



2016 First-Quarter Results

May 4, 2016

AGENDA

- 1 HIGHLIGHTS
- 2 SOLID Q1 2016 ACHIEVEMENTS
- 3 ACTIVE EXTERNAL GROWTH
- 4 2016 TARGETS CONFIRMED
- 5 APPENDICES

1

HIGHLIGHTS

HIGHLIGHTS

□ **Solid Q1 2016 achievements**

- Organic⁽¹⁾ growth: +1.9%
 - ✓ Particularly good relative performance in the US: +6.9% (including one-off effects)
 - ✓ Flat sales overall in mature European countries and new economies
- Adjusted operating profit: up +3.7%, driven by good operating performance

□ **Active external growth**

- Six acquisitions announced since Jan 1, 2016; ~€130m of annual sales acquired
- 2016 FY sales already boosted by over +3.5%⁽²⁾ scope-of-consolidation effect

□ **2016 targets confirmed**

1. *Organic: at constant scope of consolidation and exchange rates.*
2. *Based on acquisitions already announced and their likely date of consolidation.*

2

SOLID Q1 2016 ACHIEVEMENTS

Q1 2016 CHANGE IN NET SALES

€ million

1,165



Q1 2015

1,190



Q1 2016

□ External growth: +3.0%⁽¹⁾

□ Organic⁽²⁾ growth: +1.9%

□ Exchange rate: -2.8%⁽³⁾

Total growth: +2.1%

1. Based on acquisitions announced and their likely date of consolidation, the total change in the scope of consolidation should boost consolidated sales for 2016 by over +3.5%.
2. Organic: at constant scope of consolidation and exchange rates.
3. Taking into account exchange rates at April 30, the full-year exchange-rate effect would be close to -3%.

Q1 2016 ORGANIC⁽¹⁾ CHANGE IN NET SALES BY GEOGRAPHICAL REGION (1/2)

France

(18.1% of total Group sales)

- -4.0% organic⁽¹⁾ change in sales
- Excluding the announced effect⁽²⁾, the change in sales was around -2%, in line with estimated trend in Legrand's market
- Residential new construction leading indicators improving – a trend that should be reflected in this segment of Legrand's activity (15% to 20% of its sales in France) with a few quarters' lag
Slow improvement in other construction sectors
- Reminder: Q2 2015 will be a challenging basis for comparison due to new-product launches then

Italy

(11.7% of total Group sales)

- +4.7% organic⁽¹⁾ growth
- Q1 2016 performance
 - was driven by commercial successes in energy distribution at the beginning of the year
 - benefited from a favorable basis of comparison (Reminder: Q1 2015 organic change in sales of -1.2% compared with FY 2015 at +0.8%)

1. Organic: at constant scope of consolidation and exchange rates.

2. Readers are reminded that the press release presenting full-year 2015 results specified, concerning sales in France in the fourth quarter of 2015, that "in the fourth quarter of 2015, sales benefited from strong demand from distributors, which was more marked than in the fourth quarter of 2014." The net impact on the change in sales in France in the first quarter of 2016 has been estimated at around -2 points.

Q1 2016 ORGANIC⁽¹⁾ CHANGE IN NET SALES BY GEOGRAPHICAL REGION (2/2)

Rest of Europe (17.7% of total Group sales)

- +5.4% organic⁽¹⁾ growth
- Healthy growth recorded in
 - several mature countries, including Germany, Austria and Southern Europe (Spain, Greece and Portugal), and
 - many new economies, among them Turkey, Hungary, Slovakia and the Czech Republic
- Moderate decline in Russia

North & Central America⁽²⁾ (27.6% of total Group sales)

- +7.6% organic⁽¹⁾ growth
- +6.9% organic growth in the US alone
 - outperformance of Legrand vs. trends in market indicators, driven in particular by one-off effects linked to the ongoing success of the Digital Lighting Management offering in highly energy-efficient lighting control, plus good showings in the non-residential segment
 - excluding these one-off effects: organic growth in the neighborhood of +3%, in line with the estimated trend in Legrand's market
- Well-oriented sales also in Mexico, Canada and other countries of the region as a whole in Q1 2016

