

# Legrand

## 2006 First Half Results

*July 28, 2006*

*Olivier Bazil*

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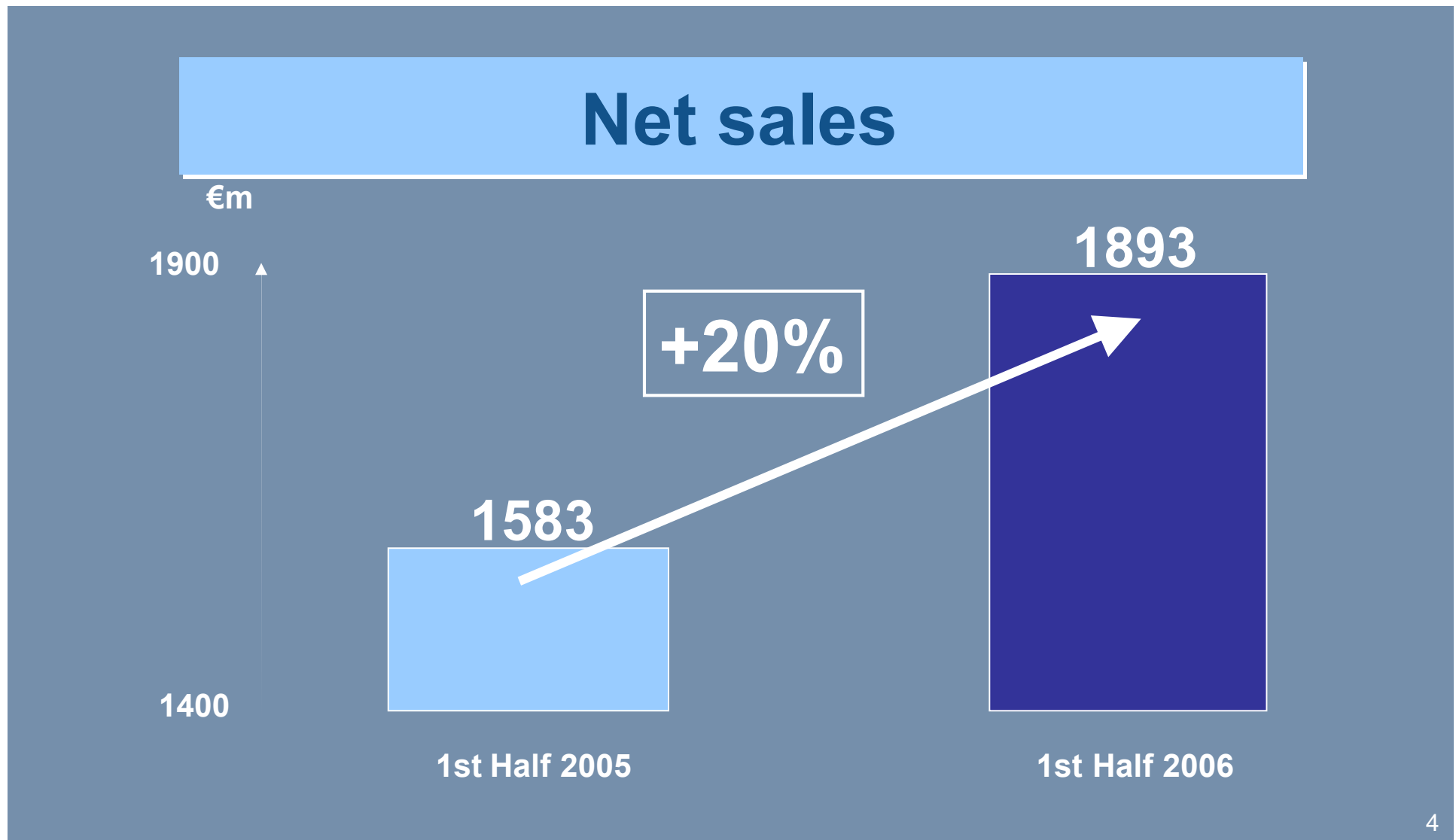
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## Key Facts

