

**2012 first-half results:****Sales up 5.5%****Adjusted operating margin at 20.5%****2012 targets confirmed****Gilles Schnepf, Chairman and CEO of Legrand, comments:**"Sales

Total group sales for the first half of 2012 rose 5.5%, with our policy of targeted, self-financed acquisitions contributing 5.4%. The organic<sup>(1)</sup> change in sales was -1.3% due to a high basis for comparison in the first half of 2011, particularly in France. Expansion in new economies – where organic<sup>(1)</sup> growth was over 5% – combined with a rise in sales in the United States offset trends observed in most mature economies in Europe. The exchange-rate effect accounted for +1.5% of sales growth.

Results

Adjusted operating income came to 20.5% of sales or 20.8% excluding acquisitions. This good operating performance reflects:

- the quality and soundness of Legrand's market positions,
- the responsiveness of group teams to highly differentiated changes in business trends,
- Legrand's ability to keep pricing management under control.

These strong operating results, combined with careful management of capital employed, enabled Legrand to generate solid free cash flow up 17.2% compared to the first half of 2011.

Ongoing reinforcement of our market positions

In keeping with its growth strategy based on innovation and acquisitions, Legrand invested nearly 5% of its sales in R&D in the first half of 2012. It also actively pursued its external growth policy, and over the same period acquired three new companies, each a leader in its market: Numeric UPS, India's market leader in low- and medium-power UPS<sup>(2)</sup>; Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands; and Daneva<sup>(3)</sup>, Brazil's leader in connection accessories.

2012 targets confirmed

Based on these achievements and in the absence of marked worsening in the economic environment, Legrand confirms its targets for 2012:

- organic<sup>(1)</sup> growth in sales of about zero
- adjusted operating margin equaling or exceeding 19% of sales including acquisitions<sup>(4)</sup>.

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<sup>(1)</sup> Organic: at constant scope of consolidation and exchange rates

<sup>(2)</sup> Uninterruptible Power Supply

<sup>(3)</sup> A joint venture has been signed and is subject to the approval of Brazil's competition authorities

<sup>(4)</sup> Small and mid-size bolt-on acquisitions

## Key figures

Consolidated data (€ millions)	1 <sup>st</sup> half 2011	1 <sup>st</sup> half 2012	% change 2012/2011
Sales	2,107.8	2,223.7	+5.5%
Adjusted operating income <sup>(1)</sup>	442.7	456.5	+3.1%
<i>As % of sales</i>	21.0%	20.5% <sup>(2)</sup>	
Operating income	425.5	444.3	+4.4%
<i>As % of sales</i>	20.2%	20.0%	
Net income excluding minorities	266.4	268.7	+0.9% <sup>(3)</sup>
<i>As % of sales</i>	12.6%	12.1%	
Free cash flow <sup>(4)</sup>	184.5	216.2	+17.2%
<i>As % of sales</i>	8.8% <sup>(5)</sup>	9.7% <sup>(5)</sup>	
Net financial debt at June 30	1,375	1,489	

(1) Operating income adjusted for amortization of the revaluation of intangible assets and for expense/income, relating both to acquisitions (€17.2 million in H1 2011 and €12.2 million in H1 2012) and, if applicable, for impairment of goodwill (€0 in H1 2011 and H1 2012).

(2) 20.8% excluding acquisitions (at 2011 scope of consolidation).

(3) Excluding exchange gains and losses net of tax impact, net income excluding minorities rose 6.4%.

(4) Free cash flow is defined as the sum of net cash of operating activities and net proceeds of sales of fixed assets, less capital expenditure and capitalized development costs.

(5) Based on a constant ratio of working capital requirement to revenues of 10%, free cash flow stood at more than 13% of sales in H1 2012 as in H1 2011.

## Results to June 30, 2012

### Consolidated sales

Reported figures set sales for the first half at €2,223.7 million, a year-on-year rise of 5.5%.

At constant scope of consolidation and exchange rates, the change in sales was -1.3%, impacted by a high basis for year-on-year comparison, notably in France.

The impact of changes in the scope of consolidation in the first half of 2012 was +5.4% and exchange rates had a positive effect of 1.5%.

### Changes in sales by destination at constant scope of consolidation and exchange rates broke down as follows by geographical region:

	1 <sup>st</sup> half 2012 / 1 <sup>st</sup> half 2011	2 <sup>nd</sup> quarter 2012 / 2 <sup>nd</sup> quarter 2011
France	-2.9%	-3.7%
Italy	-12.8%	-12.0%
Rest of Europe	+0.2%	-1.9%
United States/Canada	+3.0%	+2.0%
Rest of the World	+3.2%	+3.6%
<b>Total</b>	<b>-1.3%</b>	<b>-1.7%</b>

- **France:** Sales were down -2.9%, due to a high basis for comparison in the first half of 2011, resulting notably from major new-product launches. Restated for this demanding basis for comparison, sales in France were nearly unchanged, showing good resilience in areas where Legrand holds solid market positions, including wiring devices and emergency lighting, which have seen healthy growth over the past two years.

