

2013 first-half results:**Solid performances and 2013 targets confirmed
Commercial positions in growing markets strengthened****Gilles Schnepp, Chairman and CEO of Legrand, comments:***"Solid performances in the first half and confirmation of 2013 targets"*

Group sales in the first half of 2013 came to nearly €2.3 billion for a total rise of 1.4%, or 2.6% excluding exchange-rate effects. The broader scope of consolidation resulting from acquisitions contributed 2.9% of the total.

Organic⁽¹⁾ growth in sales was -0.2% for the first half, close to the central point of our organic⁽¹⁾ growth target for the full year 2013.

In a generally lackluster economic environment, this good resistance was due in particular to strong relative performances in the United States (+8.0% organic⁽¹⁾ growth in the United States/Canada region) and in new economies (+5.2% organic⁽¹⁾ growth) over the first six months of the year.

Adjusted operating income in the first half amounted to €458 million, and came to 20.7% of sales excluding acquisitions (20.3% including acquisitions). This good operating performance illustrates Legrand's capacity to seize business development opportunities through investments targeting growth in buoyant markets, and also to adapt in countries affected by unfavorable economic conditions.

Based on these achievements and in an industry with no order book, Legrand confirms its 2013 targets for organic⁽¹⁾ growth in sales of between -2% and +2%, and for adjusted operating margin before acquisitions of between 19% and 20% of sales.

Commercial positions in growing markets strengthened

Legrand has continued to make structural improvements to its growth profile by strengthening its positions in new economies and in the United States/Canada region, that together represented 55% of total group sales in the first half of 2013, compared with 39% five years ago.

More generally, Legrand is pursuing its active strategy of expanding positions through innovation and acquisitions, with developments since the beginning of the year including:

- numerous new-product launches, both in new and mature economies, targeting new business segments as well as more traditional activities,
- three acquisitions in promising markets announced: Seico, the Saudi leader in industrial metal cable trays; S2S Onduleurs, a French specialist in uninterruptible powers supplies (UPS); and, today, Adlec Power⁽²⁾, an Indian frontrunner in distribution boards."

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

⁽²⁾ See page 3

Key figures

Consolidated data (€ millions)	1st half 2012	1st half 2013
Sales	2,223.7	2,254.0
Adjusted operating income⁽¹⁾	456.5	457.5
<i>As % of sales</i>	20.5%	20.3%⁽²⁾
Operating income	444.3	442.1
<i>As % of sales</i>	20.0%	19.6%
Net income excluding minorities	268.7	269.8
<i>As % of sales</i>	12.1%	12.0%
Free cash flow ⁽³⁾	216.2	164.7
<i>As % of sales</i>	9.7%	7.3%
Normalized⁽⁴⁾ free cash flow	323.4	316.9
<i>As % of sales</i>	14.5%	14.1%
Net financial debt at June 30	1,489	1,339

(1) Operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€12.2 million in H1 2012 and €15.4 million in H1 2013) and, where applicable, for impairment of goodwill (€0 in H1 2012 and H1 2013).

(2) 20.7% excluding acquisitions (at 2012 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.

(4) Based on a constant 10% ratio of total working capital requirement to sales at constant scope of consolidation and exchange rates.

Results to June 30, 2013

Consolidated sales

Reported figures set sales for the first half of 2013 at €2,254.0 million, a year-on-year rise of 1.4%.

Sales at constant scope of consolidation and exchange rates declined 0.2% and, in a generally lackluster economic environment, reflect trends that differ from one country to the next—including good relative performances in new economies and in the United States, and continued difficult market conditions in other mature economies.

Changes in the scope of consolidation made a 2.9% contribution to growth, while exchange rates had a negative impact of 1.2%.

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

	1st half 2013 / 1st half 2012	2 nd quarter 2013 / 2 nd quarter 2012
France	-5.1%	-5.9%
Italy	-10.6%	-13.4%
Rest of Europe	-2.3%	+0.4%
United States/Canada	+8.0%	+9.3%
Rest of the World	+4.7%	+4.9%
Total	-0.2%	+0.2%

- **France:** Sales were down 5.1%, reflecting market trends. Against this backdrop, Legrand nonetheless turned in good performances in door-entry systems and home systems and in the first quarter benefited from the successful launch of Drivia, the new range of residential cabinets.

