LEGRAND INVESTOR DAY

July 3, 2014 – Afternoon
INVESTOR DAY – AGENDA

- **Introduction**
  Gilles Schnepp, Chairman and CEO
  10:30 AM – 10:50 AM

- **Further enhancing Legrand’s growth potential**
  Benoît Coquart, Executive Vice President—Strategy and Development
  10:50 AM – 11:35 AM

- **Megatrends boosting growth and innovation**
  Fabrizio Fabrizi, Executive Vice President—Innovation and Systems
  11:35 AM – 12:20 PM

- **Towards a multipolar organization**
  Patrice Soudan, Deputy CEO and COO
  12:20 PM – 1:05 PM

- **Value creation management**
  Antoine Burel, Executive Vice President—CFO
  1:05 PM – 1:15 PM

  Lunch break
  1:15 PM – 2:15 PM

- **Legrand’s international development model**
  Frédéric Xerri, Executive Vice President—Export
  2:15 PM – 3:00 PM

- **Business innovations in France**
  Bruno Barlet, Executive Vice President—France
  3:00 PM – 3:45 PM

- **North America**
  John Selldorff, President and CEO—Legrand North America
  3:45 PM – 4:30 PM

- **Final Q&A and wrap-up**
  4:30 PM – 4:55 PM
PHASE 1
CREATION OF AN ANCHOR POINT

A  THROUGH ORGANIC GROWTH

- **STEP 1**
  - Push strategy \(\rightarrow\) Direct export to customers

- **STEP 2**
  - Pull strategy \(\rightarrow\) Representative office

- **STEP 3**
  - Push / Pull strategy \(\rightarrow\) Creation of subsidiary

Typology of business

- Mono channel
- Opportunistic
- Specified
- Structured
- Legrand is a local actor

B  THROUGH ACQUISITIONS
PHASE 2
ENLARGEMENT TO NEW PRODUCTS OR NEW CHANNELS

- Enlargement of the offer through specification
  - From a product approach to the specifications for a global solution: VDI, power, wiring devices
    ➔ Possible thanks to the anchor point allowing brand recognition

- Enlargement of channels through specification or push
  - From electrical distributors to panel builders
  - From systems integrators to datacom/IT distributors
PHASE 3
SATURATION OF EXISTING DISTRIBUTION CHANNELS

- Saturating distribution channels:
  - means more sales with same sales organization
  - leads to more attractive sales conditions for our partners
  - increases brand loyalty

- We enter into a virtuous circle

(1) ED: Electrical Distribution
(2) PB: Panel Builder
(3) DES: Door Entry Systems
PHASE 3
EXAMPLE → UPS IN VARIOUS CHANNELS

- Retail
- DIY
- Electrical distributors
- Web shop
PHASE 4
LEVERAGING OFFER IN COMPLEMENTARY CHANNELS

- Lighting showrooms
- Assisted living channel
- Manufacturer services
- E-business
  - Retailers ➔ Web retailers
  - DIY ➔ Web shops
  - Distributors ➔ Web platforms
4 CONDITIONS FOR SUCCESS

- **Know your market**
  - Right understanding of the local market

- **Know what to do**
  - A clear and defined ambition
  - A segmented approach / The right offer for the right channel

- **Reach the right expertise**
  - Design office
  - Training center
  - Central business development
  - Local business development/local expert/areas
  - Export marketing

- **Human resources**
  - Effective organization and staffing
  - The right system of motivation
MATURITY CYCLE

Creation of anchor point
- Philippines
- Burkina Faso
- Pakistan
- Bangladesh
- Kenya
- Etc.

Enlargement of the offer
- Saudi Arabia
- Malaysia
- Slovakia
- Romania
- United Arab Emirates
- India
- Australia
- Czech Republic
- Etc.

