Limoges, February 13, 2014

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2013 targets fully achieved - Net income and net margin at record high

- Organic[1] growth in sales: +0.5% (compared with target of -1%/+1%)
- Adjusted operating margin before acquisitions[2]: 20.1%[3] (compared with target of 19.5%/20.0%)
- Record-high net income: €531 million, up nearly +5%; record-high net margin: 11.9%
- Proposed dividend: €1.05 per share; up +5.0%

Expansion of group positions

- 6 acquisitions announced in the past 12 months
- 57% of group sales in the United States/Canada and in new economies in 2013
- 26% of group sales in new business segments in 2013
- Many initiatives in new, complementary distribution channels

On the closing of full-year accounts for 2013, Gilles Schnepp, Legrand Chairman and CEO commented on group results, development and targets:

"2013 targets fully achieved - Net income and net margin at record high

In 2013, Legrand demonstrated once again the quality of its value-creating business model and pursued profitable growth in expanding markets as well as ongoing productivity initiatives (product platforms, lean production, etc.), while continuing to adapt in countries affected by unfavorable economic conditions. Thus:

- *sales rose +2.9% excluding the exchange-rate effect, driven in particular by the broader scope of consolidation linked to acquisitions that added +2.4%. Organic[1] growth in sales stood at +0.5%, fueled by good sales momentum in new economies (organic[1] growth +6.1%) and in the United States/Canada region (organic[1] growth +4.7%) which offset lower activity in other mature countries. More generally, sales came to nearly €4.5 billion, down -0.1% including an exchange-rate effect of -3.0%;*

- *adjusted operating margin rose to 20.1% of sales before acquisitions[2][3], slightly higher than the top end of the 2013 target;*

- *normalized[4] free cash flow came to more than 13% of sales. Over the same period, free cash flow generation was very solid at €563 million;*

- *net income rose +4.9% to new record highs of €531 million and 11.9% of sales.*

Considering these achievements, the Board of Directors will ask the General Meeting of shareholders to approve a dividend of €1.05 per share (compared with €1.00 in respect of 2012), payable on June 3, 2014.

Expansion of group positions

Throughout 2013, successful new-product launches helped strengthen Legrand's market positions in many countries. Over the same period, deployment of Legrand offers with retail distributors and in lighting stores in the United States/Canada region contributed to total sales exceeding $1 billion in this region.

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[1] Organic: at constant scope of consolidation and exchange rates
[2] At 2012 scope of consolidation
[3] 19.8% on a reported basis
[4] Based on a constant 10% ratio of total working capital requirement to sales at constant scope of consolidation and exchange rates

As regards external growth, Legrand remained very active and announced six acquisitions representing sales of nearly €200 million over the past 12 months. In particular, very recently the group announced two operations in markets offering promising potential:

- *Lastar Inc.*[(1)]*, a frontrunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States, which offers an ideal complement to Legrand's existing operations in the North American digital infrastructure market, and*
- *Neat*[(2)]*, Spain's leader in assisted living, whose arrival, following the acquisitions of Intervox and Tynetec, makes Legrand Europe's second-largest player in this field.*

More generally, Legrand is continuing to improve its growth profile by strengthening its positions in the most buoyant markets and segments, first in the United States/Canada region and in new economies, which together represent 57% of the group's 2013 sales, but also in new business segments[(3)] *which accounted for 26% of group sales in 2013.*

Encouraged by the success of its commercial initiatives in the United States, Legrand also plans to actively pursue efforts to expand positions in new specialized distribution channels such as VDI and IT or e-commerce, channels that are both promising and highly complementary to general electrical distribution which remains the core distribution channel for Legrand.

2014 targets

Macroeconomic projections for 2014 call for a still buoyant environment in the United States (where Legrand's good relative performance in 2013 will be a demanding basis for comparison in 2014), a very gradual improvement of economic conditions in most of Europe's mature countries, and a generally favorable environment for new economies which nonetheless present uncertainties linked to recent currency trends in some of these countries. Against this backdrop, assuming no major economic worsening and in an industry with no order book, Legrand has set its 2014 target for organic[(4)] *growth in sales at between 0% and 3%.*

On this basis, and backed by the soundness of its business model, Legrand targets 2014 adjusted operating margin before acquisitions[(5)] *of between 19.8% and 20.2% of sales (compared with 19.8% of sales in 2013).*

Legrand will also pursue its value-creative strategy of acquisitions."