Rest of the World (24.9% of total Group sales)

- -2.4% organic⁽¹⁾ change in sales
- Ongoing rise in sales in many countries including India, Chile, Colombia and South Africa
- Decline in sales in some other countries affected by unfavorable economic conditions, such as Brazil and most Middle Eastern countries
- In China:
 - positive change in sales in Q1 2016 as a result of one-off effects linked to both government measures supporting housing sales and a favorable basis for comparison
 - continued downward trend in the market

1. Organic: at constant scope of consolidation and exchange rates.

2. As announced, "Starting January 1, 2016, the United States/Canada region will become the North and Central America region and will comprise the United States, Canada, Mexico and the other countries in Central America."

Q1 2016 ADJUSTED⁽¹⁾ OPERATING MARGIN

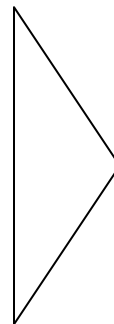
Q1 2015	adjusted operating margin	18.8%
	<ul style="list-style-type: none"> ▪ Good operating performance ▪ Contrary to 2015, no material impact from both mix effect linked to strong growth in the USA/Canada region and inventory build-up of manufactured goods 	+0.4 pt
Q1 2016	adjusted operating margin before acquisitions⁽²⁾	19.2%
	impact of acquisitions	-0.1 pt
Q1 2016	adjusted operating margin	19.1%

1. Operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€10.1 million in Q1 2015 and €10.7 million in Q1 2016) and, where applicable, for impairment of goodwill (€0 in Q1 2015 and Q1 2016).

2. At 2015 scope of consolidation.

Q1 2016 NET INCOME EXCLUDING MINORITIES

- Good operating performance
(adjusted operating profit up +3.7%)
- Unfavorable impact from FX result
(mechanical effect)
- Financing costs under control
(<2% of sales)
- Tax rate at 32.6%



€127m

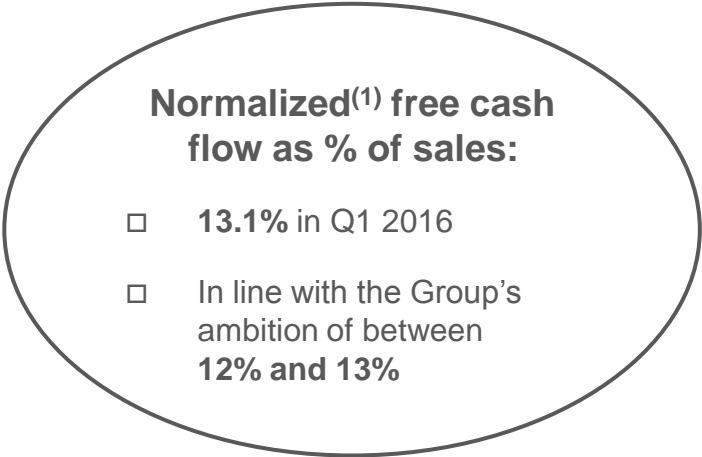
- 10.7% of sales
- up close to +2%, excluding the impact of the FX result⁽¹⁾

1. *Excluding the impact of the FX result, net income excluding excluding minorities would come to €130.0m in Q1 2016 compared with €127.7m in Q1 2015, thus showing an increase of close to +2%.*

Q1 2016 FREE CASH FLOW GENERATION

- Robust cash flow from operations in Q1 2016: €181m, i.e. 15.2% of sales

- Capital employed under control
 - Working capital requirement: 8.9% of sales (including favorable non-recurring impacts linked to non-operating items in particular)
 - Capex: 2.0% of sales



Normalized⁽¹⁾ free cash flow as % of sales:

- **13.1%** in Q1 2016
- In line with the Group's ambition of between **12% and 13%**







1. *Based on a working capital requirement representing 10% of the last 12 months' sales, and whose change at constant scope of consolidation and exchange rates is adjusted for the quarter.*

Normalized free cash flow is a good measure of free cash flow generation, in particular on a quarterly basis.

