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Limoges, July 29 2009

2009 first-half results:

2009 margin target confirmed

Strong cost and capital management

New products launched, and investment in innovation

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

"In a persistently difficult environment, Legrand again demonstrated its robust capacity to adapt. Maintainable adjusted operating margin for the first half of 2009 was 16.9%, despite a 16.7% decline in sales at constant scope of consolidation and exchange rates for the same period.

Against this backdrop, Legrand has three priorities:

- *adapting costs, especially fixed costs — which account for half of savings made — to both preserve our short-term profitability and optimize our business model for the long term. At constant scope of consolidation and exchange rates, we thus trimmed production, administrative and selling expenses by 20.9% in the second quarter, after a 13.8% decline in the first quarter, thus matching trends in sales.*
- *keeping good control of capital employed to maintain cash flow at a high level. This stood at €208 million in the first half, thanks in particular to efficient management of working capital requirement, and is available to finance new-product development while maintaining our capacity to seize opportunities for acquisitions should these arise.*
- *launching new products that are the foundations for the profitable growth of the future. Renewal of our offering is under way: examples include LCS2 Voice-Data-Image systems and the Arteor range of wiring devices, which received a positive response from the market. More launches are scheduled for the second half.*

Considering these results, assuming that economic conditions do not deteriorate further, and despite the unfavorable impact of traditional seasonal trends in the second half, Legrand is fully confident in its capacity to achieve its target for a maintainable adjusted operating margin of more than 14% in 2009.

At this point, business trends on our end markets remain lackluster, with inventory cuts by distributors taking an additional toll. Yet recently some encouraging signs have also appeared. While still limited in scope, these are worth noting and include:

- *in some emerging markets, including China and India, business fell off more slowly in the second quarter and even gave way to a second-quarter rebound.*
- *a bottoming out in US indicators of new residential construction, including housing starts and building permits.*
- *a growing interest in energy-efficient products, home automation and voice-data-image solutions, which is likely to generate significant investment in the years ahead."*

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Key figures

Consolidated data (€ millions)	1st half 2008	1st half 2009
Sales	2,166.0	1,812.1
Maintainable adjusted operating income(1)	404.1	306.6
% of sales	*18.7%*	*16.9%*
Adjusted operating income(3)	388.7	277.2
% of sales	*17.9%*	*15.3%*
Operating income	363.6	242.0
% of sales	*16.8%*	*13.4%*
Net income excluding minorities(2)	233.1(2)	107.9(2)
% of sales	*10.8%*	*6.0%*
Free cash flow(4)	80.4	207.8
% of sales	*3.7%*	*11.5%*
Net financial debt at June 30(5)	2,209	1,781

(1) **Adjusted operating income excluding restructuring charges** amounting to €29.4 million in the first-half 2009 and €15.4 million in the first-half 2008. See (3) for the definition of adjusted operating income.
(2) **Net income at €151.1 million in the first-half 2009 and €221.3 million in the first-half 2008 excluding non-recurrent items** (restructuring, foreign-exchange gains/losses and impairment of goodwill). These figures represent 8.3% and 10.2% of sales, in 2009 and 2008 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 (€19.3 million and €25.1 million in the first-half 2009 and the first-half 2008, respectively), and impairment of goodwill in the amount of €15.9 million in the first-half 2009.
(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 June 30, 2009

Sales

Published data set sales for the first half of 2009 at €1,812.1 million, down 16.3% from the first half of 2008, with the decline standing at 16.7% at constant scope of consolidation and exchange rates. Consolidation of acquisitions added 0.5% to sales while variations in exchange rates reduced the total by 0.1%.

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

	1st half 2009 / 1st half 2008	2nd quarter 2009 / 2nd quarter 2008
France	-9.9%	-12.9%
Italy	-25.7%	-26.1%
Rest of Europe	-22.0%	-25.7%
USA / Canada	-18.5%	-20.8%
Rest of the World	-9.8%	-9.9%
Total	**-16.7%**	**-18.4%**

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- **France**: Our strategy of trading up is paying off, and voice-data-image ranges showed good growth driven by the very positive reactions to the new LCS2 line in particular. Yet overall demand is down and sales fell 9.9% in the first half of the year.

