

Solid 2015 achievements in line with targets

Stepping up initiatives linked to new technologies

On the closing of full-year accounts for 2015, Gilles Schnepf, Legrand Chairman and CEO, commented:

“2015 achievements”

Legrand's 2015 financial performance is fully in line with Group targets: organic growth in sales was +0.5% (target specified in November: “-1% to +1%”) and adjusted operating margin before acquisitions (at 2014 scope of consolidation) was 19.4% (target specified in November: “at least 19%”).

With varied market conditions from one geographical region to another, Legrand once again demonstrated its capacity to create value. Thus total sales, adjusted operating profit, net income excluding minorities and free cash flow all increased, rising by close to +7%, +6%, +4% and +10%, respectively.

As regards non-financial performance, achievements on the Group's CSR roadmap are ahead of the projected development plan with an achievement rate of 120% at the end of 2015.

Proposed dividend

Based on those solid achievements, Legrand will ask the General Meeting of Shareholders to approve a dividend of €1.15 per share, consistent with the change in the Group's net income excluding minorities.

Stepping up initiatives linked to new technologies

Legrand is convinced that new technologies, in particular digital ones, significantly increase the value-in-use of its products for users. As a result, we have decided to accelerate the pace of our investments in this area—innovation, with the launch of the Eliot¹ program; acquisitions with, in particular, the purchase of Raritan and QMotion; signature of strategic partnerships; participation in many technological alliances; and investment in a round of financing for Netatmo. It is within this framework that Legrand set ambitious targets, such as achieving double-digit average total annual growth in sales for connected products by 2020. At year-end 2015, the Group's achievements are ahead of schedule in our development plan.

Ongoing industrial transformation of the Group

As initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity and optimal use of capital employed, thanks to the new industrial organization implemented in 2014. In total, benefits generated by this industrial transformation enable financing of the new technology-linked initiatives underway. This is reflected in the Group's ratios for R&D, industrial capital expenditure and working capital requirement, which are all under control.”

2016 targets

In an uncertain global context, Legrand is benefiting from its favorable positioning thanks to its limited presence both in the new economies most affected by economic slowdown and in the oil and gas industry. Moreover, the construction market may have bottomed out in some mature countries in Europe; it should also remain upbeat in some other countries such as the United States. Yet for 2016, macroeconomic projections have recently become more cautious and some new economies may continue to be affected by unfavorable economic conditions.

Against this backdrop, Legrand is targeting a 2016 organic change in sales of between -2% and +2%. The Group has also set a target for adjusted operating margin before acquisitions (at 2015 scope of consolidation) of between 18.5% and 19.5% of sales in 2016.

Legrand will also pursue its strategy of value-creating acquisitions.

¹ Eliot is a program launched by Legrand in 2015 to speed up deployment of the Internet of Things in its offering.

Key figures

Consolidated data (€ millions) ⁽¹⁾	2014	2015	Change
Sales	4,499.1	4,809.9	+6.9%
Adjusted operating profit	880.4	930.4	+5.7%
<i>As % of sales</i>	19.6%	19.3%	
		<i>19.4% before acquisitions⁽²⁾</i>	
Operating profit	847.5	886.7	
<i>As % of sales</i>	18.8%	18.4%	
Net income excluding minorities	531.7	550.6	+3.6%
<i>As % of sales</i>	11.8%	11.4%	
Normalized free cash flow	607.5	617.2	+1.6%
<i>As % of sales</i>	13.5%	12.8%	
Free cash flow	607.4	666.0	+9.6%
<i>As % of sales</i>	13.5%	13.8%	
Net financial debt at December 31	856	803	

(1) See appendices to this press release for definitions and reconciliation tables of indicators presented.

(2) At 2014 scope of consolidation.

2015 financial performance and dividend

Consolidated sales

Total sales for 2015 stood at €4,809.9m, up +6.9% from 2014, thanks in particular to the favorable +4.7% impact of the exchange-rate effect. Changes in the scope of consolidation added +1.5%, as announced.