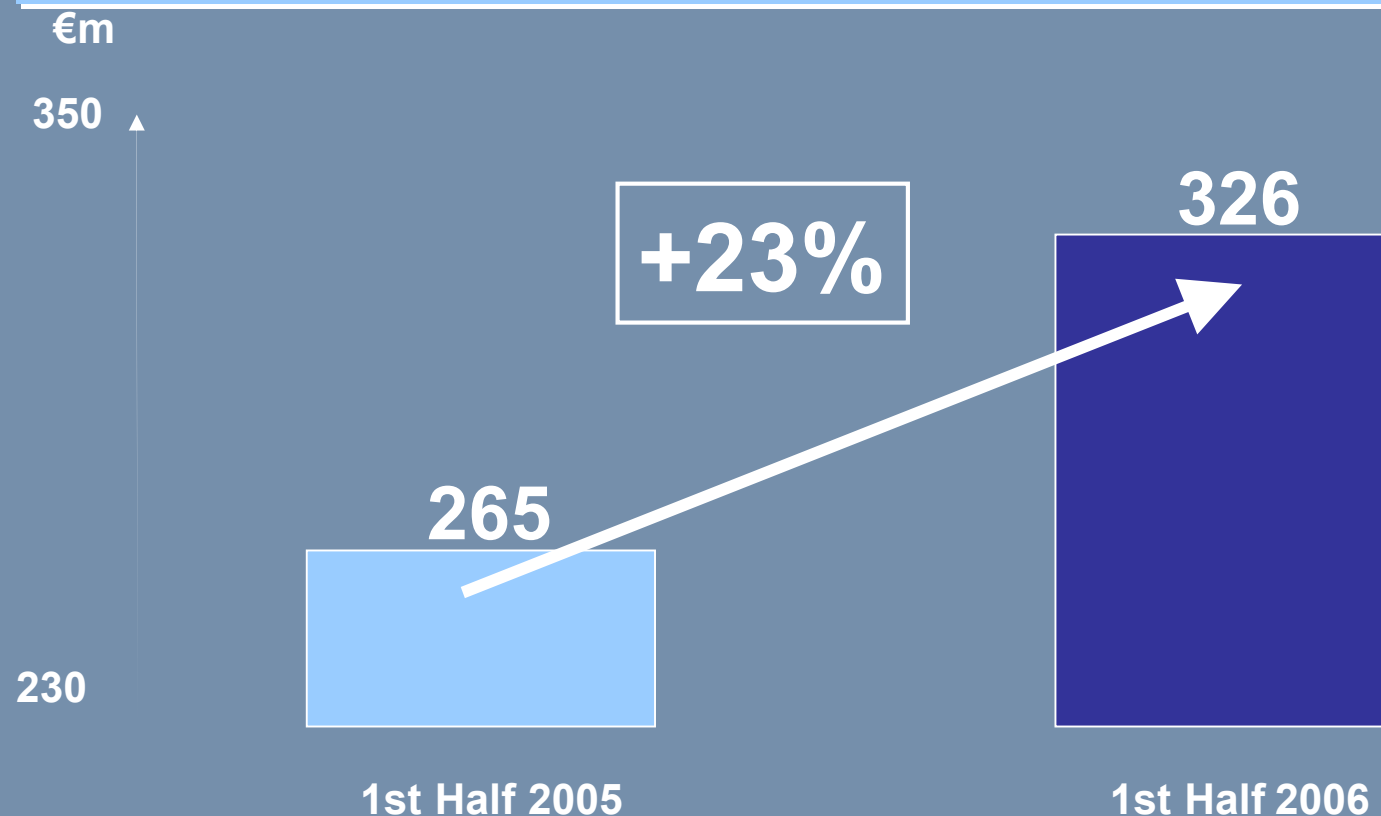
- **Robust increase in net sales**
- **Vigorous growth in adjusted operating income**
- **Doubling of free cash flow**

