

2012 annual results:

Very good performances despite a difficult economic environment

- Sales: +5.1%
- Net income excluding minorities: +5.6%
- Free cash flow: +20%
- Dividend: +7.5%, €1.00 per share

Ongoing self-financed strengthening of group positions

- New economies: 38% of 2012 sales vs. 35% in 2011
- External growth: 4 acquisitions announced in 2012

On the closing of full-year accounts for 2012, Gilles Schnepp, Legrand Chairman and CEO commented on group results, fundamentals and targets:

“Solid 2012 financial performances

Despite the generally lackluster economic environment, Legrand’s solid 2012 performances demonstrated once again the quality of the group’s self-financed business model and its capacity to create value over the long term:

- Sales were €4.5 billion, up 5.1% in total, with sales in new economies rising 13.5%. Growth driven by broader scope of consolidation linked to acquisitions contributed 4.5% of the total, the exchange-rate effect was +1.9%, and organic⁽¹⁾ growth in sales was -1.4%;
- Adjusted operating income came to €874 million, or 19.6% of sales (19.9% excluding acquisitions), illustrating the quality of Legrand’s commercial positions, its ability to keep pricing management under control, the effectiveness of its ongoing productivity initiatives, and its capacity to adapt;
- Free cash flow stood at €627 million, or 14.0% of sales, thanks to good operating performance and rigorous management of capital employed.

Considering the group’s 2012 achievements, and in particular its net income of €506 million—a record high—the Board of Directors will ask the General Meeting of shareholders to approve a dividend of €1.00 per share, up 7.5%, payable on June 3, 2013⁽²⁾.

Ongoing self-financed strengthening of group positions

In 2012, Legrand actively pursued self-financed expansion and strengthened its market positions through:

- numerous new-product launches in new economies, as well as in the United States and other mature countries;
- acquisition of four companies in markets with high potential, all with leading positions or technological expertise.

More generally, during the year Legrand strengthened its positions in new economies, which now account for 38% of its sales compared with 35% in 2011, and in the United States, which became the second-largest country contributing to group sales in 2012.

At the same time, new business segments represented 25% of sales in 2012 compared with 22% in 2011.

Legrand plans to maintain this momentum in 2013 by continuing to focus on innovation and its acquisition strategy, particularly in the fastest-growing markets and segments. In this respect, it has just announced the acquisition of Seico, the Saudi leader in industrial metal cable trays.

⁽¹⁾ Organic: at constant scope of consolidation and exchange rates

⁽²⁾ Ex-dividend date: May 29, 2013

2013 targets

Macro-economic forecasts for 2013 remain varied: possible acceleration in the pace of growth in new economies in the course of the year, continued recovery in residential construction in the United States, and continuing uncertainty for trends in other mature economies. Against this backdrop and in an industry with no order book, Legrand has set its 2013 targets for organic⁽¹⁾ growth in sales at between -2% and +2% and for adjusted operating margin before acquisitions at between 19% and 20% of sales.

Moreover Legrand will pursue its value-creating acquisition policy.

Medium-term targets confirmed

In recent years, Legrand has demonstrated the soundness of its business model. In a stabilized macroeconomic environment, the group is confident in its capacity to create value on a sustainable basis through profitable, self-financed growth and confirms its medium-term targets⁽²⁾.

⁽¹⁾ Organic: at constant scope of consolidation and exchange rates

⁽²⁾ Total annual average growth in sales of 10% excluding exchange-rate effects or major economic downturn, and average adjusted operating margin of 20% including small and medium-size bolt-on acquisitions.

Key figures

Consolidated data (€ millions)	2011	2012	% change 2012/2011
Sales	4,250.1	4,466.7	+5.1%
Adjusted operating income ⁽¹⁾	856.7	874.4	+2.1%
<i>As % of sales</i>	20.2%	19.6% ⁽²⁾	
Operating income	812.3	848.0	+4.4%
<i>As % of sales</i>	19.1%	19.0%	
Net income excluding minorities	478.6	505.6	+5.6%
<i>As % of sales</i>	11.3%	11.3%	
Free cash flow ⁽³⁾	522.7	627.0	+20.0%
<i>As % of sales</i>	12.3%	14.0%	
Net financial debt at December 31	1,268.8	1,082.5	-14.7%

(1) Operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€28.5 million in 2011 and 26.4 million in 2012) and, where applicable, for impairment of goodwill (€15.9 million in 2011 and €0 million in 2012).

(2) 19.9% excluding acquisitions (at 2011 scope of consolidation).

(3) Free cash flow is defined as the sum of net cash from operating activities and net proceeds of sales of fixed assets less capital expenditure and capitalized development costs.

Results to December 31, 2012

Consolidated sales

Reported figures show a 5.1% year-on-year rise in sales to €4,466.7 million.

Sales at constant scope of consolidation and exchange rates declined 1.4%, reflecting the less buoyant global economy in 2012.

Changes in the scope of consolidation made a 4.5% growth contribution, while exchange rates had a positive impact of 1.9%.

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

	2012 / 2011	4 th quarter 2012 / 4 th quarter 2011
France	-3.3%	-4.3%
Italy	-12.5%	-12.2%
Rest of Europe	-2.2%	-2.2%
United States/Canada	+5.3%	+10.3%
Rest of the World	+2.5%	+2.2%
Total	-1.4%	-0.6%

- **France:** sales were down 3.3%, impacted by the less buoyant economy. Against this backdrop, some market segments in which Legrand holds strong positions reported growth, including wiring devices, emergency lighting, and Voice-Data-Image systems.

