HALF-YEARLY FINANCIAL REPORT

AS OF JUNE 30, 2017

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1 HALF-YEARLY REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2017

Note 1 - INTRODUCTION

The following review of Legrand's financial position and the results of operations should be read in conjunction with the consolidated financial statements and the related notes for the six-month period ended June 30, 2017 as set out in chapter 2 of this half-yearly financial report, and any other information included in the Registration Document (*Document de référence*) filed with the French *Autorité des marchés financiers* (AMF) on March 31, 2017, under number D. 17-0285. The Company's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee's guidance as adopted by the European Union. This review also includes forward-looking statements based on assumptions about the company's future business. Actual results could differ materially from those contained in these forward-looking statements.

All percentages may be calculated on non-rounded figures and may therefore differ from percentages calculated on rounded figures.

Note 2 - OVERVIEW

Legrand is the global specialist in electrical and digital building infrastructure. Its full range of products and systems suitable for the international commercial, industrial, and residential segments of the low-voltage market makes Legrand a benchmark for customers worldwide. The Group markets its products under internationally recognized general brand names, including Legrand and Bticino, as well as under well-known local and specialist brands. Legrand, which is close to its markets and focuses on its customers, has commercial and industrial operations in more than 90 countries.

Legrand generated sales of €5,018.9 million in 2016, of which more than 80% was generated outside France, and recorded an adjusted operating margin of 19.5% of sales.

Legrand's financial position and results of operations are reported on the basis of five geographic zones that correspond to the regions of origin of invoicing. Information concerning the results of operations and financial positions for each of these five geographic zones is presented for the first six months of 2017 and 2016 in Note 2.2 to the consolidated financial statements set out in chapter 2 of this half-yearly financial report. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets. These five geographic zones are:

- France;
- Italy;
- Rest of Europe mainly including Benelux, Germany, Iberia (including Spain and Portugal), Poland, Russia, Turkey and the UK;
- North and Central America including Canada, Mexico, the United States and Central American countries; and
- Rest of the World, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

Since local market conditions are the determining factors in business performance and net sales by zone, consolidated financial information for multi-country zones does not accurately reflect financial performance in each national market.

Furthermore, products may be manufactured and sold locally or imported from or exported to another Group entity. These factors may make it difficult to compare results for different geographic zones. Consequently, with the exception of information relating to net sales, the discussion of results below focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

Note 3 - RECENT EVENTS

As in 2016, Legrand was active in acquisitions in the first half of 2017. Since beginning of the year and in a favorable economic context, Legrand has already announced five bolt-on acquisitions and one joint venture:

the acquisition of OCL, specialized in architectural lighting solutions for commercial and high-end residential buildings in the United States. OCL has around 60 employees and reports annual sales of about $15 million;

the acquisition of Finelite, an acknowledged US player in architectural specification-grade linear lighting fixtures for non-residential buildings. Backed by manufacturing facilities and a broad commercial network in the United States, Finelite offers innovative, high added-value solutions and premium customer service. In a market underpinned by rising demand for energy-saving solutions, this targeted acquisition rounds out Legrand's presence in lighting control in North America. Finelite has around 465 employees and annual sales of approximately $200 million, primarily in North America;

the purchase of AFCO Systems Group, specialized in Voice-Data-Image (VDI) cabinets used by datacenters in the United States, which strengthens Legrand's positions in the buoyant digital infrastructure market. AFCO Systems Group has annual sales of around $23 million and approximately 110 employees;

the signature of a joint venture agreement to purchase Borri[1], an Italian three-phase UPS[2] producer known for its customized solutions. Borri has annual sales of around €60 million and around 200 employees;

the purchase[3] of Server Technology, Inc., a US frontrunner in intelligent PDUs[4] for datacenters. Server Technology, Inc. has some 200 employees and annual revenues of over $110 million; and

the acquisition[3] of the US company Milestone AV Technologies LLC ("Milestone"), a frontrunner in audio-video (AV) infrastructure and power, a high-value segment of the digital infrastructure market. Milestone recorded 2016 revenues of $464m, 90% in North America. Milestone has about 1,000 employees.