Saturation of channel
- Russia
- Chile
- Colombia
- Spain
- Portugal
- Belgium
- Etc.
Many countries are still at the beginning of the maturity cycle

Legrand is organizing itself in these countries

Potential for growth is still very high
BUSINESS INNOVATIONS IN FRANCE

Bruno Barlet – Executive VP France

Investor Day – July 3 2014
AGENDA

1. MARKET TRENDS
2. LEGRAND’S KEY ASSETS & EXPERTISE
3. INNOVATION & BUSINESS INITIATIVES
4. MIX OPPORTUNITIES
5. DIGITAL ACCELERATION
MARKET TRENDS
TOWARD SUSTAINABLE & CONNECTED BUILDINGS

All electrical & digital

Connected buildings

Move toward sustainable building

New professional behaviors & needs
MARKETS: LARGER PLAYING FIELD (1/2)

Customers

Channels

D.I.Y.
M.R.O.
distribution

Electrical distribution

End users
Multi-tech contractors
Technical engineers
Architects

Electrical contractors

Systems

Products

Offers

M.R.O.: Maintenance Repair & Operations
MARKETS: LARGER PLAYING FIELD (2/2)

Customers

D.I.Y.

Investors / End users

Electrical distribution

Electrical contractors

M.R.O. / Multi-tech contractors

Technical engineers

Architects

Channels

M.R.O. distribution

E-commerce

Solutions

Systems

Products

Offers
LEGRAND’S KEY ASSETS & EXPERTISE
DIFFERENT NEEDS ALONG THE BUILDING LIFE CYCLE

- **Legrand solutions at each stage in the building life cycle**
  - Construction & original equipment
  - Maintenance / Repair / Extension
  - Extensive refurbishment

- **Scope of solutions:** full infrastructure & user interfaces
LEGRAND’S KEY ASSETS & EXPERTISE

BUILDING EQUIPMENT: A HIGHLY FRAGMENTED MARKET

75% of buildings < 1,000 square meters

- 20,000 catalog references cover 50% of electrical contractors needs
  (1)

- 80,000 companies install and maintain buildings

- 4,000 points of sales proposing Legrand products

(1) In value
(2) French Market data (Electrical Distribution / MRO & DIY stores)
CLOSE TIES & SUPPORT TO PROFESSIONALS

- 30,000 professionals have close relationships with Legrand teams

- 3,500 professionals attended Innoval training programs in 2013

- 20,000 professionals\(^{(1)}\) use Legrand software and mobile apps

- Salesforce C.R.M.

\(^{(1)}\) Source: Legrand C.R.M.
End user brand awareness: wiring devices in France

« What are the brands that you know, in electrical wiring devices (even by name only) »

(1) Source: Image and brand awareness study (Ipsos 2013)
DIY: CATEGORY MANAGEMENT & CONSUMER RELATIONS

END-USER EXPERIENCE
- Discover
- Choose
- Configure

CATEGORY MANAGEMENT
- Select
- Merchandize
- Manage performance
- Innovations & News
- Promotions

Web configurators
- Videos
- Catalogs
- User guides

Digital connection between stores & Legrand
INNOVATION & BUSINESS INITIATIVES
CUSTOMER INTIMACY PROGRAM WITH PROFESSIONALS

Legrand professional web portal

Listen to customers
Give customers high level of feed-back
Show consideration & connectivity

Make customer job easier
Simplify access to useful information
Provide news & services

Connect all information & interfaces to the Legrand sales force

Personnalized
Simple
Integrated

SMART / PERSONALIZED / MOBILE CUSTOMER EXPERIENCE
8 INNOVAL SHOWROOMS IN FRANCE


CUSTOMER PROJECTS
MEET
LEGRAND SOLUTIONS

DISCOVER
EXPERIENCE
QUOTE / SPECIFY
TRAIN
NETWORK
SUPPORT
INNOVATION & BUSINESS INITIATIVES

VERTICAL BUSINESS APPROACH: TODAY

Legrand comprehensive solutions

New collective housing
Social housing

Energy management
Media management
Wiring devices
Lighting
Emergency lighting
Access control & CCTV
Assisted living
Home & building automation

Needs

Security
Energy efficiency
Aging population
Competitiveness
Efficiency
Sustainability

Dedicated sales team to maximize cross-selling & solution approach
>> Vertical approach targeting specifiers, installers & maintainers
VERTICAL BUSINESS APPROACH: TOMORROW

New scope of connected solutions for Lower building OPEX

New collective housing Social housing

Legrand devices will be connected
> to deliver information
> to enable remote monitoring
> to improve maintenance efficiency

