



Legrand Milestone Acquisition⁽¹⁾

June 28, 2017

1. *Subject to standard conditions precedent.*

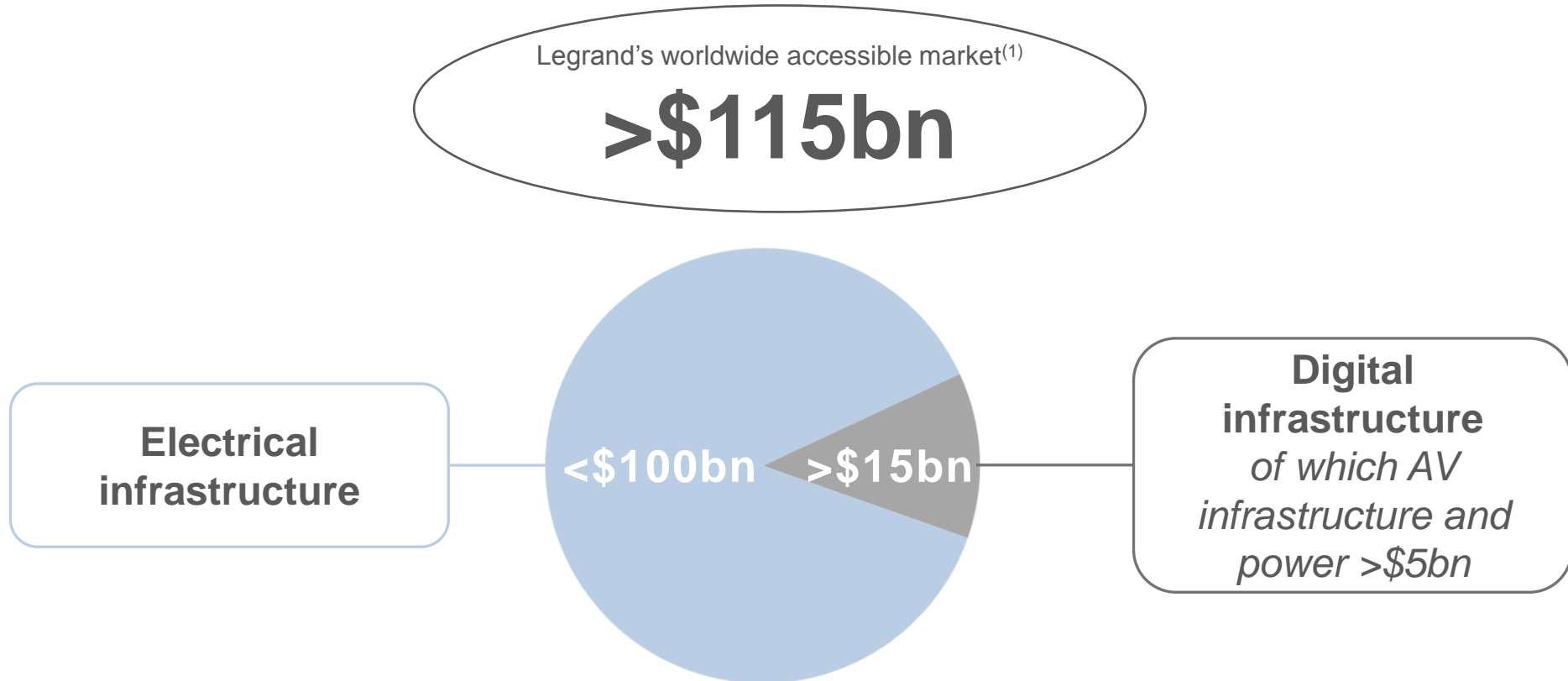
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**MILESTONE – US STRONG
LEADING POSITIONS IN
HIGH-VALUE SEGMENTS**