Based on acquisitions already announced and their likely date of consolidation, external growth should account for around +7% of growth in consolidated sales in 2017.

[1] As Legrand holds 49% of equity, Borri will be consolidated on the equity method.
[2] Uninterruptible Power Supply.
[3] Subject to standard conditions precedent.
[4] Power Distribution Unit.

Note 4 - COMPARISON OF FIRST-HALF RESULTS FOR 2016 AND 2017

	6 months ended	
(in € millions)	June 30, 2017	June 30, 2016
Net sales	**2,671.6**	**2,448.4**
Operating expenses		
Cost of sales	(1,248.2)	(1,142.8)
Administrative and selling expenses	(736.9)	(674.5)
Research and development costs	(121.1)	(118.1)
Other operating income (expenses)	(45.2)	(42.2)
Operating profit	**520.2**	**470.8**
Financial expenses	(44.7)	(50.0)
Financial income	7.3	4.4
Exchange gains (losses)	(6.6)	(0.2)
Financial profit (loss)	**(44.0)**	**(45.8)**
Profit before tax	**476.2**	**425.0**
Income tax expense	(157.2)	(139.8)
Share of profits (losses) of equity-accounted entities	(1.5)	(0.3)
Profit for the period	**317.5**	**284.9**
Of which:		
- Net profit attributable to the Group	**316.2**	**283.5**
- Minority interests	**(1.3)**	**(1.4)**

The table below presents the calculation of adjusted operating income (defined as operating income adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill), and maintainable adjusted operating income (i.e., excluding restructuring charges) for the periods under review:

	6 months ended	
(in € millions)	June 30, 2017	June 30, 2016
Profit for the period	**317.5**	**284.9**
Share of profits (losses) of equity-accounted entities	1.5	0.3
Income tax expense	157.2	139.8
Exchange (gains) losses	6.6	0.2
Financial income	(7.3)	(4.4)
Financial expenses	44.7	50.0
Operating profit	**520.2**	**470.8**
Acquisition-related amortization, depreciation, expenses and income	26.1	21.9
Goodwill impairment	0.0	0.0
Adjusted operating profit	**546.3**	**492.7**
Restructuring costs	5.4	13.7
Maintainable adjusted operating profit	**551.7**	**506.4**

4.1 Net sales

Consolidated net sales rose 9.1% to €2,671.6 million in the first six months of 2017, compared with €2,448.4 million in the first six months of 2016, reflecting the combined impact of:

- +3.2% organic rise (at constant scope of consolidation and exchange rates);
- +4.1% due to the broader scope of consolidation that resulted from acquisitions, and
- +1.6% due to exchange-rate effects over the period.

Organic changes in net sales by destination (local market of the end customer) from the first six months of 2016 to the first six months of 2017 were as follows:

France	1.9%
Italy	3.1%
Rest of Europe	5.5%
North and Central America	2.8%
Rest of the World	3.0%
Total	**3.2%**

France:

Sales in France for the first half of 2017 came to €466.4 million compared with €457.4 million in the first half of 2016, an increase of +2.0%. This reflects a +1.9% organic rise over the period. These good results were supported in particular by an increase in new residential construction activity (15 to 20% of sales in France) and a very slight rise in renovation.

Italy:

Net sales in Italy for the first half of 2017 came to €280.7 million compared with €270.7 million in the first half of 2016, an increase of +3.7%. This reflects a +0.6% change in scope of consolidation and a +3.1% organic rise.
This good performance benefited from the ongoing success of the Classe 300X connected door entry system and the My Home Up home system offer, as well as the favorable reception of the Smarther connected thermostat in the second quarter. These good showings helped to more than offset the high basis for comparison represented by the first half of 2016.

Rest of Europe:

Net sales in the Rest of Europe zone for the first half of 2017 came to €470.5 million compared with €426.7 million in the first half of 2016, an increase of +10.3%. This reflects a +4.8% change in scope of consolidation, an unfavorable -0.3% impact of exchange-rate fluctuations, and a +5.5% organic rise. The Group recorded solid performances in Eastern Europe, with particularly robust organic growth in Russia. Organic growth in sales was also sustained in many mature countries, in particular Spain, Greece, the Netherlands, the United Kingdom and Belgium. In Turkey, sales retreated over the period.