## Robust Increase in net Sales driven by Like for Like Growth and Acquisition-led Expansion



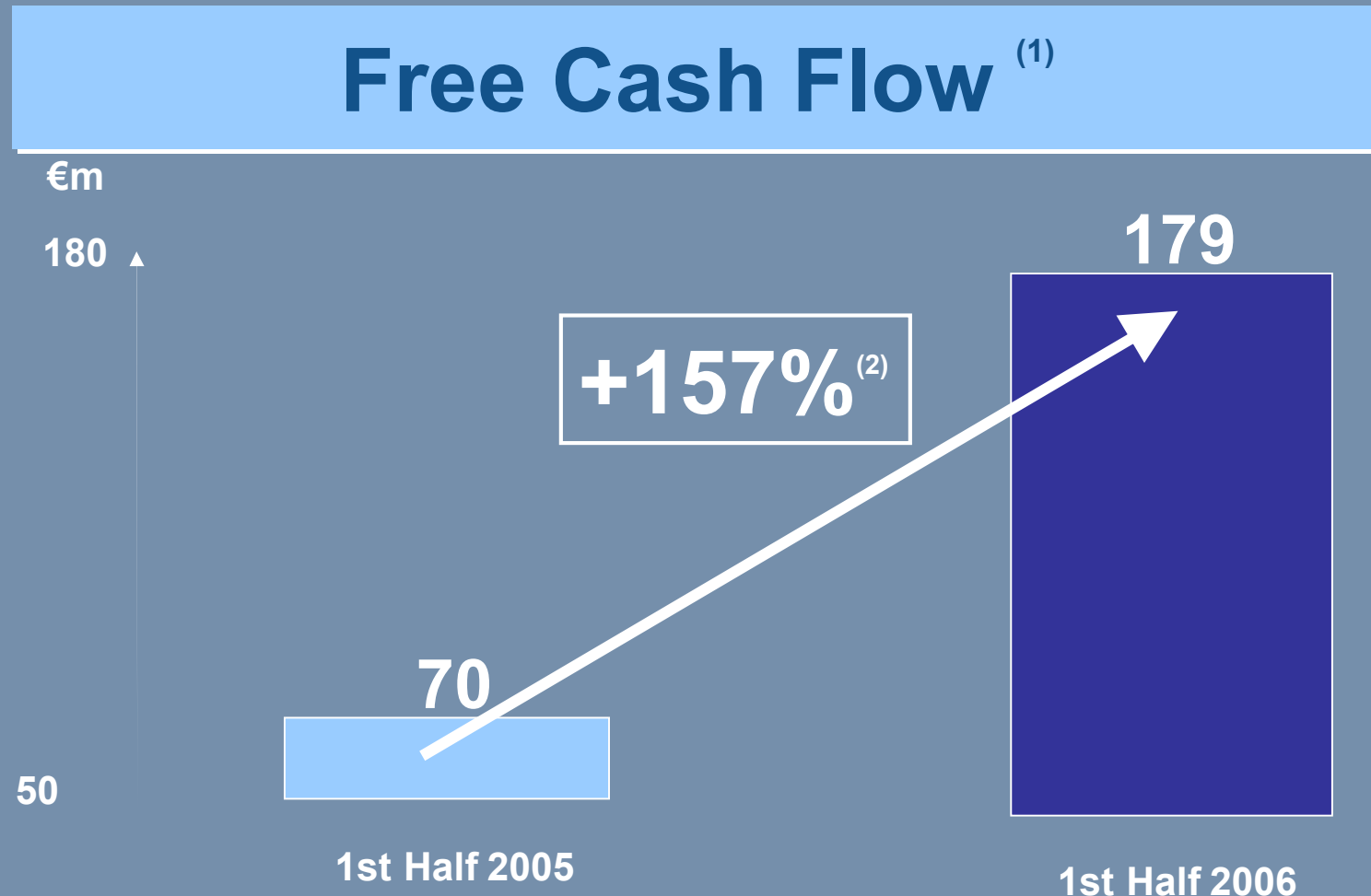
## Vigorous Growth in Adjusted Operating Income in all Geographical Zones

### Adjusted Operating Income<sup>(1)</sup>



1. Figures restated for accounting entries with no cash impact relating to the acquisition of Legrand France in 2002

## Doubling of Free Cash Flow driven by Strong Operational Performance and Good Capital Employed Management



1. Free cash flow: cash flow from operations – change in working capital – capex + net proceeds from sale of fixed assets
2. Excluding a positive impact of a €30million exceptional cash foreign exchange gain, free cash flow increased by 113%

## Strong 2006 First Half Net Sales driven by Like for Like Growth and Acquisition-led Expansion

€ million By destination	1st half 2005	1st half 2006	Total Change	Scope of consolidation	Like for like growth	Currency effect
France	450.6	492.4	<b>9.3%</b>	5.5%	<b>3.6%</b>	0.0%
Italy	326.9	374.6	<b>14.6%</b>	5.1%	<b>9.0%</b>	0.0%
Rest of Europe	303.5	389.8	<b>28.4%</b>	19.0%	<b>7.4%</b>	0.5%
USA/Canada	286.4	335.3	<b>17.1%</b>	1.6%	<b>10.2%</b>	4.5%
Rest of the World	215.2	301.2	<b>40.0%</b>	15.4%	<b>14.4%</b>	6.0%
<b>Total</b>	<b>1,582.6</b>	<b>1,893.3</b>	<b>19.6%</b>	<b>8.7%</b>	<b>8.1%</b>	<b>1.8%</b>

