

**1<sup>st</sup> quarter 2011****Legrand fully in line with 2011 targets****Firm growth in sales, up 13.7%, and adjusted operating income, up 15.4%****Targeted acquisitions and innovation****Gilles Schnepf, Chairman and CEO of Legrand, comments:**Sales

Group sales for the first quarter of 2011 showed a total rise of 13.7% or 9.0% at constant scope of consolidation and exchange rates, reflecting:

- vigorous growth in new economies, where sales showed an overall rise of 26.6% (nearly 16% at constant scope of consolidation and exchange rates),
- firm expansion in new business segments (close to 17% growth in sales at constant scope of consolidation and exchange rates), including in particular digital infrastructures, energy performance and home systems.

Corrected for the particularly favorable base for year-on-year comparison in France and Italy in the first quarter of 2010 (see page 2 for details), organic growth in the first quarter of this year is fully in line with our full-year target of 5%.

Results

Against a backdrop of steep rises in prices for raw materials and components, adjusted operating income was up 15.4% to represent 21.1% of sales. Allowing for the usual seasonality, this result is fully in line with the 2011 full-year target which calls for adjusted operating margin equaling or exceeding 20%, including the impact of acquisitions. It also confirms the structural nature of the level of profitability achieved in 2010.

Innovation

With R&D investments representing close to 5% of sales, the group is actively pursuing a strategy of innovation and new product launches (see page 3 for details):

- in core ranges, this makes for a steady flow of offerings to match needs in new economies and constantly enhance functionalities, esthetic appeal and ease of installation,
- in new business segments showing rapid growth driven by the technological and societal changes of recent years,
- in businesses with high potential in a longer-term perspective, including smart grids, charging stations for electric vehicles and assisted living.

Acquisitions

As previously announced, Legrand is stepping up the pace of its development through self-financed, bolt-on acquisitions of small to medium-size businesses with strong market positions and high growth potential. Following the acquisitions of Inform in Turkey, Indo Asian Switchgear in India, and Meta System Energy in Italy during the second half of 2010, the group recently acquired SMS<sup>1</sup>, number-one in Brazil for UPS, Electrorack, a US company specialized in VDI (Voice-Data-Image) cabinets, and Intervox, the market leader in connected security systems in France.

Legrand aims to continue building on this value creative momentum over the long term, with rigor, thus making the most of a still fragmented market offering a wealth of opportunities.

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<sup>1</sup> Subject to the approval of competent authorities in Brazil

### Key figures

Consolidated data (€ millions)	1 <sup>st</sup> quarter 2009	1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2011	% change 2011/2010
Sales	901.4	911.7	1,036.4	+13.7%
Adjusted operating income <sup>(1)</sup>	136.8	189.0	218.2	+15.4%
<i>As % of sales</i>	<i>15.2%</i>	<i>20.7%</i>	<i>21.1%</i>	
Operating income	125.5	180.5	209.8	+16.2%
<i>As % of sales</i>	<i>13.9%</i>	<i>19.8%</i>	<i>20.2%</i>	
Net income excluding minorities	56.5	90.3	127.5	+41.2%
<i>As % of sales</i>	<i>6.3%</i>	<i>9.9%</i>	<i>12.3%</i>	
Free Cash flow <sup>(2)</sup>	1.0	94.1	93.2	-1.0%
<i>As % of sales</i>	<i>0.1%</i>	<i>10.3%</i>	<i>9.0%</i>	
Net financial debt at March 31	1,840	1,260	1,142	-9.4%

(1) Operating income adjusted for depreciation of the revaluation of intangible assets and for costs both relating to acquisitions (€11.3 million in Q1 2009, €8.5 million in Q1 2010 and €8.4 million in Q1 2011) as well as, if applicable, for impairment of goodwill (0€ for Q1 2009, Q1 2010 and Q1 2011).

Please refer to page 28 of the 2011 first-quarter result presentation (available at [www.legrandgroup.com](http://www.legrandgroup.com)) for a reconciliation with the 2010 Q1 adjusted operating income that is €2.0 million below the level displayed in the above table.

(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 March 2011

#### Sales

Reported figures show a 13.7% year-on-year rise in sales to €1,036 million, while the rise at constant scope of consolidation and exchange rates was 9.0%. Changes in the scope of consolidation made a 2.6% growth contribution, while exchange rates had a positive impact of 1.6%.

The strong rise in first-quarter sales at constant scope of consolidation and exchange rates reflects, among other things, a particularly favorable base for year-on-year comparisons in France and Italy. This positive effect of more than three percentage points will be reversed by stages over the year. Corrected for the impact of the base for comparison, sales growth at constant scope of consolidation and exchange rates exceeded 5% in the first quarter.

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

	1 <sup>st</sup> quarter 2010 / 1 <sup>st</sup> quarter 2011
France	+12.1%
Italy	+10.1%
Rest of Europe	+3.7%
United States/Canada	+5.2%
Rest of the World	+11.6%
<b>Total</b>	<b>+9.0%</b>

- **France:** Robust sales growth was driven by very strong performances in wiring devices, excellent showings in cable management, digital infrastructures and home systems, and a favorable base for year-on-year comparisons. Sales rose 12.1% in the first quarter.

