

Limoges, July 30, 2008

## Rise in sales and healthy resilience in margins in the first half of 2008

**Sales growth excluding currency effects: 6.6%**  
(includes organic growth of 3.1% and impact of acquisitions of +3.5%)

**Strong organic growth in emerging markets: 14%**

**Healthy resilience in adjusted operating margin: 17.9% of sales**

**Firm rise in net income: 19%**

**Gilles Schnepf, Chairman and Chief Executive Officer of Legrand, comments:**

*"Legrand's performance in the first half of 2008 further illustrates our resilience and capacity to keep step with change. Amid difficult economic conditions, we reported growth in sales excluding currency effects of close to 7% and achieved margins on a par with those for the first half of 2007.*

*Several factors offset the economic slowdown in developed countries. They include strong organic growth in emerging markets and excellent results on new, high-growth segments — power distribution, wire-mesh cable management, VDI/datacom networks and energy efficiency.*

*Acquisition-driven growth is brisk, with four self-financed transactions since the beginning of the year. Businesses acquired are expected to add more than 4% to sales over 2008 as a whole.*

*We are confirming our capacity to fully offset rising raw-material costs with increases in sales prices.*

*From the beginning of this year, our group as a whole has also taken vigorous action to adapt its cost structure to business pace. The related cost-cutting plan enabled us to achieve margins equivalent to those recorded in the first half of 2007. Continuing implementation of this plan over coming months is an opportunity for fresh progress in the optimization of its cost structure.*

*Building on those strengths in a market environment that is clearly more challenging than expected, Legrand targets sales growth close to 7% excluding currency effects in 2008 and confirms its objective for an adjusted operating margin percentage close to that recorded in 2007."*

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## Key figures

Consolidated data (€ millions)	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2007	% change 2008/2007
Sales	2,166.0	2,095.7	+3.4%
Adjusted operating income <sup>(1)</sup>	388.7	375.8	+3.4%
as % of sales	17.9%	17.9%	
Operating income	363.6	344.5	+5.5%
as % of sales	16.8%	16.4%	
Net income <sup>(2)</sup>	233.1	195.2	+19.4%
as % of sales	10.8%	9.3%	
Free cash flow <sup>(3)</sup>	80.4	135.4	
as % of sales	3.7%	6.5%	
Net financial debt at June 30 <sup>(4)</sup>	2,209	1,862	

(1) Figures restated for accounting entries relating to the acquisition of Legrand France in 2002 with no cash impact, which consisted of additional depreciation of revalued assets (€25.1 million and €31.3 million in 2008 and 2007, respectively).

(2) Net income, excluding minorities.

(3) 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.

(4) Net financial debt is defined as the sum of long-term borrowings and short-term borrowings less cash and cash equivalents and marketable securities.

## Performance and developments to June 30, 2008

### Sales

Legrand reported sales of €2,166.0 million, up 3.4% from the first half of 2007, while the rise at constant scope of consolidation and exchange rates was 3.1%.

Consolidation of acquisitions added 3.5% to sales, while variations in exchange rates had a negative impact of 3.1%.

The geographical breakdown of sales growth by destination at constant scope of consolidation and exchange rates was as follows:

	1 <sup>st</sup> half 2008 / 1 <sup>st</sup> half 2007	2 <sup>nd</sup> quarter 2008 / 2 <sup>nd</sup> quarter 2007
France	+0.5%	+4.8%
Italy	+3.2%	+3.1%
Rest of Europe	+2.1%	+2.1%
USA / Canada	-4.1%	-4.7%
Rest of the World	+12.8%	+15.5%
<b>Total</b>	<b>+3.1%</b>	<b>+4.6%</b>

- **France:** Excluding the impact of the launches of new wiring-device ranges in the first quarter of 2007, sales rose 2.6% (compared with 0.5% before adjustment). Main sources of support included strong growth in power distribution and wire-mesh cable management systems, the continued success of new ranges of wiring devices, and the successful launch of the new Mosaic trunking offering in April 2008.

- **Italy:** Sales rose 3.2%, buoyed by excellent performances for Zucchini and the wire-mesh cable management offering for the industrial and commercial sectors, as well as healthy sales growth for top-of-the-range *Axolute* wiring devices and *My Home* home-automation systems. Together these offset the slowdown in the residential market.

- **Rest of Europe:** Sales were up 2.1%, with the continuation of firm growth in Eastern Europe, particularly in Russia and Romania, as well as good performances in Turkey, Belgium, the Netherlands and Switzerland offsetting declines in Spain and Ireland.