3

ACTIVE EXTERNAL GROWTH

Q1 2016 EXTERNAL GROWTH

	<u>Business</u>	<u>Country</u>	<u>Annual sales of</u>
	Lighting solutions	United States	~\$105m
	Audio/video infrastructure	United States	>\$20m
 	UPS ⁽²⁾	Italy and Germany	<€9m
	Cable management and distribution cabinets	Indonesia	~€6m
	Assisted living	United Kingdom	~€4m



Six acquisitions announced; ~€130m of annual sales acquired



2016 FY sales already boosted by over +3.5% scope-of-consolidation effect⁽⁴⁾

1. Subject to standard conditions precedent.
2. UPS: Uninterruptible Power Supply.
3. Joint Venture. Legrand holds 80% of equity.
4. Based on acquisitions already announced and their likely date of consolidation.

4

**2016 TARGETS
CONFIRMED**

2016 TARGETS⁽¹⁾ CONFIRMED

- Based on Q1 2016 achievements, Legrand confirms its two targets for 2016:
 - organic change in sales of between -2% and +2%, and
 - adjusted operating margin before acquisitions (at 2015 scope) at between 18.5% and 19.5% of sales.

- Legrand will also pursue its strategy of value-creating acquisitions.


1. See Appendix on page 17 for the complete wording of Legrand's 2016 targets.

5

APPENDICES

2016 TARGETS

Excerpt of 2015 full-year results presentation

7 APPENDICES 2016 TARGETS 

- In an uncertain global context, Legrand is benefiting from its favorable positioning thanks to its limited presence both
 - in the new economies most affected by economic slowdown and
 - in the oil and gas industry.

Moreover, the construction market may have bottomed out in some mature countries in Europe; it should also remain upbeat in some other countries, such as the United States.

Yet for 2016, macroeconomic projections have recently become more cautious and some new economies may continue to be affected by unfavorable economic conditions.

Against this backdrop, Legrand is targeting a 2016 organic change in sales of between -2% and +2%. The Group has also set a target for adjusted operating margin before acquisitions (at 2015 scope of consolidation) of between 18.5% and 19.5% of sales in 2016.

- Legrand will also pursue its strategy of value-creating acquisitions.

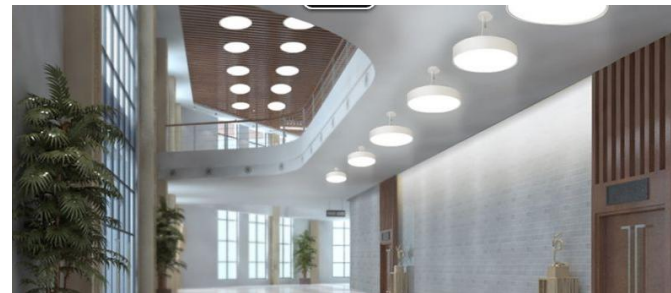
46

ACQUISITIONS

PINNACLE ARCHITECTURAL LIGHTING⁽¹⁾



- ❑ One of the US leaders in architectural lighting solutions for non-residential buildings
- ❑ Annual revenues around \$105m
- ❑ 230 employees



- ❑ Reinforces Legrand's positions in the US lighting market for non-residential buildings, which is underpinned by regular adoption of new energy codes
- ❑ Allows Legrand to develop customized solutions that can combine the 3 main technologies used for lighting control: wall, lighting control panels, lighting fixtures

1. Subject to standard conditions precedent.

ACQUISITIONS LUXUL WIRELESS⁽¹⁾



- ❑ US leader in audio/video infrastructures products⁽²⁾ for residential and small- to mid-size commercial buildings
- ❑ Annual revenues over \$20m
- ❑ Around 30 employees