- **Italy:** A 10.1% first-quarter rise in sales reflected vigorous trends in cable management, energy distribution and industrial applications, combined with a favorable base for year-on-year comparison.

- **Rest of Europe:** A 3.7% rise in first-quarter sales confirmed the return to growth observed in the second half of 2010. Strong sales growth in Russia and Turkey and improved trends in most countries in eastern Europe and in the UK offset persistent difficulties in southern Europe, Belgium and the Netherlands.

- **United States/Canada:** Sales rose 5.2%, benefiting from good showings for wire mesh cable management as well as firm sales trends for energy-efficient lighting controls from Watt Stopper and digital infrastructure from Ortronics and Electrorack.

- **Rest of the World:** Growth in new economies remains on a very strong track on the whole, confirming their underlying momentum. Sales were up 11.6% for Rest-of-the-World zone as a whole, with particularly strong showings in Asia and Latin America.

**Strong growth in new economies:** Sales in new economies were up 26.6% in the first quarter with growth at constant scope of consolidation and exchange rates reaching 15.8%. The Group turned in excellent performances in India, Russia, China and Brazil, as well as in Turkey, Chile and Peru. Based on the group's current structure, new economies are set to account for 35% of total Group sales in 2011.

**Mature economies:** While the building industry as a whole shows volumes well below pre-crisis levels on average, the residential sector now seems to have stabilized overall and is even starting to pick up in some countries. The commercial sector remains sluggish on the whole, but some segments – including digital infrastructures and energy performance – show vigorous gains. More generally, market prospects in the building sector<sup>1</sup> appear to be moving gradually back into positive territory.

**Vigorous expansion on new business segments:** Buoyed by technological progress and the emergence of new needs, sales of home systems, digital infrastructures, energy performance systems and wire-mesh cable management solutions show vigorous growth reaching 16.7% at constant scope of consolidation and exchange rates in the first quarter. Over the same period, sales in these new segments accounted for 20% of the group total.

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

Legrand is actively pursuing its strategy for innovation as a driver for organic growth. It has thus launched a large number of new products since the beginning of the year, among them:

- major new wiring-device ranges for the international market: Living Light, Niloé, Matix,
- dedicated wiring-device ranges: Yi Pin and K2 in China and Titanium in the US,
- DPX<sup>3</sup> protection range for commercial buildings, integrating in particular measurement of power consumption,
- new LCS<sup>2</sup> and Ortronics enclosure ranges for digital infrastructures,
- Easybar prefabricated busbar system,
- Watt Stopper's Digital Lighting Management energy-efficient solutions in the US.

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<sup>1</sup> Source Global Insight

### **Continued acquisition-driven growth and vigorous rises in sales of recently acquired businesses**

In the second half of 2010, Legrand acquired Inform, the leader for UPS<sup>1</sup> in Turkey; Indo Asian Switchgear, a top contender for protection devices in India; and Meta System Energy, an Italian company specialized in modular UPS; and, since the beginning of the year, has continued to expand with self-financed acquisitions of three highly promising businesses:

- SMS<sup>2</sup>, with net sales of €80 million in 2010, the number-one in Brazil for UPS, a rapidly expanding market offering extremely promising prospects,
- Electrorack, a US company specialized in VDI (Voice-Data-Image) cabinets for data centers, a dynamic market expected to see annual growth of 10% in the US over the coming years,
- Intervox, market leader on the high-growth connected security-system segment in France.

Total annual sales of businesses purchased over the past 12 months amounted to €210 million and their growth at constant scope of consolidation and exchange rates exceeded 20% in the first quarter of 2011. Legrand keeps strictly to an acquisition strategy targeting small to medium-size businesses that are frontrunners and that operate:

- on new, high-growth business segments, such as UPS and digital infrastructures (accounting for 78% of sales acquired),
- and/or in new economies, as illustrated by SMS in Brazil, Indo Asian Switchgear in India, and Inform in Turkey (accounting for 79% of sales acquired).

Allowing for different dates for consolidation, these businesses should add 3.6% to consolidated sales growth in 2011.

### **Structural nature of 2010 profitability confirmed**

After reaching 20.5% in 2010 FY compared with an average of 16% in the years from 2003 to 2009, adjusted operating margin came to 21.1% in the first quarter of 2011, confirming the structural nature of the level of profitability achieved in 2010. This strong figure bears out the sound foundations of the group's medium-term target, which calls for an average adjusted operating margin of 20%, taking into account the impact of acquisitions.

### **Cash generation and sound balance sheet**

A healthy operating performance and tight control of capital employed set free cash flow at €93.2 million in the first quarter. Assuming a normalized working capital requirement of 10% of sales, Legrand confirms its capacity to generate free cash flow equal to around 13% of sales.

This level of cash generation combined with a particularly sound balance sheet structure enables the group to finance development with its own resources.

Standard & Poor's has raised its rating for the group to BBB+ with a positive outlook.

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

<sup>2</sup> Subject to the approval of competent authorities in Brazil

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

#### Key financial dates

- General Meeting of Shareholders: **May 26, 2011**
- 2011 first-half results: **July 28, 2011**
- 2011 nine-month results: **November 4, 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 CAC Large 60, SBF120, FTSE4Good, MSCI World, ASPI and DJSI (ISIN code FR0010307819). [www.legrandgroup.com](http://www.legrandgroup.com)*

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