legrand®

PRESS RELEASE

Limoges, November 6, 2008

2008 nine-month results:
Drawing strength from fundamentals, Legrand is taking active steps in a worsening environment

Healthy resilience in the nine months to September:

- **6.0% rise in sales excluding currency effect**
- **17.8% adjusted operating margin**
- **8.4% of sales converted into free cash flow**
- **7.1% reduction in net debt in the third quarter**

Resilient business model:

- **Good pricing power**
- **Very limited exposure to project activity**
- **Business linked primarily to maintenance and renovation**
- **Financing secured over the long term**

Adapting cost structures:

- **Strong mobilization of teams**
- **Continuing rationalization of all types of expenditures**

Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, comments:

"Fully aware of the sharp worsening in market conditions, Legrand teams are taking active steps to adapt the group's structure to the environment. This responsiveness, combined with our flexible organization, enabled us to report an adjusted operating margin of 17.8% and generate free cash flow representing 8.4% of sales in the first nine months of the year. Among other initiatives, we have already:

- *significantly reined in third-quarter administrative and sales expense at comparable structure*
- *trimmed our total workforce by over 3% at comparable structure in the first nine months of the year*
- *initiated streamlining measures at an estimated cost of between €25 and 30 million for full-year 2008*
- *pared working capital requirement to 14.6% of sales at the end of September.*

In the quarters ahead, Legrand teams around the world will be maintaining strict control of capital employed and working to improve cost structures.

Despite the less favorable environment, Legrand also intends to make best use of the fundamentals underpinning its sound business model:

- *operations are driven primarily by a flow of orders from a very large number of customers, and have limited exposure to the financing risks of major projects*
- *maintenance and renovation account for 60% of our total sales; trends in these areas by nature follow economic cycles closely, without delaying effect, but show narrower swings than large projects due to recurrent demand and their less capital intensive nature*
- *variable costs are now predominant in our cost structures*
- *proven capacity to raise sales prices.*

In view of more marked and more global worsening in market conditions in the third quarter and of the usual unfavorable seasonality of margins in the fourth quarter compared with the first nine months of the year, Legrand now anticipates sales growth of around 4% at constant exchange rates, and adjusted operating margin of around 16.5%."

PRESS RELEASE

Key figures

Consolidated data (€ millions)	9 month 2008	9 month 2007	% change 2008/2007
Sales	3,185.3	3,095.5	+2.9%
Adjusted operating income (1)	567.3	559.1	+1.5%
as % of sales	*17.8%*	*18.1%*	
Operating income	529.6	512.2	+3.4%
as % of sales	*16.6%*	*16.5%*	
Net income (2)	292.5	298.5	-2.0%
as % of sales	*9.2%*	*9.6%*	
Free cash flow(3)	266.3	357.3	
as % of sales	*8.4%*(4)	*11.5%*(4)	
Net financial debt at September 30(5)	2,053	1,885	

(1) Figures restated for accounting entries relating to the acquisition of Legrand France in 2002 with no cash impact, which consisted of additional depreciation of revalued assets (€37.7 million and €46.9 million for the first nine months of 2008 and 2007, respectively).
(2) Net income, excluding minorities.
(3) Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds of sales of fixed assets, less capital expenditure and capitalized development costs.
(4) Excluding the use of tax-loss carry-forwards in 2007 and the impact of asset sales and cash exchange-rate gains, free cash flow represented 8.0% of sales in the first nine months of both 2007 and 2008.
(5) Net financial debt is defined as the sum of long-term borrowings and short-term borrowings less cash and cash equivalents and marketable securities.

Performance and achievements to September 30, 2008

Sales

Published data set sales at €3,185.3 million in the nine months to September, up 2.9% or 2.0% at constant scope of consolidation and exchange rates.

Consolidation of acquisitions contributed 3.9%, and variations in exchange rates reduced the total by 2.9%.

Sales growth at constant scope of consolidation and exchange rates broke down as follows by geographical region:

	9 months 2008 / 9 months 2007	3rd quarter 2008 / 3rd quarter 2007
France	+0.4%	+0.3%
Italy	+0.9%	-5.0%
Rest of Europe	+0.4%	-2.8%
USA / Canada	-3.5%	-2.4%
Rest of the World	+10.8%	+7.3%
Total	**+2.0%**	**-0.1%**

- **France**: With the housing market slowing, sales — still buoyed by strong showings in power distribution, cable management and the successful *Céliane* range — are up 1.6% excluding the impact of new ranges launched in the first quarter of 2007 (+0.4% before adjustment).