At constant scope of consolidation and exchange rates, the change in sales came to +0.5%, in line with 2015 target and reflecting a change in sales of +1.4% in mature countries and -1.0% in new economies.

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

	2015 / 2014	4 th quarter 2015 / 4 th quarter 2014
France	-2.5%	-1.6%
Italy	+0.8%	+0.9%
Rest of Europe	+2.0%	+0.2%
United States/Canada	+5.0%	+4.3%
Rest of the World	-1.2%	+0.6%
Total	+0.5%	+0.9%

Changes in sales at constant scope of consolidation and exchange rates are analyzed below by geographical region:

- **France:** the organic change in sales was -2.5% in 2015, in line with the underlying market trend. Renovation activity remained resilient and new construction continued to retreat. Against this backdrop, the Group nonetheless recorded good relative performances in user interface products (formerly wiring devices).

More particularly, in the fourth quarter of 2015, sales benefited from strong demand from distributors, which was more marked than in the fourth quarter of 2014.

- **Italy:** sales were up +0.8% from 2014 at constant scope of consolidation and exchange rates. This trend reflects the gradual stabilization of activity in Italy observed since the end of 2014. Against this backdrop, Legrand registered good performances in digital infrastructure, cable management and modular UPS¹.

- **Rest of Europe:** sales rose +2.0% from 2014 at constant scope of consolidation and exchange rates, thanks to healthy growth recorded in several mature countries including Spain, the United Kingdom and Germany, as well as in many new economies, among them Turkey, Poland, Romania, Hungary and the Czech Republic. Sales in Russia declined due to unfavorable economic conditions.

- **United States/Canada:** sales were up +5.0% at constant scope of consolidation and exchange rates in 2015, fueled in particular by commercial successes and inventory build-up by distributors following the launch announcement of a new GFCI². Sales in the region continue to benefit from a construction market that is doing well, with residential activity remaining favorable and the commercial segment continuing to grow. Legrand recorded good showings in 2015 in highly energy-efficient lighting control (thanks in particular to deployment of new energy codes for buildings, including Title 24 in California) and in user interface products.

As announced, the United States became the group's #1 country by sales in 2015.

- **Rest of the world:** sales declined -1.2% at constant scope of consolidation and exchange rates in 2015. Sales rose in Asia excluding China, with healthy growth in India, Malaysia and Thailand. The same was true in Latin America excluding Brazil, notably in Mexico, Peru and Colombia. Those positive changes in sales did not offset declining activity in some other countries such as China and Brazil, both affected by unfavorable economic conditions.

Adjusted operating profit and margin

Adjusted operating profit stood at €930.4m for full-year 2015, rising +5.7% from 2014. This reflected value creation generated by the Group that was driven in particular by a strong +38% rise in adjusted operating profit in the United States/Canada region (total sales in the region grew by +31%).

Adjusted operating margin before acquisitions³ came to 19.4% of sales, in line with the 2015 target confirmed and specified in November as "at least 19.0%".

When compared with the 2014 performance (19.6%), the -0.2 point change in adjusted operating margin before acquisitions³ can be explained as follows:

- +0.2 point from inventory build-up of manufactured goods
- -0.2 point corresponding to a mix effect, primarily due to strong growth in the United States/Canada region—driven mainly by a very marked positive exchange-rate effect—where profitability remains slightly below the group average, although improving steadily, and
- -0.2 point linked to other factors including expenses linked to the implementation of productivity and restructuring initiatives.

Taking acquisitions into account, the Group's adjusted operating margin came to 19.3% of sales for full-year 2015.

Net income excluding minorities

Legrand's net income excluding minorities for 2015 is up +3.6% from 2014 at €550.6m or 11.4% of sales and reflects:

- a €39.2m rise in operating profit and a €4.5m increase in exchange gains, both partially offset by
- a €5.4m rise in net financial expense and a €19.6m increase in income tax expense.

