee



# Environment – Accelerate the development of products with high environmental performance

Life cycle environmental impacts comparison  
Mosaic™ RJ45 UTP CAT6 - Cat.No.76561



- **Substance management (RoHS, REACH, etc.):**
  - Ensure traceability and substitutions where appropriate

- **Eco-design approach:**
  - Reduce the impact of products throughout their life cycle
  - 70% of units research apply eco-design approach

- **Product Environmental Profile:**
  - Provide customers with transparent information on product features
  - 25% of total sales in France, Italy and the USA are products covered by a PEP



Eco-design example

# Efficient structure ensures effective corporate governance

## Board of Directors

- 7 meetings in 2009 (attendance rate: 86%)

Legrand

Honorary Chairman



François Grappotte

Chairman



Gilles Schnepf

Vice-Chairman



Olivier Bazil

Directors named at Wendel's proposal



Frédéric Lemoine



Ernest-Antoine Seillière



Patrick Tanguy\*

Directors named at KKR's proposal



Mattia Caprioli



Jacques Garaïalde



Edward A. Gilhuly

Independent Directors



Gérard Lamarche



Thierry de La Tour d'Artaise

\* Subject to the ratification by the present General Meeting of his appointment

# Efficient structure ensures effective corporate governance

**The Board of Directors has set up 3 specialized committees:**

➤ **Strategy Committee**

- Annual budget and targets for economic income
- Acquisition opportunities and processes

➤ **Audit Committee**

- Quarterly, half-yearly and annual financial statements
- Internal and external control procedures
- Risk management
- Relations with statutory auditors

➤ **Nominating and Compensation Committee**

- Proposal of directors for appointment to the Board
- Proposals to the Board of Directors on executive directors' compensation in accordance with the Afep/Medef code of corporate governance and on the advice of an outside consultant
- Stock-option and free-share plans

## Stock-option and free-share plans based on targets set at the beginning of the year

In respect of	2007	2008	2009
Number of beneficiaries	1,106	924	1,313
Stock options	2,015,239	1,185,812	3,254,726
Free shares	654,058	288,963	896,556

- In respect of 2009, a rise in the number of beneficiaries reflecting international deployment, particularly in emerging economies
- Sharp variations linked to success in meeting annual targets:
  - 2008: low allocations as results fell short of targets
  - 2009: higher allocations as results exceeded targets

# Principles for executive directors' compensation

In respect of 2010:

- Fixed salary unchanged
- Bonus:
  - target bonus from 133% to 100%
  - modification of criteria in accordance with Afep/Medef code of corporate governance

<b>Gilles Schnepf</b>	<b>2009</b>	<b>2010</b>
Fixed salary	€550,000	€550,000
Target bonus	133% of fixed salary	100% of fixed salary
Based on:	70% - Economic income target 30% - Individual performance	50% - Economic income target 20% - Sales growth 15% - Acquisitions 15% - Other criteria, in particular sustainable development

## Compensation linked to performance

### Gilles Schnepf

€	In respect of			
	2007	2008	2009	2010
Fixed salary	498,000	550,000	550,000	550 000
Bonus (1)	597,600	392,500	392,500	(3)
Attendance fees	20,000	20,000	20,000	(3)
Benefits in kind (2)	3,808	3,919	3,805	
<b>Total</b>	<b>1,119,408</b>	<b>966,419</b>	<b>966,305</b>	
Number of stock options	72,583	48,300	134,351	(3)
Number of free shares	24,194	12,075	38,373	(3)

(1) Due for the year and paid the following year

(2) Company car and cell phone

(3) To be determined at the beginning of 2011

- At Mr. Schnepf's request, his total compensation is unchanged from 2008
- At Mr. Schnepf's request, allocations of stock options and free shares were held to the same ratio as applied to all plan beneficiaries

# Presentation of resolutions

**Gilles Schnepp**  
**Chairman & CEO**

Resolutions relating to the approval of the financial statements, the appropriation of earnings and the distribution of dividend

**No. 1: Approval of the Company's financial statements at December 31, 2009**

**No. 2: Approval of the consolidated financial statements at December 31, 2009**

**No. 3: Appropriation of earnings**



Resolution relating to agreements within the scope of article L.225-38 of the French commercial code

**No. 4: Agreements within the scope of article L.225-38 of the French commercial code**

Resolutions relating to the renewal of the mandates of a statutory auditor and a deputy statutory auditor

