

Legrand demonstrates healthy capacity to adapt in the first quarter**Results in line with targets****Maintainable adjusted operating margin 15.9%****Reduced net debt****Continuing commitment to innovation (5% of sales dedicated to R&D)****Gilles Schnepf, Chairman and Chief Executive Officer of Legrand, comments:**

“While sales in the first quarter of 2009 showed a 14.9% decline at constant scope of consolidation and exchange rates, recurrent adjusted operating margin came in at 15.9%, with the decline from the first quarter of 2008 thus limited to 2.3 percentage points. In a context of what is now general contraction, Legrand thus maintained its positions in the first quarter, at the same time demonstrating its capacity to adapt and continuing efforts to reduce costs.

Business trends in the first quarter of 2009 reflect both:

- *our group's high exposure to the renovation market, which accounts for 60% of its sales and is by nature less subject to sudden variations than large project business;*
- *the negative impact of worldwide inventory cuts by distributors, which account for nearly all our sales.*

The full mobilization of all staff members enables the group to constantly adapt to shifts in business. In the fourth quarter of 2008, we were thus able to cut production, administrative and selling expenses by 7.5% at constant scope of consolidation and exchange rates for a 6.3% like-for-like decline in sales. In the first quarter of this year, savings resulted in a like-for-like 13.8% decline in these costs, again matching the trend in sales.

Considering these results, and assuming economic conditions do not deteriorate further, Legrand confirms its target for a recurrent adjusted operating margin of at least 14% in 2009.

What emerges clearly is that, despite a less favorable economic environment, Legrand can count on the solidity of the fundamentals underpinning its business model:

- *the continuing benefits of trading up in its business;*
- *the ability to control prices that results from leading market positions;*
- *the resilience of renovation markets.*

Building on these strengths and benefiting from the structurally favorable features of its market, Legrand is maintaining its commitment to innovation with a focus on the most promising segments, which include energy efficiency, home automation, home-care equipment and Voice-Data-Image systems. This means that we are continuing to lay the foundations for the profitable growth of the future.”

Key figures

Consolidated data (€ millions)	1 st Quarter 2008	1 st Quarter 2009
Sales	1,049.0	901.4
Maintainable adjusted operating income ⁽¹⁾	190.7	143.2
<i>% of sales</i>	18.2%	15.9%
Adjusted operating income ⁽³⁾	187.6	135.2
<i>% of sales</i>	17.9%	15.0%
Operating income	175.0	125.5
<i>% of sales</i>	16.7%	13.9%
Net income (excluding minorities) ⁽²⁾	113.8 ⁽²⁾	56.5 ⁽²⁾
<i>% of sales</i>	10.8%	6.3%
Free cash flow ⁽⁴⁾	9.0	1.0
<i>% of sales</i>	0.9%	0.1%
Net financial debt at March 31 ⁽⁵⁾	1,922	1,840

- (1) **Adjusted operating income excluding restructuring charges** amounting to €8.0 million in 2009 and €3.1 million in 2008. See (3) for the definition of adjusted operating income.
- (2) **Net income at €69.6 million in Q1 2009 and €99.0 million in Q1 2008 excluding non-recurrent items** linked to restructuring expense and foreign-exchange gains/losses. These figures represent 7.7% and 9.4% of sales, respectively.
- (3) 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 (€9.7 million and €12.6 million in 2009 and 2008, respectively).
- (4) 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.
- (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.

Results to March 31, 2009

Sales

Published data set sales for the quarter at €901 million, down 14.1% from the first quarter of 2008, with the decline standing at 14.9% at constant scope of consolidation and exchange rates. Consolidation of acquisitions added 1.6% to sales and variations in exchange rates reduced the total by 0.7%.

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

	1 st quarter 2009 / 1 st quarter 2008
France	-6.6%
Italy	-25.3% ^a
Rest of Europe	-18.3%
USA / Canada	-16.1%
Rest of the World	-9.6%
Total	-14.9%

^a This reflects an estimated decline in downstream sell-out of our products by distributors of around 13%. See below

- **France:** Systems for commercial and residential applications and VDI progressed, and the overall trend in product mix remained favorable. This did not, however, suffice to offset the overall decline in the market and sales were down 6.6%.

- **Italy:** Sales were down 25.3% but this in fact corresponds to a decline in downstream sell-out of our products by distributors of around 13%. Like most mature markets, Italy saw a general decline in business as well as cuts in distributor inventories. This trend was significantly worsened in Italy by the change in the seasonal trends in distributors' inventory building.

- **Rest of Europe:** Some countries saw rises in the quarter, but with the spread of economic slowing, sales showed an overall decline of 18.3%.

- **United States and Canada:** Watt Stopper, the market leader for energy-efficient lighting, remained on the rise. However, the continuation of steep falls in the residential market and deterioration in the commercial sector led to an overall decline of 16.1% in sales.

- **Rest of the World:** sales were down 9.6%, reflecting general market contraction. However growth continued in several Latin American countries.

Recurrent adjusted operating margin resilient at 15.9%

Recurrent adjusted operating income amounted to €143.2 million or 15.9% of sales. Effective savings initiatives cut the cost base, defined as administrative and selling expenses plus production costs, by 13.8% at constant scope of consolidation and exchange rates. Restructuring costs came to €11.2 million excluding capital gains on sales of assets, which is in line with the full-year budget of around €40 million.

Excluding non recurring items relating to restructuring charges and foreign-exchange losses/gains, net income came to €69.6 million in the first quarter, representing 7.7% of sales.

Financial structure well in hand

Resilient adjusted operating margin combined with adaptation of working capital requirement resulted in the generation of free cash flow on a par with that for the first quarter of 2008 and reflecting the usual seasonal trends. The change in working capital requirement in the course of 2009 first quarter was €30.2 million lower than in the same quarter of 2008.

As a result, Legrand's net debt was cut by €82 million relative to March 31, 2008 and by €22 million relative to December 31, 2008.

Continuing commitment to the innovation underpinning the Legrand business model

In the first quarter of 2009 R&D represented the equivalent of 5% of sales. Since the beginning of the year, Legrand has announced the launch of a number of new product ranges, among them:

- the Arteor range of wiring devices for international markets in residential and commercial sectors, particularly in Asia,
- the new DMX3 range of power circuit breakers,
- the LCS Voice-Data-Image offering for the French market.

Consolidated financial statements, a presentation of first-quarter results and the related teleconference (live and replay) are available at www.legrandelectric.com.

Key dates

- Annual General Meeting of Shareholders: **May 26, 2009**
- 2009 first-half results: **July 29, 2009**
- 2009 nine-month results: **November 5, 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. Legrand reported sales of €4.2 billion in 2008. The company is listed on Euronext and is a component stock of indexes including the SBF120, FTSE4Good, MSCI World and ASPI (ISIN code FR0010307819).

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