legrand

Limoges, November 7, 2013

PRESS RELEASE

Results for the first nine months of 2013:

Solid performances

Steady sales in organic[(1)] terms

Adjusted operating margin before acquisitions of 20.5% of sales

New 2013 targets

Narrowing to -1%/+1% of target for organic[(1)] growth in sales (initially: -2%/+2%)

Rise from 19% to 19.5% in minimum target for adjusted operating margin before acquisitions

Gilles Schnepp, Chairman and CEO of Legrand, comments:

"Solid performances

In the first nine months of the year, Legrand sales were steady at constant scope of consolidation and exchange rates. Excluding exchange-rate effects and including the broader scope of consolidation resulting from acquisitions, sales were up +2.1%. In a generally lackluster economic environment, good showings in new economies (+5.9% organic[(1)] growth) and in the United States/Canada region (+6.5% organic[(1)] growth) offset lower sales in other mature countries. The exchange-rate impact was -2.5% and the total change in sales was -0.5%.

Over the same period, adjusted operating margin came to 20.5% of sales before acquisitions and 20.2% including acquisitions.
This solid performance reflects once again the high-quality fundamentals of Legrand's business model based on strong market positions, and illustrates:

- *the group's will to develop through sales initiatives in expanding markets, notably in the United States and new economies,*
- *Legrand's capacity to adapt in countries affected by unfavorable economic conditions, and*
- *on-going initiatives to improve productivity.*

Net income at the same time came to €402 million, up +3.0%.

New 2013 targets

Despite a still globally uncertain macro-economic environment and in an industry with no order book, Legrand is narrowing its target for organic[(1)] growth in sales and is now aiming for 2013 organic[(1)] growth in sales of between -1% and +1% compared with an initial target of -2% to +2%.

Based on solid achievements in the first nine months of the year and backed by its robust business model, Legrand has raised from 19% to 19.5% its minimum target for adjusted operating margin before acquisitions, and now targets 2013 adjusted operating margin before acquisitions of between 19.5% and 20.0% of sales compared with an initial target of 19% to 20%.

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

Group positions strengthened

Since the beginning of the year, Legrand has actively pursued its self-financed and value-creating development by strengthening its long-term positions through:

- *innovation, with many new product launches, in particular in new economies and new business segments[1], and*
- *external growth, with the announcement of four acquisitions since January 2013, including today's concerning Tynetec, a frontrunner in systems dedicated to assisted living in the United Kingdom.*

More generally, Legrand is continuing to strengthen its positions in the most buoyant markets and segments: in the United States/Canada region and in new economies (which together account for nearly 57% of the group's sales at the end of the first nine months of 2013) as well as new business segments [1] (nearly 26% of group's sales at the end of September 2013)."

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[1] Digital infrastructure, energy performance, home systems and wire-mesh cable management

Key figures

Consolidated data (€ millions)	9 months 2012	9 months 2013
Sales	**3,334.8**	**3,318.6**
Adjusted operating income[1] ***As % of sales***	**675.3** ***20.3%***	**670.0** ***20.2%*** *20.5% before acquisitions[2]*
Operating income *As % of sales*	655.0 *19.6%*	647.0 *19.5%*
Net income excluding minorities *As % of sales*	390.4 *11.7%*	402.1 *12.1%*
Free cash flow[3] *As % of sales*	446.4 *13.4%*	352.2 *10.6%*
Normalized[4] free cash flow ***As % of sales***	472.4 ***14.2%***	457.6 ***13.8%***
Net financial debt at September 30	1,265	1,171

(1) Operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€20.3 million in the first nine months of 2012 and €23.0 million in the first nine months of 2013) and, where applicable, for impairment of goodwill (€0 in the first nine months of 2012 and 2013).
(2) 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 September 30, 2013

Consolidated sales

At constant scope of consolidation and exchange rates, the change in sales was 0.0%. Excluding the exchange-rate effect, sales rose by +2.1% reflecting increased scope of consolidation resulting from acquisitions (+2.1%).

Including the -2.5% exchange-rate impact, total sales declined -0.5% and stood at €3,318.6 million.