THE AUDIO-VIDEO (AV) INFRASTRUCTURE AND POWER BUSINESS WITHIN LEGRAND'S WORLDWIDE ACCESSIBLE MARKET



1. Based on Legrand latest estimates.

MILESTONE – US
STRONG LEADING
POSITIONS IN
HIGH-VALUE
SEGMENTS

TOGETHER LEGRAND & MILESTONE COVER THE AV INFRASTRUCTURE & POWER MARKET



milestone™

AV Technologies



LEADING POSITIONS COMPLEMENTARY TO LEGRAND'S
EXISTING AV LEADERSHIPS IN NORTH-AMERICA

Commercial AV
Mounts
#1



Residential AV
Mounts
#1



AV Projector Screens
#1



AV
Enclosures
#1



AV
Power
#2



KNOWLEDGEABLE AND EXPERIENCED MANAGEMENT TEAM

Experienced management with a comprehensive strategy

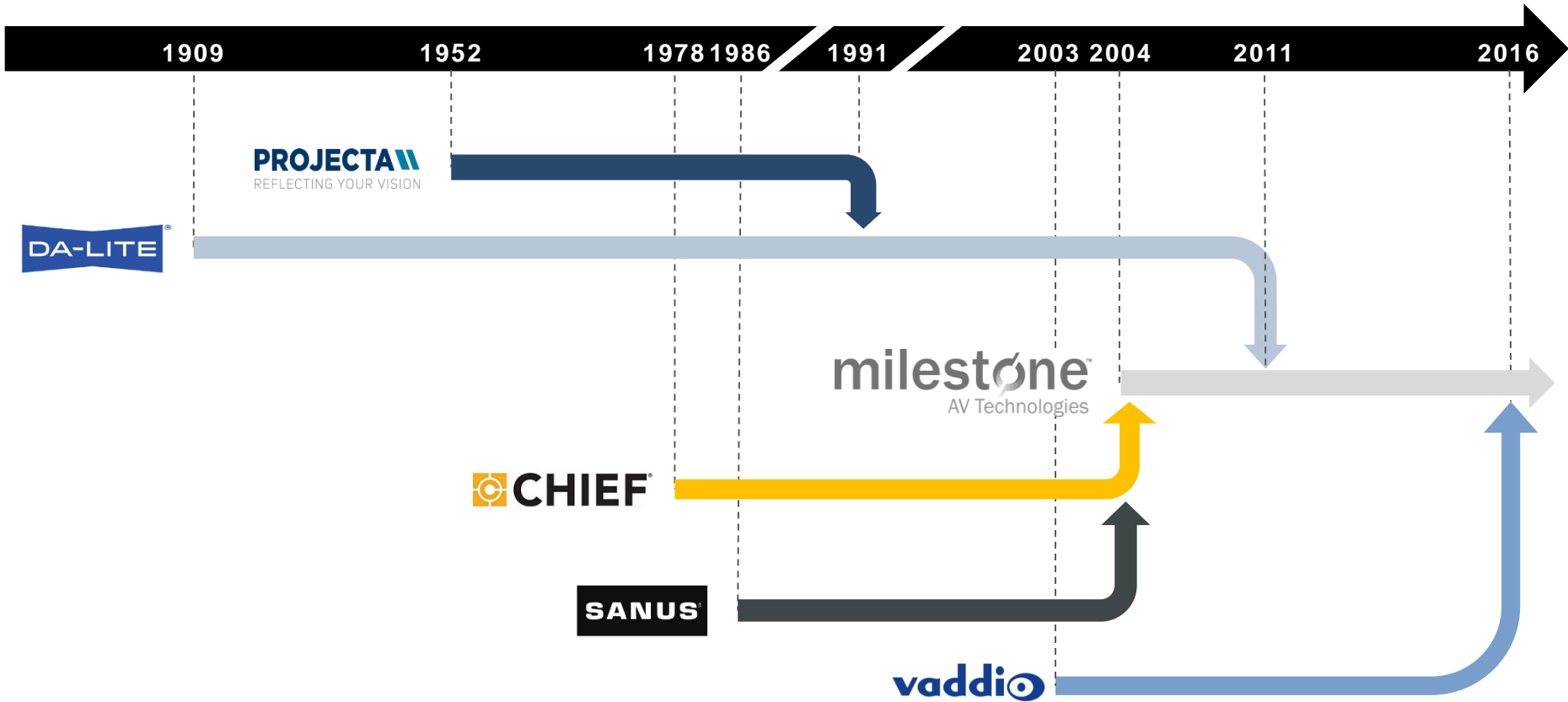
- ❑ Top management (10+ years average with the company)
- ❑ Significant prior relevant experience (deep bench of corporate and segment leaders)
- ❑ Good management of a business with increasing complexity from acquisitions