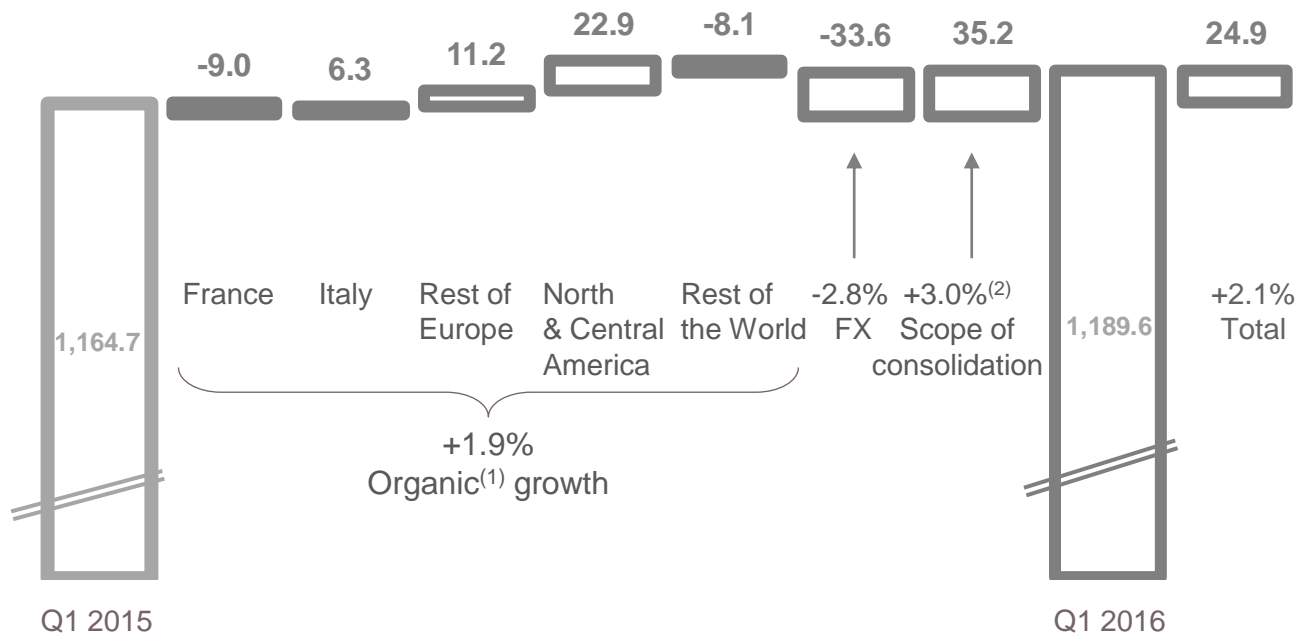


- ❑ Ideal complement to Legrand's generalist US offering of structured cabling for housing (On-Q)
- ❑ Rounds out the Group's offering in the specialized and growing US market for audio and video applications

1. *Subject to standard conditions precedent.*
2. *Wireless routers, access points and switches.*

CHANGE IN NET SALES

Breakdown of change in Q1 2016 net sales by destination (€m)



1. Organic: at constant scope of consolidation and exchange rates.
2. Due to the consolidation of Raritan, IME, Valrack and QMotion.