¹ UPS: Uninterruptible Power Supply

² GFCI: Ground Fault Circuit Interrupter

³ At 2014 scope of consolidation

Cash generation

Cash generation was solid in 2015, with normalized free cash flow at 12.8% of sales in keeping with the Group's ambition of generating normalized free cash flow of between 12% and 13% of sales.

Cash flow from operations was also robust in 2015 at €750.0m or 15.6% of sales.

Capital employed was under control:

- working capital requirement as a percentage of sales was in line with the Group's ambition, i.e. below or equal to 10% excluding acquisitions (7.1% reported in 2015, including some favorable non-recurring items).
- capital expenditure as a percentage of sales, 2.8% in 2015, was in line overall with the Group's ambition, i.e. 3% to 3.5%.

Debt

The ratio of net financial debt/EBITDA at year-end 2015 remained stable compared with 2014, at 0.8.

In 2015, Legrand anticipated the refinancing of its bonds maturing in 2017 and continued to successfully extend the maturity of its debt by issuing in December 2015 a new 12-year €300m bond carrying a competitive 1.875% annual coupon.

Dividend

Based on its 2015 achievements and in keeping with its solid balance sheet structure, Legrand will ask the General Meeting of Shareholders to be held on May 27, 2016 to approve a dividend of €1.15 per share, up +4.5% from 2014 and representing a payout of 56%, nearly stable compared with 2014. Ex-dividend date will be on May 31, 2016 and the dividend will be paid on June 2, 2016.

Dividend distribution in respect of 2015 will be effected (as dividend distribution in respect of 2014) by deduction from :

- distributable income in an amount of €0.72 per share on the one hand, and
- the "issue premium" account in an amount of €0.43 per share on the other.

Non financial performance

Corporate Social Responsibility (CSR) challenges are built into Legrand's strategy, and since 2014 have been integrated into a new multi-year roadmap for the period 2014-2018. At once ambitious and innovative, this new roadmap incorporates, in particular, priorities targeting end-users and their way of life. It reflects the group's commitment to responsible, sustainable use of electricity in buildings, plus care for the environmental impact of its own operations and for all of its stakeholders, in particular teams operating around the world.

At the end of 2015, the Group's achievements were ahead of the expected development plan, with a global achievement rate of 120%¹ of targets set in the roadmap (as a reminder, the roadmap comprises 21 targets with annual milestones). This reflects Legrand's commitment to pushing ahead on all fronts in meeting its CSR commitments.

More specifically, in 2015 Legrand pursued several major CSR initiatives, including:

- winning ISO 50001 certification for its Energy Management System covering 25 European sites,
- signing a partnership with Electricians Without Borders in Italy,
- maintaining its "Responsible Supplier Relations" rating following a review by Vigeo, and
- launching several calls for projects through the Legrand Foundation. These focused on assisted living and were aimed at supporting players in the social and community-driven economy.

The Group also intends to gradually integrate the carbon dioxide price per ton into its operational considerations, notably investment decision processes.

In addition, the "elle@legrand" network aiming at encouraging empowerment of women in the Group continued to expand with its deployment in North America in 2015.

Lastly, in 2015, Legrand was also reconfirmed as a component of a number of flagship CSR indices and rankings, including the FTSE4Good, DJSI, Euronext Vigeo as well as Corporate Knights' Global 100 (for the list of the main indices and rankings in which Legrand features, visit legrand.com).