Propose connected services by Legrand
Access control / emergency lighting / energy management, etc.
MIX OPPORTUNITIES
ENERGY SAVING SOLUTIONS

Index (in value terms)


100  175

Est. 2009-2014
CAGR: +12 %
RESIDENTIAL DIGITAL INFRASTRUCTURE

Index data (in value terms)


100 165

Est. 2009-2014 CAGR: +11 %
END USER & WIRING DEVICES CHOICE

Celiane decorative plates - average sales prices (index)

ELECTRICAL CONTRACTORS

DIY / RETAIL

E-COMMERCE

1

1.3

1.5

25

10

3

1
LEGRAND FRANCE WEB TRAFFIC: 2009-2014

Thousands of single visitors

Legrand web sites’ traffic x 2.5 over 5 years
ONLINE DIGITAL CONFIGURATORS

LEADS & SALES GENERATION TRANSFERRED TO PARTNERS

ONLINE DEMAND GENERATION

Legrand online configurators

(1) Commercial partnerships involve data / tech and sales support / web engineering / loyalty programs and more
LEGRAND NORTH AMERICA HISTORY

- **Wiring devices**
  - 1984: Pass & Seymour, Slater Electric
  - 2002: WattStopper
  - 2005: Ortronics, Wiremold, Greyfox Systems, etc.
  - 2007: On-Q Home
  - 2008: Vantage Controls, USlec
  - 2011: PW Industries
  - 2014: ElectroRack, Middle Atlantic, Nuvo Tech, Lastar

- **Cable management**
  - 1984: $60M
  - 2002: $600M
  - 2005: $1.2Bn

- **Overhead systems**
  - 2007:

- **VDI**
  - 2008:

- **Lighting management**
  - 2011:

- **Home automation**
  - 2014:

- **Audio-video**
  - 2014:

- **Cabling systems**
  - 2014:
Solution Wins

Energy efficiency and lower operating cost by focusing on the IT operator and their needs in the white space.

A new foundation for the OSI model

the critical role physical infrastructure plays in network performance.

Airflow management
INNOVATION
USING DIGITAL TO ENGAGE CUSTOMERS DIRECTLY

Digital communications
Web site
CRM
Marketing automation

Digital training
All training

We are leading the use of digital capabilities to change how a traditional industry operates.

Digital tools
Specify & quote
Design & configure
Automation tools
Web shop

Digital information flow
Data storage
Building Information Modeling
Attribute management
Business software

Highest ranked web site in our industry
2013: Alexa ranking
INNOVATION
RANGE STRATEGY

Reinvented a boring category

- Expanded range
- Differentiated offering
- Used design and function as a high value benefit

Value per unit
6 x

Increase in choices
10 x

New functionality
12 x

4 finishes
2 on/off options
1 automation type

32 finishes
7 on/off options
12 automation types

NORTH AMERICA

adorne™

legrand®
Almost 28% of sales today are from new channels due to acquisitions.
LEGRAND: Delta Strut won EC&M Product of the Year Competition.

LEGRAND: Only Manufacturer nominated in all 4 award categories – won in 2 (Service & Support).

LEGRAND has outpaced Leviton in design and new technology.

- Yale Appliance & Lighting blog

Legrand has outpaced Leviton in design and new technology.

- Yale Appliance & Lighting blog

Cable tray

Cable assemblies

Audio-video

Datacom

Lighting control

Wire and cable management

Wiring devices

ADORNE WINS IDEA AWARD

The collection achieved an IDEA Bronze Award in the 2013 International Design Excellence Awards (IDEA) competition.

EXPLORE THE COLLECTION

LEGRAND: Supplier Partner of the Year

LEGRAND: Supplier Partner of the Year

NORTH AMERICA
Wiremold and Middle Atlantic collaborate for launch of Evolution Ceiling Box

“...We will not allow anything but P&S on the new tower – and it just makes sense to bundle Ortronics, Cablofil and now WattStopper as well.”