# Active Acquisition Driven Growth

Close to €50m revenue added through 3 acquisitions since January 2006

## Growth Markets



- #1 in China in audio and video door entry systems
- 2005 net sales : €15million
- 900 people of which 200 sales force



- #1 in Brazil in consumer units and industrial enclosures
- 2005 net sales: €28million
- 400 people



## Market Access



- #1 in Denmark in metal cable management systems
- 2005 net sales: €5million

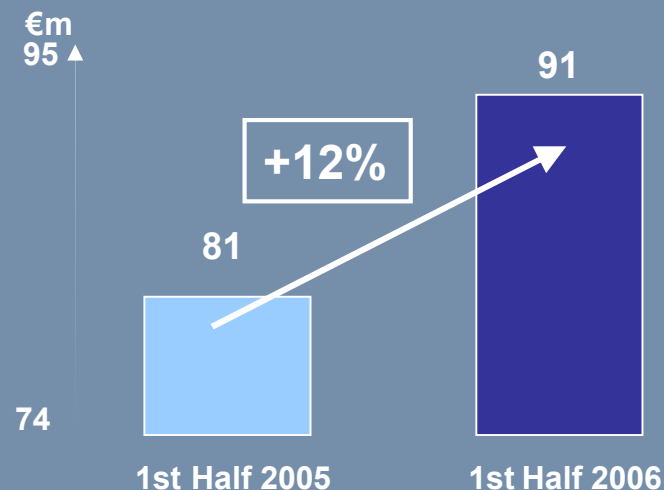




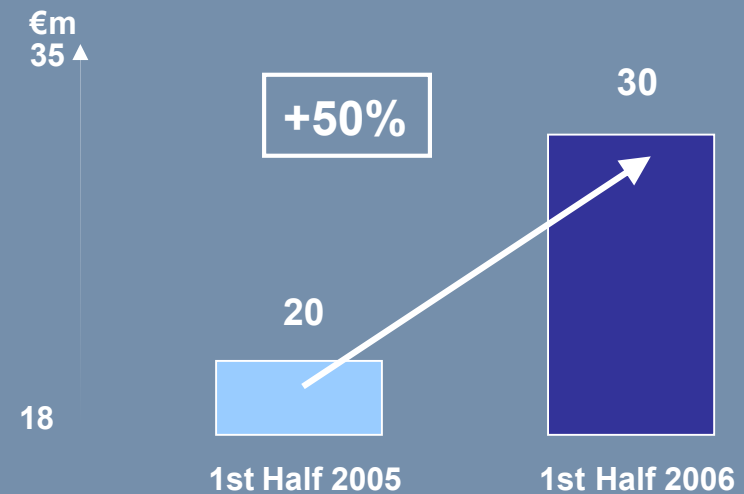
## Strong R&D commitment

- Close to 5% of sales invested R&D
- 48% of capital expenditures dedicated to new products (vs 40% in H1 05)
- About 1,800 people dedicated to R&D
- 4,500 active patents
- More than 20 new product ranges launched in the first half of 2006