**No. 5: Renewal of the mandate of one of the statutory auditors**

**No. 6: Renewal of the mandate of one of the deputy statutory auditors**

# Resolutions relating to share buybacks

**No. 7: Approval of a share buyback program**

**No. 9: Authorization to cancel shares purchased pursuant to the share buyback program**

Resolution relating to the appointment of a Director

**No. 8: Appointment of a Director**

# Resolutions relating to financial delegations

- No. 10:** Delegation of powers to the Board of Directors for the purpose of issuing shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights maintained
- No. 11:** Delegation of powers to the Board of Directors for the purpose of issuing, by means of public offers, shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights waived
- No. 12:** Delegation of powers to the Board of Directors for the purpose of issuing, by means of an offer within the scope of section II of article L. 411-2 of France's *Code monétaire et financier* (private placement), shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights waived
- No. 13:** Power to increase issue amounts in the event of excess demand
- No. 14:** Powers conferred on the Board of Directors to set, in accordance with the conditions provided for by the General Meeting, the issue price in the event of the issues of shares or securities providing access to the Company's shares, with preferred subscription rights waived
- No. 15:** Delegation of powers to the Board of Directors for the purpose of capital increases through incorporation of reserves, profit, premiums or other items for which this is allowable
- No. 16:** Delegation of powers to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or group
- No. 17:** Delegation of powers to the Board of Directors for the purpose of issuing shares or other securities providing access to share capital as consideration for contributions in kind to the Company
- No. 18:** Total limit on delegations of power under the tenth, eleventh, twelfth, thirteenth, fourteenth, sixteenth and seventeenth resolutions

Resolutions relating to allotment of options for the purchase of or subscription to shares and allotment of free shares

**No. 19: Authorization granted to the Board for the purpose of making one or several allotments of options for the purchase of or subscription to shares**

**No. 20: Authorization granted to the Board of Directors for the purpose of making free share allotments**

# Resolution relating to the amendment of Company articles

**No. 21: Amendment of article 9.1 of Company articles**

**No. 22: Powers to effect formalities**

# Reports of the Statutory Auditors

**Dominique Descours, Deloitte et Associés**  
**Gérard Morin, PricewaterhouseCoopers**



# Reports of the Statutory Auditors

## **For the Ordinary General Meeting:**

- on consolidated financial statements and the Company's financial statements
- on the report of the Chairman of the Board of Directors on corporate governance and internal controls

## **For the Extraordinary General Meeting:**

- on capital stock reduction by cancellation of shares purchased
- on issuance of shares or securities with preferred subscription rights maintained and/or waived
- on issuance of shares or securities in favor of participants in employee share-ownership programs of the Company or group
- on allotments of options for the purchase of or subscription to shares to the employees and executive directors
- on allotments of existing shares or shares to be issued to the employees and executive directors

# Questions from the floor

# Vote on resolutions

**Jean-Luc Fourneau**  
**Company Secretary**

Vote on the first resolution

## **Approval of the Company's financial statements at December 31, 2009**

Vote on the second resolution

## **Approval of the consolidated financial statements at December 31, 2009**

Vote on the third resolution

## **Appropriation of earnings**

Vote on the fourth resolution

## **Agreements within the scope of article L.225-38 of the French Commercial Code**

Vote on the fifth resolution

## **Renewal of the mandate of one of the statutory auditors**



Vote on the sixth resolution

## **Renewal of the mandate of one of the deputy statutory auditors**

Vote on the seventh resolution

## **Approval of a share buyback program**

Vote on the eighth resolution

## **Appointment of a Director**

Vote on the ninth resolution

## **Authorization to cancel shares purchased pursuant to the share buyback program**

Vote on the tenth resolution

**Delegation of powers to the Board of Directors for the purpose of issuing shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights maintained**

Vote on the eleventh resolution

**Delegation of powers to the Board of Directors for the purpose of issuing, by means of public offers, shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights waived**

## Vote on the twelfth resolution

**Delegation of powers to the Board of Directors for the purpose of issuing, by means of an offer within the scope of section II of article L.411-2 of France's *Code monétaire et financier* (private placement), shares or securities providing access to the Company's equity or entitlement to debt securities, with preferred subscription rights waived**

Vote on the thirteenth resolution

## **Power to increase issue amounts in the event of excess demand**



## Vote on the fourteenth resolution

**Powers conferred on the Board of Directors to set, in accordance with the conditions provided for by the General Meeting, the issue price in the event of the issues of shares or securities providing access to the Company's shares, with preferred subscription rights waived**

Vote on the fifteenth resolution

**Delegation of powers to the Board of Directors for the purpose of capital increases through incorporation of reserves, profit, premiums or other items for which this is allowable**

Vote on the sixteenth resolution

**Delegation of powers to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or group**

Vote on the seventeenth resolution

**Delegation of powers to the Board of Directors for the purpose of issuing shares or other securities providing access to share capital as consideration for contributions in kind to the Company**

Vote on the eighteenth resolution

**Total limit on delegations of power under the tenth, eleventh, twelfth, thirteenth, fourteenth, sixteenth and seventeenth resolutions**

Vote on the nineteenth resolution

**Authorization granted to the Board for the purpose of making one or several allotments of options for the purchase of or subscription to shares**

Vote on the twentieth resolution

**Authorization granted to the Board of  
Directors for the purpose of making free  
share allotments**

Vote on the twenty-first resolution

## **Amendment of article 9.1 of Company articles**



Vote on the twenty-second resolution

## **Powers to effect formalities**

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