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

	9 months 2013 / 9 months 2012	3rd quarter 2013 / 3rd quarter 2012
France	-5.1%	-5.3%
Italy [1]	-12.2%	-16.0%
Rest of Europe	-0.3%	+3.8%
United States/Canada	+6.5%	+3.7%
Rest of the World	+5.0%	+5.4%
Total	**0.0%**	**+0.4%**

[1] Estimation of the change in the downstream sell-out of Legrand products by distributors (sell-out) in the first nine months of the year: -7%

- **France:** with the macroeconomic environment showing no improvement and in a market that has been lackluster since the beginning of the year, the change in the first nine-months sales remains in line with that for the first half at -5.1%, reflecting market trends.

- **Italy:** downstream sell-out of Legrand products by distributors (sell-out) was down by 7%(1) over the first nine months of the year, a trend close to that recorded in the first half of 2013, and slightly improved over the trend of the first nine months of 2012. Nevertheless, as distributors continued to adjust inventories, and more particularly in the third quarter, Legrand sales (sell-in) for the first nine months were down -12.2%.

- **Rest of Europe:** sales for the region as a whole were down -0.3% during the first nine months, with the good performance of new economies offsetting the generally lower activity in mature countries. The rise in sales for the third quarter alone (+3.8%) reflected good showings in Russia, Hungary, the Czech Republic and Turkey in particular, as well as better performances in certain mature economies.

- **United States/Canada:** sales grew +6.5% during the first nine months, with good showings in wiring devices, home systems and cable management in particular. Excluding the impact of commercial initiatives deployed since the second half of 2012 to increase the group's positions in retail distribution in the United States, sales were up nearly +4% over the first nine months of the year as for the third quarter alone. The residential segment continues to post buoyant growth, while the commercial market, where Legrand reported positive change in sales, remains almost flat.

- **Rest of the World:** sales rose +5.0% for the region as a whole, underpinned by continued sales momentum in certain countries in Asia, particularly India, China and Malaysia; in Africa/Middle East, particularly Saudi Arabia and Morocco; and in Latin America, including Mexico and Peru.

Vigorous growth in new economies

Continuing the good trend recorded in the first half, sales in new economies as a whole grew +5.9% over the first nine months at constant scope of consolidation and exchange rates, outpacing change in sales in mature markets by nearly 10 points. For the third quarter alone, sales were up +7.1% in new economies, benefitting in particular from a favorable basis for comparison in a certain number of countries.
More generally, the share of new economies in total group sales continued to increase, rising to 39% for the first nine months of 2013.

Innovation

Legrand is pursuing its innovation effort, with R&D spending representing nearly 5% of sales during the first nine months of the year.
Since January 2013, 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 as well as new multimedia screens for My Home residential systems.
The group is also continuously expanding its existing offer and, for example, over the first nine months added new functions and finishes to the Arteor, Forix and LivingLight wiring device ranges.

Continued external growth

Legrand is pursuing 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 four acquisitions since the beginning of the year.

Thus, after acquiring Seico, the Saudi leader in industrial metal cable trays; S2S Onduleurs, a French specialist in uninterruptible power supplies (UPS); and Adlec Power(2), one of the main Indian producers of distribution boards, Legrand today announced its acquisition of Tynetec, a frontrunner in systems dedicated to assisted living in the United Kingdom. Located near Newcastle, Tynetec employs around 110 people and has annual sales of over €15 million.

(1) Estimate
(2) Joint venture. Legrand holds 70% of equity with an option to take full control from July 2018

Based on previously announced acquisitions and their likely consolidation dates, changes in the scope of consolidation should boost growth in consolidated sales by nearly 2.5% in 2013.

Robust cash generation

Normalized[1] free cash flow came to 13.8% of sales at 30 September 2013 and may thus reach around 13% of sales for the full year.

Working capital requirement is under control and came to 8.9% of sales at September 30, 2013.

Investments are also under control and stand at 2.5% of sales.

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

PRESS RELEASE

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

Key financial dates

- 2013 annual results: **February 13, 2014**
- 2014 first-quarter results: **May 7, 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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