R&D cash expenses and investments

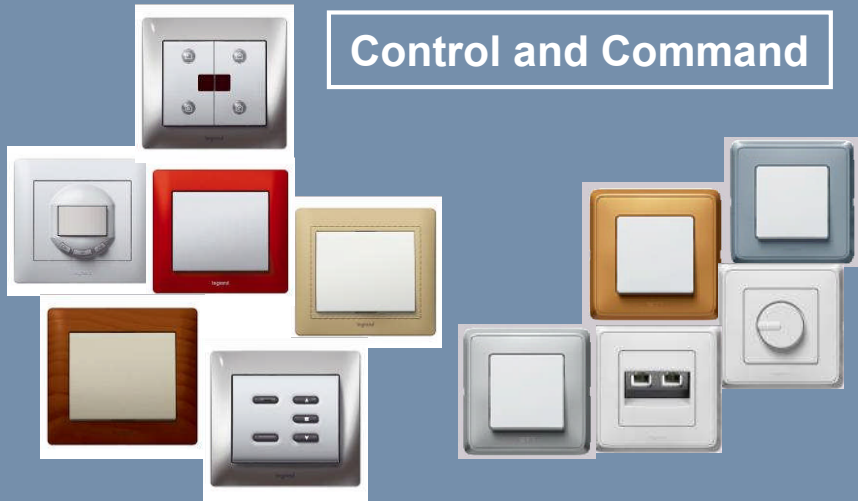


Capex dedicated to new products



# More Than 20 New Value Added Product Ranges launched in the First Half of 2006

## Control and Command



## Energy Distribution



## VDI



## Cable Management



## Trading-up in Italy

# Luxury and Technology as Growth Drivers: Axolute

Multimedia Station



Touch Screen



Scenario Touch



Style Switch



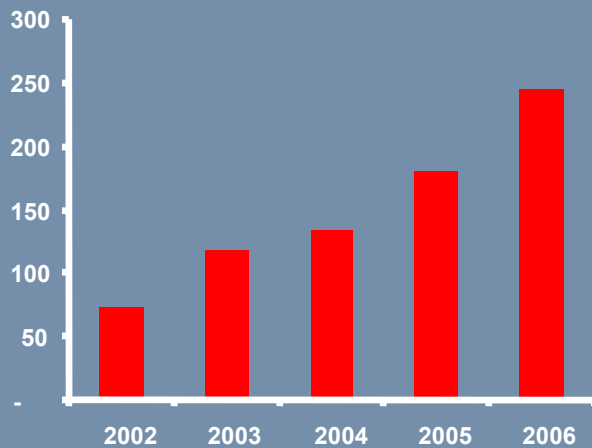
Axial Switch



# Trading-up in the US From Home Automation...

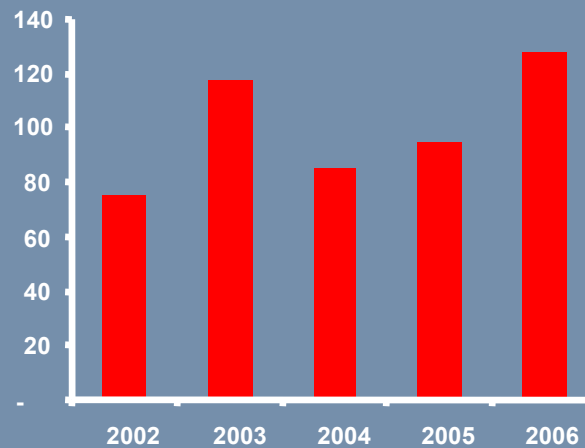
US sound diffusion market in \$M

CAGR 36 %



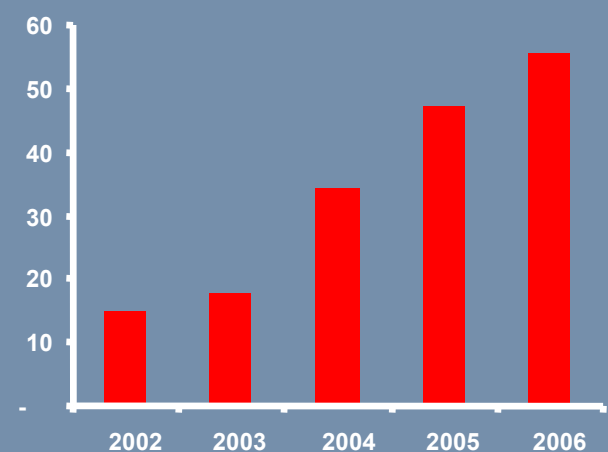
US home theater market in \$M

CAGR 14 %



US home automation market in \$M

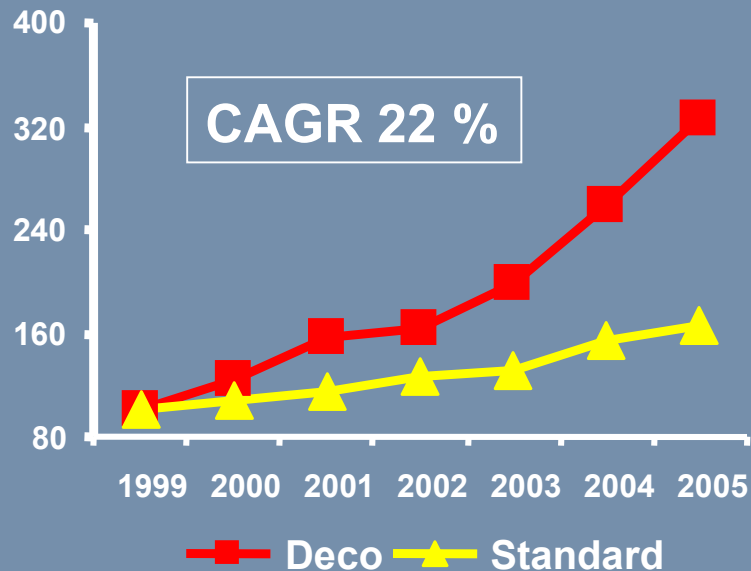
CAGR 39 %



# Trading-up in the US ...to Aesthetic Value Added

■ Decorative wiring device ranges growing twice as fast as standard lines

Sales of decorative vs standard wiring device (index)



