

**Results for the first nine months of 2010:****Vigorous rise in sales in new economies****Firm growth on new business segments****Target for 2010 adjusted operating margin raised again, to 20%****Gilles Schnepf, Chairman and Chief Executive Officer of Legrand, comments:**

*“Legrand's consolidated sales for the first nine months of 2010 came to €2.9 billion, showing a rise of 7.5%. The rise at constant scope of consolidation and exchange rates was 3.7%. Adjusted operating income for the period was up 39% to €603 million.*

*This rise in sales reflects positive trends in Legrand's growth profile with:*

- *over 1/3 of sales now in new economies, where the group saw a 20.5% rise over the first nine months of 2010.*
- *nearly 20% of revenues now in new business segments (digital infrastructures, energy performance, residential systems, etc.), where group sales from the beginning of the year were up 8.5%.*

*Legrand is actively pursuing its innovation strategy, with R&D spending equaling 4.5% of sales and two-thirds of investments dedicated to new products in the first nine months. It thus accelerated its business development, with highlights including the successful launches of LCS<sup>2</sup>, Arteor and Nereya. The group is also positioning itself to benefit from new sources of growth in areas including protection devices for solar-power applications, solutions for assisted living and electric vehicle charging stations such as the "Green Up" presented at the Paris Motor Show.*

*The operational leverage resulting from sales growth and the full impact of reorganization already in place led to a steep rise in adjusted operating margin, which reached 21.0% of sales in the first nine months of 2010.*

*Despite the seasonality of fourth-quarter margin and gradual rises in raw-material prices, Legrand has again raised its target for full-year adjusted operating margin, to 20% up from over 19% previously.*

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## Key figures

Consolidated data (€ millions)	9 months 2009	9 months 2010	% change 2010/2009
Sales	2,673.9	2,873.6	+7.5%
Maintainable <sup>(1)</sup> adjusted operating income <sup>(2)</sup>	478.3	630.6	+31.8%
<i>As % of sales</i>	17.9%	21.9%	
Adjusted operating income <sup>(2)</sup>	434.9	603.3	+38.7%
<i>As % of sales</i>	16.3%	21.0%	
Operating income	389.9	583.4	+49.6%
<i>As % of sales</i>	14.6%	20.3%	
Net income excluding minorities	199.2	319.2	+60.2%
<i>As % of sales</i>	7.4%	11.1%	
Free cash flow <sup>(3)</sup>	465.1	477.2	+2.6%
<i>As % of sales</i>	17.4%	16.6%	
Net financial debt at September 30	1,523	1,306	-14.2%

(1) Adjusted operating income excluding restructuring charges amounting to €27.3 million in 2010 and €43.4 million in 2009. See (2) for the definition of adjusted operating income.

(2) 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 (€19.9 million in 2010 and €28.8 million in 2009), respectively, and depreciation of goodwill in an amount of €16.2 million in the first nine months of 2009.

(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.

## Results to 30 September 2010

### Sales

Published data set sales for the first nine months of 2010 at €2,874 million, up 7.5% from the same period of 2009 and showing a rise of 3.7% at constant scope of consolidation and exchange rates. Consolidation of acquisitions added 0.2% and variations in exchange rates 3.4%.

With support from new economies and new business segments, growth in Legrand sales at constant scope of consolidation and exchange rates has returned to 5% over the past six months, despite the still convalescent state of building markets in many countries (after 5.6% and 5.2% in the second and third quarters, respectively, performance in the fourth quarter is likely to be temporarily affected by a demanding basis of comparison).

### Variations in sales at constant scope of consolidation and exchange rates by geographical region

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

	9 months 2010 / 9 months 2009	3 <sup>rd</sup> quarter 2010 / 3 <sup>rd</sup> quarter 2009
France	+0.6%	+2.2%
Italy	+3.4%	+6.2%
Rest of Europe	-2.0%	+2.8%
USA/Canada	+4.3%	+1.6%
Rest of the World	+11.9%	+11.6%
<b>Total</b>	<b>+3.7%</b>	<b>+5.2%</b>

- **France:** Sales were slightly higher, benefiting from good performances for wiring devices and the success of the new LCS<sup>2</sup> digital-infrastructure range, as well as the resilience of the renovation market and favorable calendar effects.

- **Italy:** Sales rose 3.4% over the first nine months of the year, buoyed by growth in sales of wiring devices and the success of My Home residential systems, as well as good showings in cable management in the third quarter.

- **Rest of Europe:** A 2.8% rise in third-quarter sales was driven by good performances in Russia and Turkey, combined with an improvement in business trends in a number of other markets including Switzerland, Germany, Romania and Slovakia. This offset continuing difficulties in the Netherlands, Greece and Austria. Over the first nine months as a whole, sales were down 2.0%.

- **United States/Canada:** An overall rise of 4.3% reflected firm growth for digital infrastructures (Ortronics) and lighting controls (Watt Stopper), combined with steadying on the residential market that offset difficult market conditions in the commercial segment.

- **Rest of the World:** A vigorous rise in sales was new evidence of the solidity of growth in most new economies, bearing out the effectiveness of Legrand's strategy of expansion on these markets. Sales were up 11.9%.

**Robust sales growth and increased contributions from new economies:** Sales in new-economy countries were up 20.5% on a reported basis and 12.4% at constant scope of consolidation and exchange rates in the first nine months, reflecting in particular excellent performances in China, India, Brazil, Russia, Turkey, Egypt, Chile and Mexico. In the third quarter alone, and without counting the contributions of the latest acquisitions, the Legrand group already derived over 1/3 of its sales from new-economy markets, where it is successfully replicating its value creating model.

#### **Targeted, self-financed acquisitions continue**

Legrand is also pursuing expansion in new economies and new market segments with the recent acquisitions of Indo Asian Switchgear, a key player in the Indian market for electrical protection, and Inform, Turkey's number-one contender in UPS<sup>1</sup>.

In 2010, sales of these two businesses should reach an annual total of close to €90 million. As of today, their contribution to consolidated sales growth should reach around 0.9% in 2010 and 1.6% in 2011.

#### **A business model for high cash generation**

Free cash flow totaled €477 million or 16.6% of sales in the first nine months of the year, reflecting good operating performances and effective control of capital employed. This robust level of cash generation also enabled Legrand to finance its business development and cut net debt by €217 million over a year.

#### **Increase in free float**

On September 21, 2010, Kohlberg Kravis Roberts & Co and Wendel arranged a successful joint placement of 23.7 million Legrand shares, representing 9% of equity. This increased the free float by 75% over a year and makes for further significant improvement in the liquidity of Legrand shares.

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<sup>1</sup> UPS: Uninterruptible Power Supply

Consolidated financial statements, a presentation of nine-month results in 2010, and the related teleconference (live and replay) are available at [www.legrandgroup.com](http://www.legrandgroup.com).

#### Key financial dates

- 2010 annual results: **February 10, 2011**
- 2011 first-quarter results: **May 5, 2011**
- General Meeting of Shareholders: **May 26, 2011**

#### 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 is a prime vector for growth. Legrand reported sales of €3.6 billion in 2009. The company is listed on NYSE Euronext and is a component stock of indexes including the SBF120, FTSE4Good, MSCI World, ASPI and DJSI (ISIN code FR0010307819). [www.legrandgroup.com](http://www.legrandgroup.com)*

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