¹ For more detailed data, visit legrand.com

Stepping up initiatives linked to new technologies

New technologies, in particular digital ones, allow a significant increase in the value-in-use of Legrand products for both individual users and professionals. The Group thus decided in 2015 to step up its investments in this area, deploying a range of initiatives that include:

- launch of the Eliot program, aimed at speeding up deployment of the Internet of Things in the Group's offering. As part of this program, Legrand set ambitious targets that include achieving double-digit average annual growth in sales for connected products by 2020 and doubling the number of its connected product families from 20 in 2014 to 40 in 2020. At year-end 2015, results were ahead of schedule in the development plan, with nearly +34% total growth in sales of connected products and a total of 23 families of connected products;
- an increasing share of R&D investments assigned to new technologies, demonstrated, for example, by the rise of more than 50% in the resources allocated to software and firmware development between 2010 and 2015. More generally, close to 39% of R&D staff are dedicated to electronics, softwares and digital offerings;
- signature of collaborative agreements and strategic partnerships with players including Nest (to use the Nest Weave communications protocol in Legrand's connected offering); La Poste (with a view to making Legrand's connected products compatible with the Digital Hub provided by La Poste); and Samsung (to develop offerings that improve hotel room management and comfort). Legrand thus intends to develop connected and interoperable solutions, bringing lasting benefits to individual users and professionals alike;
- investment in a round of financing for Netatmo, strengthening Legrand's ties to the Internet of Things' ecosystem in buildings, and to related leading trends;
- participation in many technology alliances including Allseen Alliance, ZigBee Alliance, BACnet International and Confluens; and
- participation in the Las Vegas Consumer Electronics Show (CES) in January 2016 for the second year running. Legrand was present at three booths (Allseen Alliance, ZigBee Alliance and La Poste), testifying to the scope of its know-how in interoperability with innovative, connected solutions that deliver lasting benefits to users.

Legrand also decided to focus a significant share of its external growth on raising its profile in the most promising technological areas, and has thus announced four new acquisitions representing nearly €150m in annual sales:

- Legrand rounded out its international presence in digital infrastructures by acquiring Raritan Inc., a North American frontrunner in intelligent PDUs¹ and KVM switches², also acquiring Valrack, an Indian player specializing in racks, Voice-Data-Image cabinets, and related products for datacenters;
- the Group also continued to expand in the highly promising energy efficiency market by acquiring IME, a leading Italian contender and European specialist in measuring electrical installation parameters; and
- Legrand complemented its lighting control offering in the United States by acquiring QMotion, a specialist in natural light control for residential buildings.

The broader scope of consolidation resulting from acquisitions raised sales in 2015 by +1.5%.

Today Legrand also announced the acquisitions of Fluxpower in Germany and Primetech in Italy, both specializing in UPS³. Together they have nearly 60 employees and combined annual sales of close to €9m.

Based on acquisitions announced and their likely date of consolidation, changes in the scope of consolidation should boost Group sales by over +2% in 2016.

Achievements of the new industrial organization

As announced at its Investor Day on July 3, 2014, Legrand set up, in 2014, a unique industrial organization made of seven SBUs⁴, each in charge of offer marketing, product development and

¹ PDU: Power Distribution Unit

² A KVM switch enables users to control multiple computers from a single Keyboard, Video and Mouse console

³ Uninterruptible Power Supply

⁴ Strategic Business Unit

production. Specialized by product family and closer to their end markets, these SBUs enable the Group to improve both the consistency and quality of its offerings, and to be more responsive, while continuing to boost productivity and keep capital employed under control.

Thanks to its industrial organization, Legrand is able to:

- actively pursue deployment of its product platforms in user interfaces in order to reduce development cycles and capital employed in particular. At the end of 2015, the achievement rate of deployment of user interface platforms was around 80%, in keeping with the projected development plan (i.e. around a 20-point increase compared to the status presented at the 2014 Investor Day);
- roll out the platform concept for other product families, including emergency lighting, UPS¹, and plastic trunking;
- implement some fifty “technological bricks” covering the main electronic functions within the Group offering. For a given electronic function, such as presence detection or NFC² communication, a technological brick gathers all engineering information, associated firmware and software, as well as protocols for testing and qualifying and processes for manufacturing. A technological brick is made available to the whole Group and can thus be used by several development teams. At the Group scale, this standardization approach makes it possible to pool investments in engineering and to enhance product quality by sharing experience;
- continue to implement the best industrial practices at its production units, in particular improving efficiency in workshops in keeping with the targets presented at the 2014 Investor Day; and
- rapidly take adaptation measures where necessary including in China, Brazil and Turkey. Against this backdrop, restructuring costs included in the calculation of adjusted operating profit rose from €21.7m in 2014 to €28.0m in 2015.