- **Italy**: Good showings in cable management, transformers and home automation, combined with the resilience of high-end wiring devices with *Axolute* partly offset worsening residential markets and a slowdown in the commercial sector. Altogether sales growth reached 0.9% for the first nine months of 2008.

- **Rest of Europe:** Continued robust activity in Eastern Europe, especially Russia, Romania and the Czech Republic, as well as in Belgium and the Netherlands, offset a steep fall in the Spanish market and an overall slowdown in residential business in this area. Total sales for the first nine months of the year held steady, edging up 0.4% overall, rising to 4.4% excluding Spain.

- United States and Canada: Sustained sales growth at The Watt Stopper, market leader in energy-efficient lighting controls, as well as at cable management specialists PW Industries and Cablofil, partly offset continued slackening in residential business. Sales declined 3.5%.

- **Rest of the World**: Sales growth remained buoyant, reaching 10.8%, with the strongest results in Latin America and Africa/Middle East.

Firm growth in emerging markets: Emerging economies confirmed their role as a growth driver, especially in a context of economic slowdown. Sales at constant scope of consolidation and exchange rates thus rose nearly 12%. With a longstanding presence in all of these countries, Legrand has developed business with little exposure to major projects, as it has in more mature countries, focusing primarily on maintenance and renovation. In the first nine months of 2008, sales in emerging markets represented nearly 28% of the group total.

Acquisition-driven growth

Legrand pursued its policy of targeted acquisitions financed out of cash flow, purchasing four companies in the first half of the year.
These strengthened group positions in emerging markets, with HDL in Brazil and Estap in Turkey, and in commercial and industrial applications, with Electrak and PW Industries, both specialized in cable management. Consolidation of acquisitions is set to boost full-year sales by around 4%.

Resilient margins and net income

Adjusted operating income reached €567.3 million or 17.8% of sales. Over the past few years, cost structures have been adjusted to increase the weight of the variable portion and group organization has become more flexible and responsive, confirming the ability to adapt expenditure to business trends. Strong market positions also enable Legrand to fully offset rising raw material and component costs with increased sales prices.

Net income excluding minority interests totaled €292.5 million or 9.2% of sales.

Sound free cash flow and balance-sheet structure

Generation of free cash flow remained healthy, reaching €266.3 million or 8.4% of sales in the first nine months of the year. In particular, a strong third-quarter performance helped reduce net debt by €156 million from June 30, 2008, setting the total at €2,053 million on September 30. This is 100% guaranteed by credit lines, of which nearly €1,900 million run through to 2013 at the earliest and 2025 at the latest. The group has also secured additional financial headroom amounting to €700 million.

*

* *

PRESS RELEASE

Consolidated financial statements, a presentation of nine-month results and the related teleconference (live and replay) are available at [***www.legrandelectric.com***](http://www.legrandelectric.com)*.*

Key dates

- 2008 annual results: **February 11, 2009**
- 2009 first-quarter results: **May 6, 2009**
- Annual General Meeting of Shareholders: **May 26, 2009**

ABOUT LEGRAND

Legrand is the global specialist in products and systems for electrical installations and information networks where people live and work. Its comprehensive offering of solutions for use in commercial, industrial and residential markets makes it a benchmark for suppliers worldwide. Innovation for a steady flow of new products with high added value is a prime vector for growth. Backed by sound business and financial structures, Legrand is actively expanding its presence in fast-growing geographical zones and market segments that include emerging markets, lighting controls, energy savings and home automation, through a sustained stream of targeted, self-financed acquisitions and other initiatives. Legrand employed 35,000 people around the globe and reported sales of €4.1 billion in 2007. The company is listed on the Eurolist market of Euronext Paris and is a component stock of indexes including the SBF120, FTSE4Good and MSCI World (ISIN code FR0010307819). [***www.legrandelectric.com***](http://www.legrandelectric.com)

Investor Relations:
Legrand
François Poisson
Tel: +33 (0)1 49 72 53 53
Fax : +33 (0)1 43 60 54 92
E-mail : francois.poisson@legrand.fr

Press relations:
Publicis Consultants
Matthieu Pirouelle
Tel : +33 (0)1 44 43 76 15
Fax : +33 (0)1 44 43 75 65
E-mail: Matthieu.Pirouelle@consultants.publicis.fr