Complementary thinking & operating

- ❑ Focus on the customer experience
- ❑ Strategic positioning for growth through select acquisitions
- ❑ Culture of financial discipline
- ❑ Optimization of functional areas & facilities
- ❑ Consolidation of sales forces by channel where it makes sense for effectiveness

MILESTONE – US
STRONG LEADING
POSITIONS IN
HIGH-VALUE
SEGMENTS

SUCCESSFUL BUILD-UP IN THE AV INFRASTRUCTURE AND POWER SEGMENT

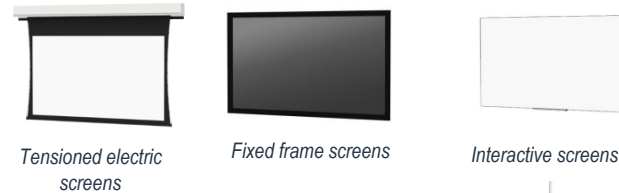


DIFFERENTIATION THROUGH INNOVATION DEEP ENGINEERING AND SIGNIFICANT INTELLECTUAL PROPERTY

Commercial & residential
AV mounts



AV projection screens



PTZ⁽¹⁾ cameras,
conferencing
& collaboration



Over
360
patents

>100
engineers & product development
professionals

> 5,000
SKUs

CUSTOMER CENTRIC APPROACH (1/2) DEDICATED COMMERCIAL AND TRAINING TEAMS

100
direct sales
& technical support

90
dedicated customer
care personnel

Digital best customer training

- ❑ On-line and in person training
- ❑ Courses counting towards industry certification (CTS)
- ❑ Technical and sales oriented webinars



CUSTOMER CENTRIC APPROACH (2/2) EXCELLENT SERVICE DELIVERY

Four pillars

Responsiveness

>80% of calls & chats
answered in less than
30 seconds

Quality

Customer satisfaction
surveys
<5% of calls and chats
dropped

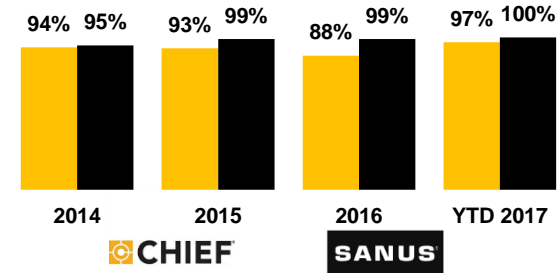
Availability

7 days a week
Real-time situation
communication

Site backup

Distributed workflow
across sites
Coverage for extreme
situations

Best-in-class service delivery



On-Time Delivery (OTD) performance

Director of Strategic Accounts, Milestone Dealer

“If I bring the wrong mount to the job, it costs me a fortune. Now, imagine if that happened with a projector that’s hanging 30 feet in the air, or that projector weighs 500 pounds and takes six people to install. I’m not going to risk even \$50 to put a mount in there that I don’t know, because of the potential cost to me. I can use pretty much anything, but it’s not worth the risk to save a few dollars.”