As a result, while accelerating development of new products with increased value-in-use, Legrand has kept:

- its ratio of R&D expenditure to sales at a level between 4% and 5% (4.6% in 2015)
- capital employed under control, with reported working capital requirement remaining well under 10% of sales, and the ratio of investment to sales being below the 3% to 3.5% range.

¹ Uninterruptible Power Supply

² Near Field Communication

The Board adopted audited consolidated financial statements for 2015 at its meeting on February 10, 2016. These consolidated financial statements, a presentation of 2015 annual results and the related teleconference (live and replay) are available at www.legrand.com.

Key financial dates

- 2016 first-quarter results: **May 4, 2016**
- General Meeting of Shareholders: **May 27, 2016**
- Ex-dividend date: **May 31, 2016**
- Dividend payment: **June 2, 2016**
- 2016 first-half results: **August 1, 2016**

ABOUT LEGRAND

Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for commercial, industrial and residential markets makes it a benchmark for customers worldwide. Drawing on a nearly 10-year CSR (Corporate Social Responsibility) approach that involves all employees, Legrand is pursuing its strategy of profitable and sustainable growth driven by innovation, with a steady flow of new offerings—including Eliot* connected products that enhance value in use—and acquisitions. Legrand reported sales of more than €4.8 billion in 2015. The company is listed on Euronext Paris and is a component stock of indexes including the CAC40, FTSE4Good, MSCI World, Corporate Oekom Rating, DJSI, Vigeo Euronext Eurozone 120 and Europe 120 and Ethibel Sustainability Index Excellence.

(ISIN code FR0010307819)

<http://www.legrand.com>



*Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the group's innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.

http://www.legrand.com/EN/eliot-program_13238.html

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Appendices

Change in financial information by geographical region

Starting January 1, 2016, the United States/Canada region will become the North and Central America region and will comprise the United States, Canada, Mexico and the other countries in Central America. This change reflects the new organization of Legrand's operations in North America, with all of these countries now headed by the same management which is in keeping with the region's market structure.

Historical pro forma data for sales, growth and profitability will be provided before publication of first-quarter 2016 results.

Glossary

Working capital requirement

Working capital requirement is defined as the sum of trade receivables, inventories, other current assets, income tax receivables and short-term deferred tax assets, less the sum of trade payables, other current liabilities, income tax payables, short-term provisions and short-term deferred tax liabilities.

Free cash flow

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

Normalized free cash flow

Normalized free cash flow is defined as the sum of net cash from operating activities—based on a normalized working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered—and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

Organic growth

Organic growth is defined as the change in sales at constant structure (scope of consolidation) and exchange rates.

Net financial debt

Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

EBITDA

EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs) and impairment of goodwill.

Cash flow from operations

Cash flow from operations is defined as net cash from operating activities excluding changes in working capital requirement.

Adjusted operating profit

Adjusted operating profit is defined as operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions and, where applicable, for impairment of goodwill.

Payout

Payout is defined as the ratio between the proposed dividend per share for a given year, divided by the net income excluding minorities per share of the same year, calculated on the basis of the average number of ordinary shares at December 31 of that year, excluding shares held in treasury.