2016 FIRST QUARTER – NET SALES BY DESTINATION⁽¹⁾

In € millions	Q1 2015	Q1 2016	Total Change	Scope of Consolidation	Like-for-like Growth	Currency Effect
France	222.8	215.9	-3.1%	0.9%	-4.0%	0.0%
Italy	131.0	139.4	6.4%	1.6%	4.7%	0.0%
Rest of Europe	203.0	210.2	3.5%	2.6%	5.4%	-4.2%
North and Central America	283.1	328.1	15.9%	7.0%	7.6%	0.7%
Rest of the World	324.8	296.0	-8.9%	1.8%	-2.4%	-8.3%
Total	1,164.7	1,189.6	2.1%	3.0%	1.9%	-2.8%

1. Market where sales are recorded.

2016 FIRST QUARTER – NET SALES BY ORIGIN⁽¹⁾

In € millions	Q1 2015	Q1 2016	Total Change	Scope of Consolidation	Like-for-like Growth	Currency Effect
France	250.3	239.3	-4.4%	1.0%	-5.4%	0.0%
Italy	137.2	147.5	7.5%	2.6%	4.8%	0.0%
Rest of Europe	200.4	205.0	2.3%	1.9%	5.2%	-4.6%
North and Central America	290.3	334.5	15.2%	7.0%	6.9%	0.8%
Rest of the World	286.5	263.3	-8.1%	1.7%	-0.6%	-9.1%
Total	1,164.7	1,189.6	2.1%	3.0%	1.9%	-2.8%

1. Zone of origin of the product sold.

2016 FIRST QUARTER – P&L

In € millions	Q1 2015	Q1 2016	% change
Net sales	1,164.7	1,189.6	+2.1%
Gross profit	599.3	630.2	+5.2%
<i>as % of sales</i>	<i>51.5%</i>	<i>53.0%</i>	
Adjusted operating profit⁽¹⁾	218.6	226.7	+3.7%
<i>as % of sales</i>	<i>18.8%</i>	<i>19.1%⁽²⁾</i>	
Amortization of revaluation of intangible assets at the time of acquisitions and expense/income relating to acquisitions	(10.1)	(10.7)	
Operating profit	208.5	216.0	+3.6%
<i>as % of sales</i>	<i>17.9%</i>	<i>18.2%</i>	
Financial income (costs)	(19.2)	(22.0)	
Exchange gains (losses)	(0.6)	(3.7)	
Income tax expense	(60.7)	(62.1)	
Profit	128.0	128.2	+0.2%
Profit excluding minorities	127.4⁽³⁾	127.4⁽³⁾	+0.0%

1. Operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions (€10.1 million in Q1 2015 and €10.7 million in Q1 2016) and, where applicable, for impairment of goodwill (€0 in Q1 2015 and Q1 2016).
2. 19.2% excluding acquisitions (at 2015 scope of consolidation).
3. Excluding the impact of the FX result, profit excluding minorities would come to €130.0m in Q1 2016 compared with €127.7m in Q1 2015, thus showing an increase of close to +2%.

2016 FIRST QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

Q1 2016 (in € millions)	France	Italy	Rest of Europe	North and Central America	Rest of the World	Total
Net sales	239.3	147.5	205.0	334.5	263.3	1,189.6
Cost of sales	(89.0)	(51.0)	(116.5)	(158.9)	(144.0)	(559.4)
Administrative and selling expenses, R&D costs	(108.4)	(42.0)	(52.7)	(117.2)	(74.6)	(394.9)
Reversal of acquisition-related amortization, expense and income accounted for in administrative and selling expenses, R&D costs	(1.2)	(0.1)	(0.6)	(5.6)	(3.2)	(10.7)
Adjusted operating profit before other operating income (expense)	43.1	54.6	36.4	64.0	47.9	246.0
as % of sales	18.0%	37.0%	17.8%	19.1%	18.2%	20.7%
Other operating income (expense)	(6.2)	(0.6)	(3.3)	(3.9)	(5.3)	(19.3) ⁽¹⁾
Reversal of acquisition-related amortization, expense and income accounted for in other operating income (expense)	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted operating profit	36.9	54.0	33.1	60.1	42.6	226.7
as % of sales	15.4%	36.6%	16.1%	18.0%	16.2%	19.1%