North and Central America:

Net sales in the North and Central America zone for the first half of 2017 came to €790.4 million compared with €674.2 million in the first half of 2016, an increase of +17.2%. This reflects an +11.1% change in scope of consolidation, the favorable +2.7% impact of exchange-rate fluctuations, and a +2.8% organic rise. In the United States alone, and thanks in particular to good performance in home systems and user interfaces, organic growth stood at +2.4% (and at +8.0% over two years from the first half of 2015). As a reminder (i) the calendar effect

should be unfavorable in the third quarter, and (ii) organic growth stood at +9.3% in the third quarter of 2016, benefiting from favorable one-offs (excluding these effects, the rise in sales would have been in the neighborhood of 3%), hence representing a demanding basis for comparison for the third quarter of 2017.
Mexico reported a solid increase in sales for the first half.

Rest of the World:
Net sales in the Rest of the World zone for the first half of 2017 came to €663.6 million compared with €619.4 million in the first half of 2016, an increase of +7.1%. This reflects a +0.6% change in scope of consolidation, a favorable +3.4% impact of exchange-rate fluctuations, and a +3.0% organic rise. A number of countries recorded a good first half, including China, South Korea, Indonesia, the United Arab Emirates and New Zealand.
In India, organic sales were also up on the first half of 2017, although business slowed temporarily in the second quarter due to the enforcement of the GST[1] on July 1, 2017. In the zone, activity retreated in some countries, including Australia, Malaysia and Thailand.

The table below shows a breakdown of net sales by destination (local market of the end customer) for the 6-month period ending June 30, 2017 and June 30, 2016:

	6 months ended			
	June 30, 2017		June 30, 2016	
(€ million, except %)	€	%	€	%
Net sales by destination				
France	466.4	17.5	457.4	18.7
Italy	280.7	10.5	270.7	11.1
Rest of Europe	470.5	17.6	426.7	17.4
North and Central America	790.4	29.6	674.2	27.5
Rest of the World	663.6	24.8	619.4	25.3
Total	**2,671.6**	**100.0**	**2,448.4**	**100.0**

The table below presents the components of changes in net sales by **destination** (client markets):

	6 months ended June 30,					
Net sales (€ million, except %)	**2017**	**2016**	**Total change**	**Change in scope of consolidation**	**Organic growth(1)**	**Exchange-rate effect**
France	466.4	457.4	2.0%	0.0%	1.9%	0.0%
Italy	280.7	270.7	3.7%	0.6%	3.1%	0.0%
Rest of Europe	470.5	426.7	10.3%	4.8%	5.5%	(0.3)%
North and Central America	790.4	674.2	17.2%	11.1%	2.8%	2.7%
Rest of the World	663.6	619.4	7.1%	0.6%	3.0%	3.4%
Consolidated total	**2,671.6**	**2,448.4**	**9.1%**	**4.1%**	**3.2%**	**1.6%**

(1) at constant scope of consolidation and exchange rates.

[1] Goods and Services Tax.

The table below presents the components of changes in net sales by **origin** of invoicing:

	6 months ended June 30,					
Net sales (€ million, except %)	**2017**	**2016**	**Total change**	**Change in scope of consolidation**	**Organic growth**[1]	**Exchange-rate effect**
France	518.2	511.0	1.4%	0.0%	1.4%	0.0%
Italy	297.2	286.8	3.6%	0.5%	3.1%	0.0%
Rest of Europe	457.4	412.8	10.8%	5.1%	6.1%	(0.6)%
North and Central America	805.7	688.0	17.1%	11.0%	2.8%	2.7%
Rest of the World	593.1	549.8	7.9%	0.5%	3.3%	3.9%
Consolidated total	**2,671.6**	**2,448.4**	**9.1%**	**4.1%**	**3.2%**	**1.6%**

(1) at constant scope of consolidation and exchange rates.