[(1)] The completion of the transaction is subject to regulatory approval and other customary conditions precedent
[(2)] Joint venture, with Legrand holding 51% of equity; completion of the transaction is subject to customary conditions precedent
[(3)] Digital infrastructure, energy performance, home systems and wire-mesh cable management
[(4)] Organic: at constant scope of consolidation and exchange rates
[(5)] At 2013 scope of consolidation

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Key figures

Consolidated data (€ millions)	2012	2013
Sales	**4,466.7**	**4,460.4**
Adjusted operating income[1]	**874.4**	**882.3**
As % of sales	***19.6%***	***19.8%*** *20.1% before acquisitions[2]*
Operating income	848.0	849.4
As % of sales	*19.0%*	*19.0%*
Net income excluding minorities	**505.6**	**530.5**
As % of sales	***11.3%***	***11.9%***
Normalized[3] free cash flow[4]	**619.6**	**588.8**
As % of sales	***13.9%***	***13.2%***
Free cash flow	627.0	563.2
As % of sales	*14.0%*	*12.6%*
Net financial debt at December 31	**1,082.5**	**967.7**

(1) Operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€26.4 million in 2012 and €32.9 million in 2013) and, where applicable, for impairment of goodwill (€0 in 2012 and 2013).
(2) At 2012 scope of consolidation
(3) Based on a constant 10% ratio of total working capital requirement to sales at constant scope of consolidation and exchange rates.
(4) 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, 2013

Consolidated sales

Sales rose +0.5% at constant scope of consolidation and exchange rates. Changes in the scope of consolidation linked to acquisitions made a +2.4% growth contribution.
Including the exchange-rate effect of -3.0%, total sales were down -0.1% at €4,460.4 million.

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

	2013 / 2012	4th quarter 2013 / 4th quarter 2012
France	-3.4%	+1.7%
Italy	-11.6%	-9.5%
Rest of Europe	+1.0%	+4.7%
United States/Canada	+4.7%	-0.7%
Rest of the World	+5.2%	+6.0%
Total	**+0.5%**	**+2.2%**

These changes by geographical region are analyzed below:

- **France**: in a still lackluster market, sales declined 3.4%. In this context, Legrand nonetheless reported good performances in home systems, door-entry systems and energy distribution for residential and small commercial buildings, thanks to the successful first-quarter launch of its new Drivia range of cabinets.
More particularly, fourth-quarter sales (+1.7%) benefited from the full positive impact of the improvement in the downstream sell-out of Legrand products observed over the entire second half and from a favorable basis for comparison.

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- **Italy**: downstream sell-out of Legrand products by distributors (sell-out) was down by around 7%[(1)] over the year, an improvement of around 2 points over the trend observed in 2012. But as already noted, since distributors continued to adjust inventories, Legrand sales (sell-in) were down -11.6% in 2013.

- **Rest of Europe**: sales rose +1.0% underpinned by strong performances in new economies (which account for half of business in the region), in particular Russia, Turkey, Hungary and the Czech Republic, which offset generally lower activity in mature economies. More particularly, sales in Southern Europe countries showed signs of stabilization at the end of the year.

- **United States/Canada**: sales rose +4.7%, an increase driven in particular by double-digit growth of the residential market and a good relative performance in the non-residential market, which has not yet truly recovered. Commercial initiatives launched in the second half of 2012 to expand group positions in retail distribution led to gradual Legrand product load-ins at many sales outlets. This stepped up sales growth in the fourth quarter of 2012 (organic[(2)] growth in the fourth quarter of 2012: +10.3%) and the first half of 2013 (organic[(2)] growth in the first half of 2013: +8.0%), mechanically creating demanding bases for comparison in the fourth quarter of 2013 and the first half of 2014.
Excluding the impact of these commercial initiatives, organic[(2)] growth in 2013 stood at close to 4%.

- **Rest of the World**: sales in the region were up +5.2%, another very strong rise, with good growth in most countries in this zone, the case in Asia, particularly India, China and Malaysia; in Africa/Middle East, particularly Saudi Arabia and Morocco; and in Latin America, including Chile, Mexico and Peru.