Calculation of working capital requirement

In € millions	2014	2015
Trade receivables	500.4	545.4
Inventories	622.7	680.3
Other current assets	152.1	170.0
Income tax receivables	60.0	28.6
Short-term deferred taxes assets/(liabilities)	75.6	94.8
Trade payables	(481.8)	(531.3)
Other current liabilities	(457.7)	(501.3)
Income tax payables	(15.0)	(41.0)
Short-term provisions	(86.6)	(104.8)
Working capital requirement	369.7	340.7

Calculation of net financial debt

In € millions	2014	2015
Short-term borrowings	71.4	67.9
Long-term borrowings	1,513.3	1,823.2
Cash and cash equivalents	(726.0)	(1,085.9)
Marketable securities	(3.1)	(2.5)
Net financial debt	855.6	802.7

Reconciliation of adjusted operating profit with profit for the period

In € millions	2014	2015
Profit for the period	533.3	552.0
Income tax expense	238.4	258.0
Exchange (gains) / losses	(1.5)	(6.0)
Financial income	(8.6)	(11.0)
Financial expense	85.9	93.7
Operating profit	847.5	886.7
Amortization of revaluation of intangible assets at the time of acquisitions and expense/income relating to acquisitions	32.9	43.7
Impairment of goodwill	0.0	0.0
Adjusted operating profit	880.4	930.4

Reconciliation of EBITDA with profit for the period

In € millions	2014	2015
Profit for the period	533.3	552.0
Income tax expense	238.4	258.0
Exchange (gains) / losses	(1.5)	(6.0)
Financial income	(8.6)	(11.0)
Financial expense	85.9	93.7
Operating profit	847.5	886.7
Depreciation and impairment of tangible assets	94.5	97.4
Amortization and impairment of intangible assets (including capitalized development costs) and impairment of goodwill	71.0	72.3
EBITDA	1,013.0	1,056.4

Reconciliation of cash flow from operations, free cash flow and normalized free cash flow with profit for the period

In € millions	2014	2015
Profit for the period	533.3	552.0
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	167.6	171.9
Changes in other non-current assets and liabilities and long-term deferred taxes	15.4	21.1
Unrealized exchange (gains)/losses	11.6	3.4
(Gains)/losses on sales of assets, net	0.0	1.3
Other adjustments	0.8	0.3
Cash flow from operations	728.7	750.0
Decrease (Increase) in working capital requirement	(2.3)	46.2
Net cash provided from operating activities	726.4	796.2
Capital expenditure (including capitalized development costs)	(125.3)	(133.4)
Net proceeds from sales of fixed and financial assets	6.3	3.2
Free cash flow	607.4	666.0
Increase (Decrease) in working capital requirement	2.3	(46.2)
(Increase) Decrease in normalized working capital requirement	(2.2)	(2.6)
Normalized free cash flow	607.5	617.2

Scope of consolidation

2014	Q1	H1	9M	Full year
Lastar Inc.	Balance sheet only	3 months	6 months	9 months
Neat	Balance sheet only	Balance sheet only	7 months	10 months
SJ Manufacturing		Balance sheet only	Balance sheet only	7 months

2015	Q1	H1	9M	Full year
Lastar Inc.	3 months	6 months	9 months	12 months
Neat	3 months	6 months	9 months	12 months
SJ Manufacturing	3 months	6 months	9 months	12 months
Valrack	Balance sheet only	Balance sheet only	Balance sheet only	10 months
IME		Balance sheet only	Balance sheet only	7 months
Raritan Inc.			Balance sheet only	3 months
QMotion				Balance sheet only

Disclaimer

This press release may contain forward-looking statements which are not historical data. Although Legrand considers these statements to be based on reasonable assumptions at the time of publication of this release, they are subject to various risks and uncertainties that could cause actual results to differ from those expressed or implied herein.

Details on risks are provided in the Legrand Registration Document filed with the Autorité des marchés financiers (Financial Markets Authority, AMF), which is available on-line on the websites of both AMF (www.amf-france.org) and Legrand (www.legrand.com).

No forward-looking statement contained in this press release is or should be construed as a promise or a guarantee of actual results, which are liable to differ significantly. Therefore, such statements should be used with caution, taking into account their inherent uncertainty.

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