4.2 Cost of sales

The consolidated cost of sales rose 9.2% to €1,248.2 million in the first half of 2017, compared with €1,142.8 million in the first half of 2016. This was primarily due to:

- the consolidation of new acquisitions;
- the increase in volume of raw materials and components consumed as production increased; and
- an increase in price for raw materials and components

partially offset by:

- ongoing productivity and adaptation efforts.

As a percentage of net sales, the cost of sales held steady at 46.7% in the first half of 2017 as in the first half of 2016.

4.3 Administrative and selling expenses

Administrative and selling expenses rose by 9.3% to €736.9 million in the first half of 2017, compared with €674.5 million in the first half of 2016. This was essentially attributable to:

- ongoing investment to fuel growth in expanding activities; and
- consolidation of new acquisitions

partially offset by:

- continued adaptation and productivity initiatives.

Expressed as a percentage of sales, administrative and selling expenses stood at 27.6% in the first half of 2017 compared with 27.5% in the first half of 2016.

4.4 Research and development costs

(in € millions)	6 months ended June 30, 2017	6 months ended June 30, 2016
Research and development costs	(121.1)	(118.1)
Acquisition-related amortization and R&D tax credit	(5.2)	(1.6)
Amortization of capitalized development costs	16.1	13.3
R&D costs before capitalized development costs	**(110.2)**	**(106.4)**
Capitalized development costs	(17.7)	(14.6)
Research and development expenditure for the period	**(127.9)**	**(121.0)**

In accordance with IAS 38 "Intangible Assets", Legrand has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets.
On this basis, €17.7 million in development costs were capitalized in the first half of 2017 compared with €14.6 million in the first half of 2016.

Research and development costs totaled €121.1 million in the first half of 2017 compared with €118.1 million in the first half of 2016.
Excluding the impact of the capitalization of development costs and purchase accounting charges relating to acquisitions, as well as the tax credit for research and development activities, R&D expenditure stood at €127.9 million in the first half of 2017 (4.8% of net sales), compared with €121.0 million in the first half of 2016 (4.9% of net sales).

4.5 Other operating income and expenses

In the first six months of 2017, other operating expenses totaled €45.2 million compared with €42.2 million in the same period of 2016.

4.6 Operating profit

The Group consolidated operating profit rose 10.5% to €520.2 million in the first half of 2017 compared with €470.8 million in the first half of 2016. This increase resulted from:

- a 9.1% rise in net sales;
- a 9.2% rise in cost of sales;
- an 8.3% rise in administrative, selling and research & development costs; and
- a 7.1% rise in other income and operating expenses.

As a percentage of net sales, operating profit came to 19.5% in the first half of 2017 compared with 19.2% in the first half of 2016.

4.7 Adjusted operating income

Adjusted operating income is defined as operating income adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Adjusted operating income rose 10.9% to stand at €546.3 million in the first half of 2017 compared with €492.7 million in the first half of 2016, and broke down as follows by geographical zone:

France: €109.1 million in the first half of 2017 compared with €107.1 million in the first half of 2016, representing 21.1% of net sales in the first six months of 2017 compared to 21.0% in the first six months of 2016;

Italy: €112.8 million in the first half of 2017 compared with €103.1 million in the first half of 2016, representing 38.0% of net sales in the first six months of 2017 compared to 35.9% of net sales in the first six months of 2016;

Rest of Europe: €81.2 million in the first half of 2017 compared with €67.2 million in the first half of 2016, representing 17.8% of net sales in the first six months of 2017 compared to 16.3% in the first six months of 2016;

North and Central America: €150.7 million in the first half of 2017, compared with €129.7 million in the first half of 2016, representing 18.7% of net sales in the first six months of 2017 compared with 18.9% in the first six months of 2016; and

Rest of the World: €92.5 million in the first half of 2017 compared with €85.6 million in the first half of 2016, representing 15.6% of net sales in the first six months of 2017 compared to 15.6% in the first six months of 2016.

In the first half of 2017, Group adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.6% of net sales.
Compared with adjusted operating margin in the first half of 2016 (+20.1%), the +0.5-point increase is mainly due to a good operating performance against a backdrop of rising sales. More specifically, by reacting quickly to adjust its price lists in the first quarter, and with additional increases in the second quarter, Legrand was able in the first half to offset, in absolute value, the impact of the marked rise in raw material and component prices.