# First Half Year P&L

## Vigorous Adjusted Operating Income Growth

IFRS, € million	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% change
<b>Net sales</b>	<b>1,582.6</b>	<b>1,893.3</b>	<b>19.6%</b>
Gross profit	785.6	953.5	21.4%
<i>As % of sales</i>	49.6%	50.4%	
<b>Adjusted<sup>(1)</sup> operating income</b>	<b>264.7</b>	<b>326.4<sup>(2)</sup></b>	<b>23.3%</b>
<i>As % of sales</i>	16.7%	17.2%	
Accounting entries relating to the acquisition of Legrand France	(51.5)	(43.4)	
<b>Operating income</b>	<b>213.2</b>	<b>283.0</b>	<b>32.7%</b>
<i>As % of sales</i>	13.5%	14.9%	
Net financial expenses	( 87.7 )	(73.9)	-15.7%
Exchange gains and losses	(24.0)	21,7	
Loss on extinguishment of debt	0.0	<b>(109.0)</b>	
Income tax expense	(41,1)	(57,7)	
<b>Net profit</b>	<b>60.8</b>	<b>64.6</b>	<b>6.3%</b>

1. Figures restated for accounting entries with no cash impact relating to the acquisition of Legrand France in 2002
2. After a €9million non recurrent non cash expense from IPO

## Very Strong First Half Year Cash Generation

IFRS, € million	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% change
<b>Cash flow from operations <sup>(1)</sup></b>	<b>227.0</b>	<b>338.9</b>	<b>49.3% <sup>(2)</sup></b>
<i>As % of sales</i>	14.3%	17.9%	
Change in working capital requirement	( 99.4 )	( 100.3 )	
<b>Net cash provided by operating activities</b>	<b>127.6</b>	<b>238.6</b>	<b>87.0%</b>
<i>As % of sales</i>	8.1%	12.6%	
Capital expenditures (including capitalised R&D)	( 60.0 )	( 74.8 )	24.7%
<i>As % of sales</i>	3.8%	4.0%	
Net proceeds from sales of fixed assets	2.1	15.5	
<b>Free cash flow</b>	<b>69.7</b>	<b>179.3</b>	<b>+157.2%</b>
<i>As % of sales</i>	4.4%	9.5%	

1. Cash flow from operations is defined as net cash provided by operating activities, + change in working capital

2. Excluding a positive impact of a €30million exceptional cash foreign exchange gain, cash flow from operations increased by 36.1%

# Optimized Balance Sheet combining Leverage and Investment Grade Rating

## ■ Leverage

IFRS, € million	As of June 30, 2006
Total equity	1980
Net financial debt	1,938
<i>As % of total equity</i>	98%
<i>As % of last twelve month EBITDA</i>	2.7 x

## ■ Investment grade rating

- S&P BBB-
- Moody's Baa3
- Fitch BBB-



## Conclusion

- **Very strong first half in terms of sales, profitability and cash generation**
- **Fast running business model**
- **With current inflation in raw material prices significantly less favorable than anticipated, Legrand confirms its 2006 targets <sup>(1)</sup>**

## Agenda and Contacts

### Agenda

- Tuesday October, 31 2006 : 2006 nine month results
- Thursday February, 8 2007 : 2006 full year results

### Contacts

- Investor Relations:  
François Poisson  
tel : + 33 (0)1 49 72 53 53  
fax: + 33 (0)1 43 60 54 92

# Appendix

## Net Sales by Destination

€ million	Q1 2005	Q2 2005	1st half 2005	Q1 2006	Q2 2006	1st half 2006
France	225.6	225.0	450.6	246.6	245.8	492.4
Italy	165.4	161.5	326.9	193.1	181.5	374.6
Rest of Europe	146.3	157.2	303.5	192.5	197.3	389.8
USA/Canada	129.2	157.2	286.4	161.8	173.5	335.3
Rest of the World	99.1	116.1	215.2	146.6	154.6	301.2
<b>Total</b>	<b>765.6</b>	<b>817.0</b>	<b>1,582.6</b>	<b>940.6</b>	<b>952.7</b>	<b>1,893.3</b>