1. Restructuring (€7.0m) and other miscellaneous items (€12.3m).

2015 FIRST QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

Q1 2015 (in € millions)	France	Italy	Rest of Europe	North and Central America	Rest of the World	Total
Net sales	250.3	137.2	200.4	290.3	286.5	1,164.7
Cost of sales	(93.8)	(46.8)	(113.4)	(142.4)	(169.0)	(565.4)
Administrative and selling expenses, R&D costs	(103.4)	(41.6)	(52.3)	(99.8)	(82.5)	(379.6)
Reversal of acquisition-related amortization, expense and income accounted for in administrative and selling expenses, R&D costs	(1.5)	0.0	(0.6)	(3.8)	(4.2)	(10.1)
Adjusted operating profit before other operating income (expense)	54.6	48.8	35.3	51.9	39.2	229.8
as % of sales	21.8%	35.6%	17.6%	17.9%	13.7%	19.7%
Other operating income (expense)	(5.3)	(0.8)	(1.7)	(2.0)	(1.4)	(11.2) ⁽¹⁾
Reversal of acquisition-related amortization, expense and income accounted for in other operating income (expense)	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted operating profit	49.3	48.0	33.6	49.9	37.8	218.6
as % of sales	19.7%	35.0%	16.8%	17.2%	13.2%	18.8%

1. Restructuring (€5.4m) and other miscellaneous items (€5.8m).

2016 FIRST QUARTER – RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT

In € millions	Q1 2015	Q1 2016
Profit	128.0	128.2
Depreciation, amortization and impairment	41.0	40.4
Changes in other non-current assets and liabilities and long-term deferred taxes	8.0	11.6
Unrealized exchange (gains)/losses	19.6	0.3
(Gains)/losses on sales of assets, net	(0.1)	0.2
Other adjustments	(0.2)	0.1
Cash flow from operations	196.3	180.8

2016 FIRST QUARTER – RECONCILIATION OF FREE CASH FLOW AND NORMALIZED FREE CASH FLOW WITH CASH FLOW FROM OPERATIONS

In € millions	Q1 2015	Q1 2016	% change
Cash flow from operations⁽¹⁾	196.3	180.8	-7.9%
<i>as % of sales</i>	16.9%	15.2%	
Decrease (Increase) in working capital requirement	(115.2)	(120.3)	
Net cash provided from operating activities	81.1	60.5	-25.4%
<i>as % of sales</i>	7.0%	5.1%	
Capital expenditure (including capitalized development costs)	(24.7)	(23.3)	
Net proceeds from sales of fixed and financial assets	0.4	0.2	
Free cash flow	56.8	37.4	-34.2%
<i>as % of sales</i>	4.9%	3.1%	
Increase (Decrease) in working capital requirement	115.2	120.3	
(Increase) Decrease in normalized working capital requirement	2.0	(2.2)	
Normalized⁽²⁾ free cash flow	174.0	155.5	-10.6%
<i>as % of sales</i>	14.9%	13.1%	

1. Cash flow from operations is defined as net cash from operating activities excluding changes in working capital requirement.
2. Based on a working capital requirement representing 10% of the last 12 months' sales, and whose change at constant scope of consolidation and exchange rates is adjusted for the quarter.

SCOPE OF CONSOLIDATION

2015	Q1	H1	9M	FY
Valrack	Balance sheet only	Balance sheet only	Balance sheet only	10 months
IME		Balance sheet only	Balance sheet only	7 months
Raritan			Balance sheet only	3 months
QMotion				Balance sheet only

2016	Q1	H1	9M	FY
Valrack	3 months	6 months	9 months	12 months
IME	3 months	6 months	9 months	12 months
Raritan	3 months	6 months	9 months	12 months
QMotion	3 months	6 months	9 months	12 months
Fluxpower & Primetech	Balance sheet only	To be determined	To be determined	To be determined
Pinnacle Architectural Lighting		To be determined	To be determined	To be determined
Luxul Wireless		To be determined	To be determined	To be determined
Jontek		To be determined	To be determined	To be determined
Trias		To be determined	To be determined	To be determined

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