- **Italy:** Sales to distributors (sell-in) were down -12.8%, but downstream sell-out of Legrand products by distributors (sell-out) was approximately 3 points higher than sell-in and thus stood at around -10%.

In difficult market conditions, the group benefits from its robust leadership positions, especially in wiring devices.

- **Rest of Europe:** Sales were almost steady at +0.2%, driven by good performances in Russia and Eastern Europe in general, Turkey, Germany and Austria, which offset activities in Southern Europe (Spain, Portugal, Greece) that are still experiencing difficulties.

- **United States/Canada:** Buoyed by good showings in wiring devices, wire-mesh cable management and home systems, sales rose 3.0%. The residential market thus showed signs of improvement in the first half of the year, but is still well below historic levels, while non-residential activity has not yet recovered.

- **Rest of the World:** Sales for the region as a whole show a rise of 3.2%, with good showings in India, China, Chile, Colombia, Saudi Arabia and South Africa.

More generally, sales in new economies rose by a total of over 14% in the first half, and by more than 5% at constant scope of consolidation and exchange rates. Based on first-half results and acquisitions announced to date, sales in new economies should account for around 38% of the group total this year.

#### **Innovation and new-product launches**

Legrand is pursuing its innovation effort, one of its growth engines, with R&D spending representing close to 5% of sales and new products accounting for more than half of its investments. This has led to the launch of numerous new products since the beginning of the year, including:

- The Mingzhi surface-mounted wiring-device range in China,
- Home Network communication systems for home multimedia networks,
- New Sfera door-entry systems in Italy, soon to be deployed internationally,
- CCTV electronic security systems for the international market,
- Platinum floor sockets for European markets,
- The new generation of Practice flush-mounted emergency lighting units in France.

The group has continued to expand its existing offer by adding new functions, in particular to wiring device ranges that include Céliane and Arteur, and energy distribution offers such as Puissance3.

#### **Continued external growth**

During the first half and in keeping with its strategy of targeted, self-financed acquisitions of small and mid-size companies offering growth potential and strong market positions, Legrand announced three acquisitions:

- Numeric UPS, India's market leader in low- and medium-power UPS,
- Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands, and a front-running European contender in this market,
- Daneva, Brazil's leader in connection accessories.

The group is thus continuing to strengthen its market positions, notably in new economies and new business segments.

Allowing for different dates for consolidation in Legrand's accounts, businesses acquired since July 2011 should boost 2012 group sales by around 4.5%.

#### **Cash generation, sound balance sheet and renewed financing**

Free cash flow rose 17.2% and totaled €216.2 million in the first half. This good performance enables Legrand to self-finance its growth and makes for a stronger balance sheet.

Legrand is also continuing to diversify its sources of financing and extend the maturity of its debt, thus reinforcing its already strong balance-sheet structure. In April 2012, the group made a successful €400 million bond issue maturing in April 2022, with a very competitive 3.38% coupon. The average maturity of gross debt stands at 8 years.

In February, Standard & Poor's raised Legrand's rating to A- with a stable outlook, illustrating the soundness of the group's business model and its balance sheet.

#### **New independent director coopted and Board's international membership expanded**

Acting on a proposal of the Nominating and Compensation Committee, the Board of Directors has coopted Mr. Li Dongsheng as a new independent director. Mr. Li Dongsheng replaces Mr. Mattia Caprioli, representing KKR, who stepped down from his term as director of Legrand as planned.

A Chinese national, Mr. Li Dongsheng is Chairman, CEO and founder of TCL Corporation. He is one of China's most highly regarded business leaders and over the past 20 years has grown TCL Corporation into a world reference in the production of consumer electronics.

Legrand's Board of Directors has 12 members, 25% of them women. It includes four different nationalities, with independent directors now making up 50% of total membership.

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

#### Key financial dates

- 2012 nine-month results: **November 8, 2012**
- 2012 annual results: **February 14, 2013**

**PRESS RELEASE**

#### ABOUT LEGRAND

*Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for use in commercial, industrial and residential markets makes it a benchmark for customers worldwide. Innovation for a steady flow of new products with high added value and acquisitions are prime vectors for growth. Legrand reported sales of over €4.2 billion in 2011. The company is listed on NYSE Euronext and is a component stock of indexes including the CAC40, FTSE4Good, MSCI World, ASPI and DJSI (ISIN code FR0010307819). [www.legrand.com](http://www.legrand.com)*

#### Investor Relations:

Legrand  
Francois Poisson  
Tel: +33 (0)1 49 72 53 53  
Fax: +33 (0)1 43 60 54 92  
[francois.poisson@legrand.fr](mailto:francois.poisson@legrand.fr)

#### Press relations:

Publicis Consultants  
Vilizara Lazarova  
Tel: +33 (0)1 44 82 46 34  
Mob: +33 (0)6 26 72 57 14  
[vilizara.lazarova@consultants.publicis.fr](mailto:vilizara.lazarova@consultants.publicis.fr)