MOST PREFERRED BRANDS



SANUS



Exceptional
net promoter scores⁽¹⁾

Brands appreciated by
audio-video integrators

>50%

Preferred partner to
~80%
of the SCN⁽²⁾ top 50
audio-video integrators

1. Source: average of 2015 to 2017 figures.
2. Systems Contractor News.

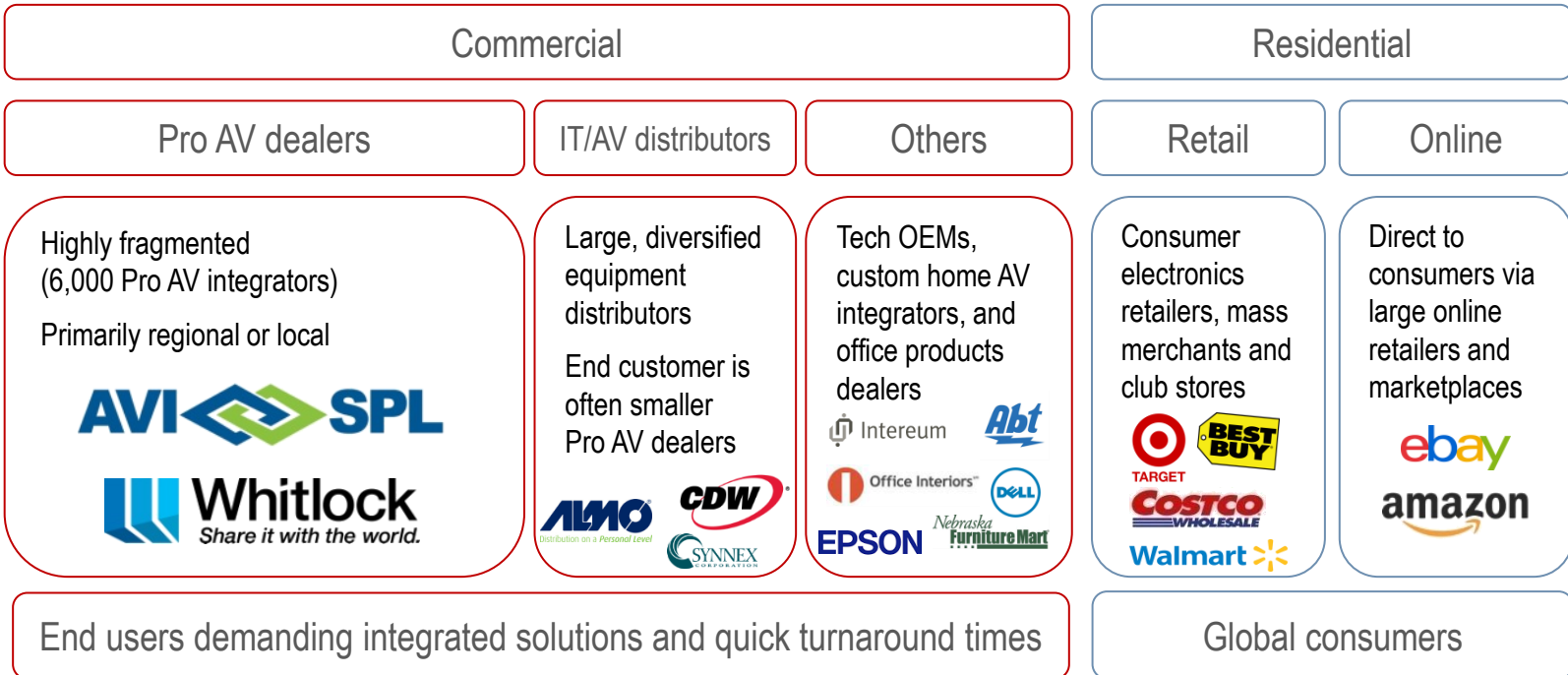
MILESTONE – US
STRONG LEADING
POSITIONS IN
HIGH-VALUE
SEGMENTS

STRONG CHANNELS

CHANNEL
SPECIFIC BRANDS



SEGMENTS,
CHANNELS AND
CUSTOMERS
OVERVIEW



END USERS AND
MARKETS

APPLICATION RICH SOLUTIONS



Corporate



Hospitality



*Houses of
worship*



Education



Government



Retail/Restaurant



Public spaces



Households

2

A SYNERGETIC MOVE WITH LEGRAND

SALES SYNERGIES – MID TERM

- Expand and leverage AV pro customer coverage
 - Milestone – 6,000 / Middle Atlantic – 3,500

- Offer AV solutions to other pro distribution channels
 - Legrand - Electrical, IT & Data Communication distributions

- Cooperate and improve retail presence
 - No overlap of top three retail customers from each company

- Explore potential of AV solutions globally
 - Milestone with locations in the United States, Canada, China, Hong-Kong, Australia and The Netherlands

COST SYNERGIES – SHORT & MID TERM

- ❑ Combined purchases offer leverage for better direct and indirect sourcing
- ❑ Scope for leveraging existing Asian production facilities
- ❑ Opportunities for Milestone products with Legrand manufacturing capabilities
- ❑ Optimize administrative areas

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FINANCIAL RATIONALE

MILESTONE 2016 KEY FIGURES

Net sales:	\$464M
Adjusted ⁽¹⁾ operating margin ⁽²⁾ as % of sales:	21%
Free cash flow ⁽²⁾ as % of sales:	12.5%

1. *Adjusted Legrand definition: Adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.*
2. *Excluding non-recurring items.*

ENTERPRISE VALUE AND CASH TAX BENEFIT DERIVED FROM THE DEAL

This transaction triggers a \$400M US tax benefit resulting from standard goodwill amortization starting from 2017