- **United States and Canada:** Sales were down 4.1%. The Watt Stopper, number one for energy-efficient lighting controls, continued to turn in robust performances, as did Cablofil, active in wire-mesh cable management, and PW Industries, specialized in ceiling cable tray systems for commercial and industrial applications. Together, these partly offset a continued decline in business in the residential sector.

- **Rest of the World:** Sales growth was in double digits in China, Thailand, Brazil and Chile, and topped 30% in India, Egypt and Peru. Overall, the rise in Rest of the World countries thus remained very firm at 12.8%.

**Vigorous growth in emerging markets:** Sales increased 14% at constant scope of consolidation and exchange rates underpinning the group's expansion. The contribution of emerging markets to consolidated sales thus remained on the rise, accounting for 26% of the total in the first half of 2008 compared with 22% in the same period of 2007. Legrand's continuing expansion on these high-potential markets, where it records healthy levels of profitability, adds to its resilience.

#### Innovation and new product launches

Central to Legrand's growth strategy, innovation is a priority. In the first half of the year, it thus devoted 4.4% of sales to research and development and approximately 41% of capital expenditures to new products. Since the beginning of the year, Legrand has launched nearly 20 new product lines, including in particular:

- the *Art* and *K3* ranges of wiring devices, respectively designed for prestige projects in France and other parts of the world and for the Chinese market
- audio and video entry phones specifically targeting emerging markets in Latin America, the Middle East and Eastern Europe
- Legrand audio and video entry phones for the Chinese market
- the *LightSaver* solution for low-consumption lighting in the US
- *Mosaic* trunking systems in France, effectively rounding out the Mosaic offering of wiring devices for applications in the commercial segment
- *Evolution* floor boxes in the US
- *Uralight* emergency-lighting solutions

#### Continued acquisition-driven growth

In the first six months of the year, Legrand made four self-financed acquisitions:

- HDL<sup>a</sup>, the leader for audio and video entry phones in Brazil
- Estap, number one for VDI/Datacom cabinets and enclosures in Turkey
- Electrak, a UK leader for underfloor cable management solutions for commercial segments
- PW Industries, a US firm specializing in ceiling cable-tray systems for commercial and industrial applications

These acquisitions reinforce Legrand's positions on high-growth segments and non-residential markets.

<sup>a</sup> Subject to the approval of the competent authorities

These four newly-acquired businesses should generate total annual sales of close to €100 million in 2008.

### **Margins maintained and net income improved**

Adjusted operating income came in at €388.7 million or 17.9% of sales, with margin thus on a par with that recorded in the first half of 2007. Against a backdrop of more challenging market conditions, Legrand demonstrated its capacity to adapt its cost base to changes in business pace, while maintaining a commitment to growth through investment in innovation and the most promising business segments. Strong market positions enable the group to continue to fully offset rises in prices for raw materials and components with increases in its own sales prices.

Net income excluding minority interests rose 19.4% to €233.1 million or 10.8% of sales.

### **Cash flow generation**

Cash flow from operations<sup>b</sup> came to €306.3 million or 14.1% of sales. Free cash flow for the first half of 2008 amounted to €80.4 million or 3.7% of sales, reflecting seasonality effects in the first six months of the year and a higher cash tax charge than in the first half of 2007.

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<sup>b</sup> Cash flow from operations is defined as net cash provided by operating activities plus changes in working capital requirement

Consolidated financial statements, a presentation of 2008 first-half results and the related teleconference (live and replay) are available at [www.legrandelectric.com](http://www.legrandelectric.com).

#### Key dates

- 2008 nine-month results: **November 6, 2008**
- 2008 full-year results: **February 11, 2009**
- 2009 first-quarter results: **May 6, 2009.**

#### ABOUT LEGRAND

*Legrand is the global specialist in products and systems for electrical installations and information networks where people live and work. Its comprehensive offering of solutions for use in commercial, industrial and residential markets makes it a benchmark for suppliers worldwide. Innovation for a steady flow of new products with high added value is a prime vector for growth. Backed by sound business and financial structures, Legrand is actively expanding its presence in fast-growing geographical zones and market segments that include emerging markets, lighting controls, energy savings and home automation, through a sustained stream of targeted, self-financed acquisitions and other initiatives. Legrand employed 35,000 people around the globe and reported sales of €4.1 billion in 2007. The company is listed on the Eurolist market of Euronext Paris and is a component stock of indexes including the SBF120, FTSE4Good and MSCI World (ISIN code FR0010307819). [www.legrandelectric.com](http://www.legrandelectric.com)*

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