- **Italy**: The second quarter saw a continuation of previous trends, including a decline in end markets, significant cuts in inventory, and changes in seasonal trends in distributors' inventory building. Together these factors led to a 25.7% fall in sales for the first half as a whole. This reflects a decline in downstream sell-out by distributors of around 13%. For the rest of the year, the changes in seasonal trends in inventory building observed in the first half should dissipate, tempering the overall impact of reductions in inventories. As in France, the positive impact of our trading up strategy is being confirmed.

- **Rest of Europe:** Economic slowdown continued in both Western and Eastern Europe in the second quarter, despite signs that some countries were resisting better. Altogether, the region saw a 22.0% decline in sales in the first half of the year.

- United States and Canada: Times remain testing in both residential and commercial markets. Sales at Watt Stopper, number one for energy-efficient lighting controls, remained resilient. Overall sales in the region were down 18.5% from the beginning of the year.

- **Rest of the World**: The resilience of several emerging economies in this region, among them China and India, helped limit the impact of the overall slowdown. Sales fell 9.8% over the first six months of the year.

Maintainable adjusted operating margin showed good resilience at 16.9%

Maintainable adjusted operating income came in at €306.6M or 16.9% of sales. Our cost base, defined as total administrative and selling expense plus production costs, was trimmed 17.4% in the first half (at constant scope of consolidation and exchange rates), in line with the decrease in sales, while R&D expense slightly increased as percentage of sales.
Restructuring costs totaled €29.4 million for the period.
Legrand reviewed the value of goodwill on its balance sheet and booked an impairment charge of €15.9 million; this has no impact on adjusted operating income.
Excluding non-recurring items relating to restructuring charges, foreign-exchange gains/losses and impairment of goodwill, net income for the first-half 2009 totaled €151.1 million or 8.3% of sales.

Cash flow generation and reduction in net debt

Free cash flow came to €208 million from the beginning of the year, a steep rise on the same period of 2008. These good results reflect:

- effective management of margin
- extremely rigorous management of working capital requirement, with the six-month change in this down €188 million from June 30, 2008, representing 12.6% of sales for the past 12 months. This is a particularly low level; above and beyond full adaptation to trends in sales, it reflects the impact of reduction in inventories and trade receivables usually seen in the second half. Moreover, the application of legislation aimed at modernizing the French economy ("LME") offsets in part the implementation of a factoring contract for €20.5 million.
- good control of industrial investment net of proceeds from sale of assets

Altogether Legrand reduced net debt by €428 million from its position at June 30, 2008.

New products a success with consumers

The new LCS2 Voice-Data-Image line has been a resounding success in France, confirming Legrand as a major player in connector technology and VDI systems.
First demonstrations of the Arteor range also received a very positive response from specifiers. This range strengthens Legrand's geographical positioning in Asia in both residential and non-residential markets.

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Legrand dedicated nearly 5% of sales to R&D in the first half of 2009, confirming its ongoing commitment to laying the foundations for the profitable growth of the future. In the second half, it plans to roll out products including new lighting control systems.

Changes in Executive Committee

The Executive Committee welcomed two new members:

- Jean-Paul Leduc, Group Vice-President Export Sales
- Xavier de Froment, Vice-President, Sales France replacing Gérard Pelletier who retired following 39 years dedicated to furthering Legrand's development in France.

They join the existing team of Gilles Schnepp, Chairman and CEO; Olivier Bazil, Vice Chairman and COO; Paolo Perino, Managing Director and Chief Executive Officer of BTicino; John Selldorff, President & Chief Executive Officer of Legrand North America; Eric Seurin, Group Vice-President, Purchasing and Logistics; Patrice Soudan, Group Vice-President, Wiring Devices & Home Systems Division; Philippe Weber, Group Vice-President, Energy Distribution & Industrial Applications Division.

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

Key dates

- 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).
www.legrandelectric.com

Investor Relations:
Legrand
Frank Maccary
Tel: +33 (0)1 49 72 53 53
Fax : +33 (0)1 43 60 54 92
E-mail : frank.maccary@legrand.fr

Press relations:
Publicis Consultants
Vilizara Lazarova
Tel : +33 (0)1 57 32 86 46
Fax : +33 (0)1 57 32 85 84
E-mail: vilizara.lazarova@consultants.publicis.fr