

**2010 annual results:**

Firm sales growth: +8.7%

Improvement in adjusted operating margin, up from 16.2% to 20.2%

Net profit and dividend up by 44% and 26%<sup>1</sup> respectively**Mid-term objectives**+10% total annual average growth in sales<sup>2</sup>

50% of sales in new economies five years from now

20% average adjusted operating margin including acquisitions<sup>3</sup>

**On the occasion of the approval of full-year accounts for 2010, Legrand CEO Gilles Schnepf commented on group fundamentals, results and targets.**

"A sound, virtuous business model"

Legrand demonstrated the soundness and quality of its business model, which has been further reinforced over the past three years. Offering profitability and cash generation that are among the highest in the sector, this has enabled our group to self-finance growth through innovation and acquisitions and pay an attractive dividend, consistent with a very sound balance-sheet structure.

2010: return to growth and effectiveness of the business model

Highlights of our 2010 performance included:

- 24% sales growth in new economies and an overall rise in consolidated sales of 8.7%
- a rise in adjusted operating margin to 20.2% in 2010 compared with 16.2% in 2009 while adjusted operating income increased 35.5%.

Considering these results and the group's balance-sheet structure, the Board of Directors will ask the General Meeting of shareholders to approve a dividend distribution of €0.88 per share payable on June 3, 2011.

Mid-term objectives

Starting from these bases, the group has set itself the following mid-term objectives:

- 10% total annual average growth in sales, driven by increasing exposure to new economies, which are expected to account for 50% of consolidated sales five years from now compared with one third today; expansion on new business segments (see page 3) that already account for nearly 20% of sales; and pursuit of targeted, self-financed acquisitions
- 20% average adjusted operating margin, including acquisitions<sup>3</sup>.

Legrand is committed to responsible growth. After meeting goals set in 2007 for corporate social responsibility, care for the environment and governance, the group will actively pursue efforts in these areas and announce new stages in its drive for progress in the first half of 2011.

2011 targets

Legrand's targets for 2011 are:

- 5% organic growth rounded out with acquisitions<sup>3</sup>
- adjusted operating margin equaling or exceeding 20%, including the impact of acquisitions<sup>3</sup>.

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<sup>1</sup> Subject to the approval of shareholders at the General Meeting on May 26, 2011.

<sup>2</sup> Including like-for-like and acquisition-driven growth, excluding major exchange-rate effects or economic downturns

<sup>3</sup> Small to mid-size bolt-on acquisitions

### Key figures

<i>Consolidated data (€ millions)</i>	<b>2009</b>	<b>2010</b>	<b>% change 2010/2009</b>
Sales	3,577.5	3,890.5	+8.7%
Adjusted operating income <sup>(1)</sup>	578.8	784.1	+35.5%
<i>As % of sales</i>	16.2%	20.2%	
Operating income	524.1	757.6	+44.6%
<i>As % of sales</i>	14.6%	19.5%	
Net income excluding minorities	289.8	418.3	+44.3%
<i>As % of sales</i>	8.1%	10.8%	
Free Cash flow <sup>(2)</sup>	654.5	645.5	-1.4%
<i>As % of sales</i>	18.3%	16.6%	
Net financial debt at December 31	1,340	1,198	-10.6%

(1) 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 (€26.5 million in 2010 and €38.1 million in 2009), and depreciation of goodwill in an amount of €16.6 million in 2009.

(2) 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 31 December 2010

#### **Sales**

Reported figures show an 8.7% year-on-year rise in sales to €3,891 million, while the rise at constant scope of consolidation and exchange rates was 3.6%. Changes in the scope of consolidation made a 1.2% growth contribution, while exchange rates had a positive impact of 3.8%.

Drawing on the momentum of new economies and new business segments, Legrand saw growth at constant scope of consolidation and exchange rates return to 5% in the second quarter, despite still convalescent building markets in many countries. Organic growth reached 5.6% in the second quarter and 5.2% in the third, while, as announced, the fourth-quarter figure reflected the temporary effects of a more demanding basis for comparison.

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

	2010 / 2009	4 <sup>th</sup> quarter 2010 / 4th quarter 2009
France	+0.6%	+0.4%
Italy	+3.2%	+2.6%
Rest of Europe	-0.9%	+2.0%
United States/Canada	+3.8%	+2.1%
Rest of the World	+10.6%	+7.5%
<b>Total</b>	<b>+3.6%</b>	<b>+3.2%</b>

- **France:** A combination of favorable factors including vigorous performances in wiring devices, the success of the new LCS<sup>2</sup> digital infrastructure offering, and firm trends on renovation markets offset the still convalescent state of the building industry, particularly in the non-residential sector. Sales showed a modest rise.