## Net Sales By Origin

€ million	Q1 2005	Q2 2005	1st half 2005	Q1 2006	Q2 2006	1st half 2006
France	251.8	257.5	509.3	283.6	284.9	568.5
Italy	167.7	165.5	333.2	202.9	191.5	394.4
Rest of Europe	140.6	150.7	291.3	180.5	183.6	364.1
USA/Canada	130.5	158.6	289.1	163.6	176.8	340.4
Rest of the World	75.0	84.7	159.7	110.0	115.9	225.9
<b>Total</b>	<b>765.6</b>	<b>817.0</b>	<b>1,582.6</b>	<b>940.6</b>	<b>952.7</b>	<b>1,893.3</b>

## 2006 First Quarter Net Sales by Destination

€ million	Q1 2005	Q1 2006	Total change	Scope of consolidation	Like for like growth	Currency effect
France	225.6	246.6	<b>9.3%</b>	4.9%	<b>4.2%</b>	0.0%
Italy	165.4	193.1	<b>16.7%</b>	4.6%	<b>11.6%</b>	0.0%
Rest of Europe	146.3	192.5	<b>31.6%</b>	18.1%	<b>10.5%</b>	0.8%
USA/Canada	129.2	161.8	<b>25.2%</b>	4.7%	<b>9.8%</b>	8.9%
Rest of the World	99.1	146.6	<b>47.9%</b>	11.9%	<b>20.0%</b>	10.2%
<b>Total</b>	765.6	940.6	<b>22.9%</b>	8.2%	<b>10.1%</b>	3.1%

## 2006 First Quarter Net Sales by Origin

€ million	Q1 2005	Q1 2006	Total change	Scope of consolidation	Like for like growth	Currency effect
France	251.8	283.6	<b>12.6%</b>	5.2%	<b>7.0%</b>	0.0%
Italy	167.7	202.9	<b>21.0%</b>	5.9%	<b>14.3%</b>	0.0%
Rest of Europe	140.6	180.5	<b>28.4%</b>	16.6%	<b>9.1%</b>	0.9%
USA/Canada	130.5	163.6	<b>25.4%</b>	4.8%	<b>9.8%</b>	9.0%
Rest of the World	75.0	110.0	<b>46.7%</b>	13.7	<b>13.4%</b>	13.8%
<b>Total</b>	765.6	940.6	<b>22.9%</b>	8.2%	<b>10.1%</b>	3.1%

## 2006 First Half Net Sales by Origin

€ million	1st half 2005	1st half 2006	Total change	Scope of consolidation	Like for like growth	Currency effect
France	509.3	568.5	<b>11.6%</b>	5.7%	<b>5.6%</b>	0.0%
Italy	333.2	394.4	<b>18.4%</b>	7.0%	<b>10.6%</b>	0.0%
Rest of Europe	291.3	364.1	<b>25.0%</b>	17.4%	<b>6.0%</b>	0.5%
USA/Canada	289.1	340.4	<b>17.7%</b>	2.0%	<b>10.4%</b>	4.5%
Rest of the World	159.7	225.9	<b>41.5%</b>	18.0%	<b>10.9%</b>	8.1%
<b>Total</b>	<b>1,582.6</b>	<b>1,893.3</b>	<b>19.6%</b>	<b>8.7%</b>	<b>8.1%</b>	<b>1.8%</b>



## 2006 Second Quarter Net Sales by Destination

€ million	Q2 2005	Q2 2006	Total change	Scope of consolidation	Like for like growth	Currency effect
France	225.0	245.8	<b>9.2%</b>	6.0%	<b>3.0%</b>	0.0%
Italy	161.5	181.5	<b>12.4%</b>	5.6%	<b>6.4%</b>	0.0%
Rest of Europe	157.2	197.3	<b>25.5%</b>	19.9%	<b>4.5%</b>	0.2%
USA/Canada	157.2	173.5	<b>10.4%</b>	-0.9%	<b>10.6%</b>	0.7%
Rest of the World	116.1	154.6	<b>33.2%</b>	18.8%	<b>9.6%</b>	2.3%
<b>Total</b>	817.0	952.7	<b>16.6%</b>	9.2%	<b>6.2%</b>	0.5%