ANALYSIS OF TAX BENEFIT

□ Impact of tax benefit on Enterprise Value

\$M	For cash purposes	For valuation purposes ⁽¹⁾
Gross Enterprise Value	1,200	1,200
Tax benefit	400	250 ⁽²⁾
Enterprise Value (EV) net of the tax benefit	800	950

□ Impact of tax benefit on Group metrics

- Full benefit of \$400M on free cash flow
- No benefit on IFRS P&L⁽³⁾ either on income tax or net income

1. For EBITDA multiple and value creation calculation, see page 21.

2. Cash tax benefit of \$400M becomes \$250M when discounted at a rate of 7% over a period of 15 years.

3. No impact on P&L when tax benefit is caused by a transaction itself.

ACQUISITION⁽¹⁾ TERMS

Legrand's financial criteria all met based on a EV (Enterprise Value) of **\$950M**, net of a discounted tax benefit of **\$250M⁽²⁾**.

2016 EV/EBITDA⁽³⁾ of ~9.0 x



Mid to high single digit accretion on EPS before PPA⁽⁴⁾



Value creation within 3 to 5 years



1. *Subject to standard conditions precedent.*
2. *\$400M discounted at a rate of 7% over a period of 15 years.*
3. *Excluding non-recurring items.*
4. *PPA = Purchase Price Allocation.*

FINANCING CONSIDERATIONS A ROBUST POST-DEAL BALANCE SHEET STRUCTURE

Financing

- Ultimately new debt

- Fully secured in the short term by:
 - A commitment letter for a bridge to bond loan
 - Existing Group credit facilities

Expected financial leverage post deal

Net debt/EBITDA⁽¹⁾ of
< 2

1. Including Milestone's EBITDA on a full year basis.

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**MILESTONE TICKS ALL THE
BOXES OF LEGRAND'S KEY
FUNDAMENTALS**

MILESTONE TICKS ALL THE BOXES OF LEGRAND'S KEY FUNDAMENTALS

- ❑ Attractive AV infrastructure and power segment
- ❑ Leading market positions and brands
- ❑ High value attached to products
- ❑ Customer loyalty
- ❑ Innovation-driven business
- ❑ Active CSR⁽¹⁾ policy



1. CSR = Corporate Social Responsibility.

ATTRACTIVE AV INFRASTRUCTURE AND POWER SEGMENT DRIVEN BY MEGATRENDS

SOCIAL MEGATRENDS

- Communication
- Security
- Distance & collaborative working
- etc.



TECHNOLOGICAL MEGATRENDS

- Digitalization
- New display technologies
- Streaming technologies
- etc.

LEADING MARKET POSITIONS AND BRANDS



**% of Milestone sales made
with #1 or #2 positions in 2016**

**Over
75%**

Well-known leading brands

 **CHIEF**

 **DA-LITE**

 **SANUS**



US Leaders in their respective segments

HIGH VALUE ATTACHED TO PRODUCTS



Products account
for only a small share of
total AV-installation costs

Critical products
on which AV-integrators
can't compromise

Value brought by products
prevails in customers' choice

CUSTOMER LOYALTY



Product expertise required

- Product breadth
- High quality, easy to use & install products
- Valuable design and functionalities
- Customization

Best-in-class customer relationship

- Strong commercial relationship
- Training & technical support
- Short lead time

INNOVATION-DRIVEN BUSINESS



Milestone's R&D to sales ratio
consistent with Legrand's
long term average ambition

100%
of Milestone sales in
new business segments⁽¹⁾

1. *Energy efficiency, digital infrastructure, home systems and assisted living.*



ACTIVE CSR⁽¹⁾ POLICY BUILT ON THREE PILLARS

Environmental responsibility

- Environment friendly business & operations with innovative eco-friendly products development
- 3 primary operating facilities ISO14001 registered
- LEED certified Eden Prairie (Minnesota) headquarters
- Winner of InfoComm sustainable AV award



Social responsible sourcing

- Robust CSR⁽¹⁾ audit program in place for supplier base
- Ensuring safety and responsible practices by suppliers



Community involvement

- Sponsoring of organizations and events
- Special consideration to programs and activities in which Milestone employees are involved
- Focus on children & youth and poverty & hunger



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CLOSING REMARKS

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