- **Italy:** A 3.2% rise in sales reflected excellent performances in wiring devices, the success of My Home residential systems and a strong showing for cable management in the industrial sector.

- **Rest of Europe:** A 2.0% rise in fourth-quarter sales confirmed the return to growth observed in the third quarter. Support for sales in the region stems from remarkable performances in Russia and Turkey combined with improved trends in most East European countries and in the UK. This gain offset persistent difficulties in Greece, Portugal, Spain, Austria and Belgium. Over the year as a whole, sales dipped 0.9%.

- **United States/Canada:** Sales rose 3.8%, benefiting from good showings for wiring devices and vigorous sales trends for lighting controls (Watt Stopper) and digital infrastructure (Ortronics).

- **Rest of the World:** Despite a more demanding basis for comparison in the fourth quarter, business growth in new economies remained on a very vigorous track, bearing out the pertinence of Legrand's strategy for development on these markets. Sales for the year showed a 10.6% rise.

**Strong growth and increased presence in new economies:** Excellent performances in Russia, India, China and Brazil, as well as in Turkey, Mexico, Chile, etc., led to an overall annual rise of 24% in new economy business, with growth at constant scope of consolidation and exchange rates reaching 11.9%. This robust increase reinforced the group's exposure to these high-growth markets, and new economies today account for one third of group sales.

**Expansion on new business segments:** Buoyed by technological progress and the emergence of new needs, digital infrastructures, energy performance, residential systems and wiremesh cable management are showing a vigorous growth of 13%. In 2010, these new segments accounted for close to 20% of group sales. In a more forward-looking perspective, Legrand is leveraging innovation and acquisitions, as appropriate, to take up positions on new markets with significant potential for the medium term, including assisted living, and charging stations for electric vehicles.

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

With R&D spendings representing 4.5% of sales and new products accounting for more than 60% of its investments and representing over one third of sales (38% in 2010), Legrand is actively pursuing its strategy for innovation as a driver for organic growth. Among the many new products brought to market in 2010 were:

- wiring-device ranges Kaptika in Russia, Nereya in Brazil, Mellovia in South Korea, K5 and Meidian in China, as well as high-end offerings Axolute Eteris and Axolute White in Italy, which were very well received on the market
- a new range of audio and video door-entry systems for China
- dedicated solar-power protection solutions in France
- digital lighting management systems in the US
- a video surveillance offering in Italy

Legrand will be maintaining the momentum for innovation as a main source of value creation in 2011.

### Acquisitions

Legrand resumed its targeted, self-financed acquisition-driven growth in July 2010, focusing on new economies with the acquisition of Inform, the leader for UPS (Uninterruptible Power Supply) in Turkey, and Indo-Asian Switchgear, a top contender on the Indian market for protection. More recently, the group reinforced its positions on new business segments with the acquisitions of Metasystem Energy, an Italian company specialized in modular UPS, Electrorack, a US company making VDI cabinets for data centers, and Intervox, the leader for connected security systems in France.

Consolidation of these five entities in 2011 should make a 2.5% growth contribution.

### Net income

Strong sales growth and improved operating margin after deduction of €111 million in net financial charges and €227 million in corporate tax set the rise in net group income at 44%. Net income thus represents 10.8% of sales.

### *Vigorous cash generation and sound balance-sheet structure*

An excellent operational performance and effective control of capital employed were reflected in persistently vigorous generation of free cash flow. This amounted to €646 million from the beginning of the year and represented 16.6% of sales enabling the group to finance development and at the same time reduce net debt by €142 million over the period to €1,198 million at December 31, 2010.

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The Board meeting which adopted the audited consolidated financial statements for the year ended December 31, 2010 was held on February 9, 2011. Consolidated financial statements, a presentation of 2010 annual results, and the related teleconference (live and replay) are available at [www.legrandgroup.com](http://www.legrandgroup.com).

#### Key financial dates

- 2011 first-quarter results: **May 5, 2011**
- General Meeting of Shareholders: **May 26, 2011**
- 2011 first-half results: **July 28, 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 and acquisition are prime vectors for growth. Legrand reported sales of €3.9 billion in 2010. 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)

#### 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)