- **Italy:** Sales to distributors (sell-in) were down 10.6%, but downstream sell-out of Legrand products by distributors (sell-out) remained higher than sell-in by around 2½ points and thus stood at around -8%⁽¹⁾.

In still difficult market conditions, the group continued to benefit from its robust leadership positions, especially in wiring devices but also in door-entry systems and home systems.

- **Rest of Europe:** Overall sales for the region were down 2.3%. Good performances in Eastern Europe, particularly in Russia, Hungary and Romania, partially offset the decline in mature economies. The slight 0.4% uptick in sales growth in the second quarter reflects an improvement from the first quarter in some countries, in particular in Northern Europe.

- **United States/Canada:** Sales rose 8.0%, underpinned by the dynamic commercial initiatives of US teams and ongoing sales development with new retailers that began in the second half of 2012. The group reported good showings in wiring devices, home systems and cable management. Momentum in the residential market is buoyant and solid. The non-residential market has not yet recovered, but Legrand's performance in this segment is positive.

- **Rest of the World:** For the region as a whole, sales remained on the rise, up 4.7%, thanks in particular to growth in new economies in Africa/Middle East and Asia.

Vigorous growth in new economies

Continuing the good trend recorded in the first quarter, first-half sales in new economies as a whole rose 5.2% at constant scope of consolidation and exchange rates, with good showings in Saudi Arabia, Russia, Hungary, India, China and Malaysia, as well as Chile and Peru.

Sales growth at constant scope of consolidation and exchange rates in new economies is nearly 9 points higher than in mature markets.

More generally, the share of total group sales generated by new economies rose by nearly 3 points compared with the first half of 2012.

Innovation and commercial initiatives

Legrand has actively pursued its innovation efforts spending close to 5% of sales on R&D and dedicating half of its total investment to new products.

Since January, the group has successfully rolled out many new products including Drivia, the new residential cabinet range in France that has been particularly well received by installers; TX3 circuit breakers in China and Russia; and, on international markets, Linkeo Voice-Data-Image enclosures, new multimedia screens for My Home residential systems, and Fasclic Auto wire-mesh cable management systems.

Legrand has also worked actively to strengthen its commercial presence in many buoyant geographical and product segments, particularly in the United States, where it has scored numerous successes with retail distribution since the second half of 2012.

Continued external growth

In the first half of 2013, Legrand pursued its strategy of targeted, self-financed acquisitions of small and mid-size companies offering high growth potential and with strong market positions or proven technological expertise, and has announced three acquisitions since the beginning of the year.

After its recent purchase of Seico, the Saudi leader in industrial metal cable trays and a top contender in this market in Gulf Cooperation Council⁽²⁾ countries, and S2S Onduleurs, a French specialist in uninterruptible power supplies (UPS), Legrand today announced the signature of a joint venture agreement with Adlec Power, an Indian frontrunner in distribution boards. Legrand holds 70% of equity with an option to take full control from July 2018. The move strengthens Legrand's presence with key players in power distribution in India. Based near Delhi, Adlec Power employs around 600 people and has annual sales of nearly €23 million.

⁽¹⁾ Estimates

⁽²⁾ Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar

Based on previously announced acquisitions and their likely consolidation dates, changes in the scope of consolidation should boost growth in consolidated sales by over 2% in 2013.

Cash generation

Normalized⁽¹⁾ free cash flow came to 14.1% of sales in the first half of 2013 and in view of seasonal trends should thus reach between 12% and 13% of sales for the full year, as announced.

Operating working capital requirement (inventories + trade receivables – trade payables) remains under control at June 30, 2013 and when expressed as a percentage of sales shows an improvement over one year at 17.0% compared with 17.6% on June 30, 2012. At the same time, total working capital requirement came to 10.4% of sales at June 30, 2013.

Investments are also under control and stand at 2.4% of sales.

⁽¹⁾ Based on a constant 10% ratio of total working capital requirement to sales at constant scope of consolidation and exchange rates

Consolidated financial statements, a presentation of 2013 first-half results and the related teleconference (live and replay) are available at www.legrand.com.

Key financial dates

- 2013 nine-month results: **November 7, 2013**
- 2013 annual results: **February 13, 2014**
- General Meeting of Shareholders: **May 27, 2014**

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, Euronext Vigeo Eurozone 120 and DJSI (ISIN code FR0010307819). www.legrand.com

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