- **Italy:** Sales to distributors (sell-in) were down -12.5%, but downstream sell-out of Legrand products by distributors (sell-out) remained higher than sell-in by more than 3 points and thus stood at around -9%.

Amid testing economic conditions that saw a deterioration in residential and commercial markets, the group continued to benefit from its robust leadership positions, especially in wiring devices and home systems.

- **Rest of Europe:** Overall sales for the region were down 2.2%. Strong performances in Russia, Ukraine, Romania, Germany, Austria and the Netherlands partially offset continuing difficulties, especially in Southern Europe (Spain, Portugal and Greece).

More generally, new economies account for half of business in this region.

- **United States/Canada:** Buoyed by strong showings in wiring devices, cable management and home systems, sales rose 5.3%. The residential market, which had declined for five years in a row and remains well below historic levels⁽¹⁾, confirmed its recovery during the year and should continue to underpin group business in the United States. Non-residential activity remained flat. By the end of 2012, the United States became the second-largest contributor to group sales.

- **Rest of the World:** Sales for the region as a whole show a rise of +2.5%, with healthy growth in new economies in Asia, Latin America and the Middle East. This more than offset lower sales in mature countries (Australia and South Korea).

Strengthened presence in new economies: Total sales in new economies grew nearly 13.5% for the year, or 3.6% at constant scope of consolidation and exchange rates, with strong showings in Russia, India and China as well as Mexico, Chile and Saudi Arabia. This healthy rise strengthens Legrand's presence in these fast-growing markets where it holds many leading positions, and thus structurally improves its growth profile: new economies accounted for 38% of group sales in 2012, up from 35% in 2011 and 17% a decade ago.

Construction markets in mature countries: Construction volume in the mature countries where Legrand operates is on average close to 30% lower than in 2007⁽²⁾. The decrease is steeper in Southern Europe (Spain, Greece and Portugal) where this substantial decline represents potential for a medium-term rally although conditions for a recovery are not present in these markets.

Continued expansion in new business segments: Digital infrastructures, energy performance, home systems and wire-mesh cable management continued to expand, underpinned by lasting changes in technology and society. In 2012, sales in these new business segments accounted for 25% of total group sales, up from 22% in 2011 and 10% a decade ago.

Innovation and new product launches

In 2012 Legrand actively pursued its innovation effort—one of its growth engines—spending close to 5% of sales on R&D and dedicating more than half of its investments to new products, which accounted for 37% of sales. The group thus launched many new products on every continent. These included the premium Adorne wiring-device line in North America, the New Modus range of residential wiring devices in Latin America, and the New Sfera video door-entry systems and CCTV electronic security systems on international markets.

The group has also continued to expand its existing offer by adding new functions, in particular to wiring device ranges such as Céliane and Arteur, and energy distribution offers such as Puissance3. In 2013 it will pursue its drive for value-creating innovation.

⁽¹⁾ 2012 volume in US residential construction spending was 40% below the average recorded over the period 2002-2012, source: Global Insight

⁽²⁾ Residential and non residential construction spending, source: Global Insight

Continued external growth

Legrand has pursued its strategy of targeted, self-financed acquisitions of small and mid-size companies offering high growth potential and strong market positions. Since January 2012, the group has announced five companies with total annual acquired sales of over €180 million:

- Numeric UPS, India's market leader in low- and medium-power UPS⁽¹⁾,
- Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands and a front-running European contender in this market,
- Daneva, Brazil's leader in connection accessories,
- NuVo Technologies, a specialist in multi-room audio systems in the United States,
- Seico, the Saudi leader in industrial metal cable trays.

These companies have strengthened Legrand's positions further on fast-growing markets, notably in new economies (72% of acquired sales) and new business segments (72% of acquired sales). Based on previously announced acquisitions and their consolidation dates, changes in the scope of consolidation should boost growth in consolidated sales by around 2% in 2013.

In all, since the end of 2004 Legrand has acquired 32 businesses with leading positions or proven technological expertise. Taken together, they represent annual sales of €1.1 billion at the time of purchase.

Vigorous cash generation and enhancement of the balance-sheet structure

Thanks to good operational performance, in line with targets, and to rigorous management of capital employed, free cash flow rose 20% in 2012, amounting to €627 million, or 14% of sales. This strong generation of free cash flow confirms the relevance of Legrand's business model, which allows it to create value through profitable, self-financed growth, even in a lackluster economic environment.

In 2012 Legrand continued to strengthen its already sound balance-sheet structure, whose rating by Standard & Poor's was raised to A- with a stable outlook in February 2012.

During the year, the group also continued to diversify its sources of financing, in particular with a new €400 million bond issue maturing in April 2022 and thus extended the average maturity of its gross debt to around 8 years.

⁽¹⁾ Uninterruptible Power Supply

The Board adopted audited consolidated financial statements for 2012 at its meeting on February 13, 2013. These statements, a presentation of 2012 annual results and the related teleconference (live and replay) are available at www.legrand.com.

Key financial dates

- 2013 first-quarter results: **May 7, 2013**
- General meeting of shareholders: **May 24, 2013**
- Ex-dividend date: **May 29, 2013**
- Dividend payment: **June 3, 2013**
- 2013 first-half results: **August 1, 2013**

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 acquisitions are prime vectors for growth. Legrand reported sales of close to €4.5 billion in 2012. The company is listed on NYSE Euronext and is a component stock of indexes including the CAC40, FTSE4Good, MSCI World, ASPI and DJSI (ISIN code FR0010307819). www.legrand.com

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