## 2006 Second Quarter Net Sales by Origin

€ million	Q2 2005	Q2 2006	Total change	Scope of consolidation	Like for like growth	Currency effect
France	257.5	284.9	<b>10.6%</b>	6.1%	4.2%	0.0%
Italy	165.5	191.5	<b>15.7%</b>	8.1%	7.0%	0.0%
Rest of Europe	150.7	183.6	<b>21.8%</b>	18.1%	3.0%	0.1%
USA/Canada	158.6	176.8	<b>11.5%</b>	-0.3%	11.1%	0.7%
Rest of the World	84.7	115.9	<b>36.8%</b>	22.0%	8.7%	3.2%
<b>Total</b>	817.0	952.7	<b>16.6%</b>	9.2%	6.2%	0.5%

# 1<sup>st</sup> Quarter P&L

IFRS, € million	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2006	% change
<b>Net sales</b>	<b>765.6</b>	<b>940.6</b>	<b>22.9%</b>
Gross profit	386.1	475.2	23.1%
<i>As % of sales</i>	50.4%	50.5%	
<b>Adjusted<sup>(1)</sup> operating income</b>	<b>131.7</b>	<b>163.5</b>	<b>24.1%</b>
<i>As % of sales</i>	17.2%	17.4%	
Accounting entries relating to the acquisition of Legrand France	(25.7)	(21.8)	
Operating income	106.0	141.7	33.7%
<i>As % of sales</i>	13.8%	15.1%	
Net financial expenses	(47.1)	(46.6)	-1.1%
Exchange gains and losses	(11.9)	5.8	
<b>Loss on extinguishment of debt</b>	<b>0.0</b>	<b>(109.0)</b>	
Income tax expense	(20,5)	(27,0)	
<b>Net profit</b>	<b>26.5</b>	<b>(34.6)</b>	

1. Figures restated for accounting entries with no cash impact relating to the acquisition of Legrand France in 2002

## 2<sup>nd</sup> Quarter P&L

IFRS, € million	2 <sup>nd</sup> quarter 2005	2 <sup>nd</sup> quarter 2006	% change
<b>Net sales</b>	<b>817.0</b>	<b>952.7</b>	<b>16.6%</b>
Gross profit	399.5	478.3	19.7%
<i>As % of sales</i>	48.9%	50.2%	
<b>Adjusted<sup>(1)</sup> operating income</b>	<b>133.0</b>	<b>162.9<sup>(2)</sup></b>	<b>22.5%</b>
<i>As % of sales</i>	16.3%	17.1%	
Accounting entries relating to the acquisition of Legrand France	(25.8)	(21.6)	
Operating income	107.2	141.3	31.8%
<i>As % of sales</i>	13.1%	14.8%	
Net financial expenses	(40.6)	(27.3)	-32.8%
Exchange gains and losses	(12.1)	15.9	
Loss on extinguishment of debt	0.0	0.0	
Income tax expense	(20.6)	(30.7)	
<b>Net profit</b>	<b>34.3</b>	<b>99.2</b>	<b>189.2%</b>

1. Figures restated for accounting entries with no cash impact relating to the acquisition of Legrand France in 2002
2. After a €9million non recurrent non cash expense from IPO

## Reconciliation of Cash From Operations with Net Profit

IFRS, € million	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006
<b>Net profit</b>	<b>60.8</b>	<b>64.6</b>
Depreciation and amortization	127.2	120.8
Loss on extinguishment of debt	0.0	109.0
Change in other non-current assets and liabilities and deferred tax	10.5	2.0
Share of loss/(profit) of associates	( 0.4 )	(0.5)
Exchange (Gains)/losses net	17.1	16.7
(Gains)/losses on fixed asset disposals and sales of securities	2.6	(0.3)
Other adjustments	9.2	26.6 <sup>(1)</sup>
<b>Cash flow from operations</b>	<b>227.0</b>	<b>338.9</b>

1. Mainly non-cash interests related to the shareholder's loan and a €9million non recurrent non-cash expense from IPO

## Change in Scope of Consolidation

	Q1	2005 1st Half	9 months	FY
Van Geel				12 months
Zucchini				6 months
On Q		6 months	9 months	12 months
TCL				only in BS <sup>(1)</sup>
ICM Group				only in BS <sup>(1)</sup>
Cemar				
Shidean				

	Q1	2006 1st Half	9 months	FY
Van Geel	3 months	6 months	9 months	12 months
Zucchini	3 months	6 months	9 months	12 months
On Q	3 months	6 months	9 months	12 months
TCL	3 months	6 months	9 months	12 months
ICM Group	3 months	6 months	9 months	12 months
Cemar		only in BS <sup>(1)</sup>	to be defined	to be defined
Shidean		only in BS <sup>(1)</sup>	to be defined	to be defined