Ongoing strengthening of presence in new economies

Sales in new economies grew by +6.1% at constant scope of consolidation and exchange rates, outpacing the change in sales in mature countries by 9 points. As a result, Legrand strengthened its positions in these numerous markets, no country in the new economies representing more than 6% of total group sales. In 2013, new economies accounted for nearly 40% of group sales, more than twice the figure ten years ago.

Continued expansion in new business segments

Driven by lasting changes in technology and society, sales in digital infrastructures, energy performance, home systems and wire-mesh cable management grew nearly +3% at constant scope of consolidation and exchange rates over the year. In 2013, sales in these new business segments accounted for 26% of the group total, a proportion that has more than doubled in the past ten years.

Commercial initiatives in new distribution channels

Legrand is actively working to develop its positions in new complementary distribution channels such as specialized distribution (Voice-Data-Image, audio-video and IT), hardware stores and DIY retailers. The group has also continued to capitalize on its very strong brand recognition with end customers by stepping up its web presence.

Innovation

In 2013, Legrand pursued its innovation efforts, spending close to 5% of sales on R&D.
The group has successfully rolled out many new products, including Drivia, a new residential cabinet range in France that has been particularly well received by installers, in the first quarter of 2013; TX3 circuit breakers in China and Russia; the Glint wiring-device range in India 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, added new functions and finishes to the Arteor, Forix and LivingLight wiring-device ranges. In 2014, Legrand will pursue its drive for value-creating innovation.

Continued external growth

Legrand has 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

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

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expertise. Since January 2013, the group has announced six operations representing annual acquired sales of nearly €200 million:

- Seico, the Saudi leader in industrial metal cable trays
- S2S Onduleurs, a French specialist in uninterruptible power supplies (UPS)
- Adlec Power[(1)], one of the main Indian producers of distribution boards
- Tynetec, a frontrunner in systems dedicated to assisted living in the United Kingdom
- Lastar[(2)], a frontrunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States
- Neat[(3)], Spanish leader in assisted living systems, and a major player in this market Europe-wide.

These companies strengthen Legrand's positions further in growing markets (new economies and the United States), in new business segments, and in buoyant longer-term segments such as assisted living.
Based on previously announced acquisitions and their likely consolidation dates, changes in the scope of consolidation should boost growth in consolidated sales by around 2.4% in 2014.

Operating performance

Thanks to:

- solid fundamentals: strong market positions, an overall balance of sales and costs in currencies,
- differentiated performance management from one country to the other, depending on market conditions: cost adaptation in countries marked by an unfavorable environment, and allocation of resources in expanding economies to capture growth and develop new market positions; and
- ongoing productivity initiatives (product platforms, lean production, etc.),

adjusted operating margin before acquisitions[(4)] rose 0.5 point from 2012 to stand at 20.1% of sales in 2013. Including acquisitions, adjusted operating margin is 0.2 point higher than in 2012 at 19.8% of sales in 2013.

Cash generation and sound balance sheet

Normalized[(5)] free cash flow came to 13.2% of sales in 2013.

Total working capital requirement is under control despite the very low level already reported at year-end 2012.

Investments are also under control at 3.0% of sales.

More generally, Legrand has the capacity to generate free cash flow and has a very sound balance sheet that together provide the resources it needs for future growth.

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(1) Joint venture
(2) The completion of the transaction is subject to regulatory approval and other customary conditions precedent
(3) Joint venture, with Legrand holding 51% of equity; completion of the transaction is subject to customary conditions precedent
(4) At 2012 scope of consolidation
(5) Based on a constant 10% ratio of total working capital requirement to sales at constant scope of consolidation and exchange rates

The Board adopted audited consolidated financial statements for 2013 at its meeting on February 12, 2014. These statements, a presentation of 2013 annual results and the related teleconference (live and replay) are available at www.legrand.com.

Key financial dates

- 2014 first-quarter results: **May 7, 2014**
- General meeting of shareholders: **May 27, 2014**
- Ex-dividend date: **May 29, 2014**
- Dividend payment: **June 3, 2014**
- 2014 first-half results: **July 31, 2014**

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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 2013. The company is listed on NYSE Euronext and is a component stock of indexes including the CAC40, FTSE4Good, MSCI World, Corporate Oekom Rating and DJSI (ISIN code FR0010307819). ***www.legrand.com***

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