Gary Brown
Cook Children’s Hospital

Sharing of information in order to drive specification of Legrand lines

Palmetto health

Cook Children’s Hospital
INTEGRATION
REDUCE THE COMPLEXITY FOR THE CUSTOMER

PAST

 Products

 SIMPLE

 Sales

 Channel

 COMPLEX

 FeWER BUSINESSES SHARED SALESFORCE

 CURRENT

 Business Unit products

 Sales

 Channel

 Business Unit products

 Retail stores

 Business Unit products

 Business Unit products

 Business Unit products

 Business Unit products

 Sales

 Sales

 Sales

 Sales

 Sales

 Channel

 Channel

 Channel

 Channel

 Channel
INTERSECTION OF EXPERTISE:
VERTICAL MARKET EXAMPLE - HEALTHCARE

82% less energy consumption with Wattstopper complete energy management solution

Beat energy efficiency goal for ASHRAE 2007 standards for hospitals
INTERSECTION OF EXPERTISE:
BROAD PENETRATION OF MULTIDIMENSIONAL ACCOUNTS

DATA CENTER
- Racks
- Power strips
- Containment pods
- Cable assemblies

RETAIL STORES
- Wiremold trunking system
- Arteor wiring devices
- Wiremold floor boxes

CAMPUS
- Electrical branch circuit infrastructure and pathways
INTEGRATION PROFITABILITY: OPERATIONAL INITIATIVES (2003-2013)

- Closed 14 sites (from 21 to 7)
- Doubled percentage of low cost country content
- Make vs. buy program
  - Phase 1 – Rationalization and strategic purchasing
  - Phase 2 – Strategic sourcing and multi-sourcing
  - Phase 3 – Engage suppliers in value added/value engineering
  - Phase 4 – Assist suppliers with sustainable and lean practices
- Lean and sustainable practices

OPERATIONAL LEVERAGE:
- Centralize logistics, IT, sourcing
- Factory consolidation
- Shift to low cost country
- Rigorous sourcing

12 pts in gross margin
23 pts in capital employed as % of sales (at comparable structure)

Value creation
INTEGRATION PROFITABILITY: ADMINISTRATION (2003-2013)

OPERATIONAL LEVERAGE:
- Centralize digital, marketing communication, services, HR
- Offshore engineering
- Competency centers approach
- Leverage Legrand expertise

28% Organic growth
45% Acquisition growth
73% Total sales

Adorne truly a global development
8% increase in revenue per commercial head
Acquisitions benefit and contribute to new product development
Consistency of benefits, practices and central admin
Centralized warehouses, indirect purchases, other admin

33% of R&D people in China

22% Logistics improvement (from 6.3% of sales to 4.9%)
INTERSECTION OF EXPERTISE:
MARGIN IMPROVEMENT & DEMONSTRATION OF OUR SOLUTIONS

We walk the talk

Recognized by President Obama

In 2011, I launched the Better Buildings Initiative to bring together leaders from across the country to spur economic development and to improve the energy efficiency of America’s buildings. The initiative is designed to help buildings save energy, reduce costs, and create jobs. Today, thousands of leaders and organizations have joined this effort, and the results have been impressive.

For example, Legrand North America has demonstrated significant energy savings and cost reductions through its participation in the Better Buildings Challenge. The company has implemented energy-efficient strategies and technologies across its facilities, resulting in a reduction of energy intensity by 32% over four years.

President Obama commended Legrand for its commitment to energy efficiency and its efforts to reduce costs and improve performance. "We are very proud of Legrand’s achievements," said the President. "Their dedication to energy efficiency is an example for others to follow."
LEGRAND NORTH AMERICA (2003-2013)

Performance over 10 years

- 2013 sales: $1bn
  - x1.7 vs 2003

- 2013 Adj. EBIT margin: 15.8%
  - x2 vs 2003

Leadership positions

- #1 Cable management
- #1 Audio-video enclosures - New
- #1 Energy-efficient lighting control
- #1 Pre-terminated solutions for VDI and A/V networks - New
- #1 Structured cabling for residential buildings - New

Front Office

- Aligned by channel
- Enhanced profile of Legrand brand
- Multi discipline solutions
- Leverage digital to reach new customers

Back Office

- 67% fewer sites (at comparable structure)
- Double the weight of low cost production
- Centralized admin
- Lean processes
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