Taking acquisitions into account, the Group's adjusted operating margin came to 20.4% of net sales in the first half of 2017.

4.8 Net financial expenses

Finance expenses stood at €44.7 million in the first half of 2017 compared with €50.0 million in the first half of 2016. Financial income came to €7.3 million in the first half of 2017 compared with €4.4 million in the first half of 2016. Net financial expenses decreased 18.0% in the first six months of 2017 from the same period of 2016, accounting for 1.4% of net sales compared with 1.9% in the first half of 2016.

4.9 Exchange gains and losses

Exchange losses amounted to €6.6 million in the first six months of 2017 compared with €0.2 million in the same period of 2016.

4.10 Income tax expense

Consolidated income tax expense amounted to €157.2 million in the first half of 2017 compared with €139.8 million in the first half of 2016. The effective tax rate stood at 33.0% in the first six months of 2017 compared with 32.9% in the same period of 2016.

4.11 Net income

Net income rose 11.4% to €317.5 million in the first half of 2017 compared with €284.9 million in the first half of 2016. This mainly reflects:

- a €49.4 million rise in operating profit;
- an €8.2 million decline in net financial expenses;
- a €6.4 million rise in exchange losses;
- a €17.4 million rise in income tax expense.

Note 5 - CASH FLOWS AND INDEBTEDNESS

5.1 Cash flows

The table below summarizes cash flows for the six-month periods ended June 30, 2017 and June 30, 2016:

	6 months ended	
(in € millions)	**June 30, 2017**	**June 30, 2016**
Net cash from operating activities	295.7	249.7
Net cash from investing activities*	(475.9)	(447.6)
Net cash from financing activities	(121.9)	(351.2)
Translation net change in cash and cash equivalents	(16.2)	(8.0)
Increase (decrease) in cash and cash equivalents	(318.3)	(557.1)
** of which capital expenditure and capitalized development costs*	*(70.6)*	*(59.2)*

For more details of Legrand cash flows, see the consolidated statement of cash flow in the Group's consolidated financial statements presented in chapter 2 of this half-yearly financial report.

5.1.1 Net cash from operating activities

Net cash provided by operating activities stood at €295.7 million at June 30, 2017 compared with €249.7 million at June 30, 2016. This €46.0 million increase was due primarily to cash flow from operations (defined as net cash generated by operating activities, plus or minus changes in current operating assets and liabilities) reaching €449.4 million at June 30, 2017 (including in particular €7.3 million of non-recurring realized foreign-exchange gains) compared with €380.5 million on June 30, 2016. This increase in cash flow from operations was partially offset by changes in current operating assets and liabilities, which set cash used at €153.7 million in the first half of 2017 compared with €130.8 million in the same period of 2016, or €22.9 million more.

5.1.2 Net cash from investing activities

Net cash used in investing activities for the six months ended June 30, 2017 amounted to €475.9 million compared with €447.6 for the period ended June 30, 2016. This increase is mainly explained by an increase of capital expenditure and capitalized development costs, and also by an increase of expenditures to acquire subsidiaries in the first half of 2017 as compared to the first half of 2016.
Capital expenditure and capitalized development costs amounted to €70.6 million in the first half of 2017 (including €17.7 million in capitalized development costs), or a € 11.4 million rise compared with investments and capitalized development costs of €59.2 million in the period ending June 30, 2016 (of which €14.6 million in capitalized development costs). More particularly, investments dedicated to new products accounted for over 51% of the total, reflecting the drive for innovation fueling the Group’s current and future growth. Based on usual seasonality, industrial investment should be higher in the second half than in the first.

5.1.3 Net cash from financing activities

Net cash used in financing activities amounted to €121.9 million in the first half of 2017, including primarily the payment of dividends in an amount of €317.1 million and repayment of borrowings in an amount of €304.7 million, partially offset by a €483.9 million increase in short-term financing. In the first half of 2016, net cash used in financing activities amounted to €351.2 million, including primarily the payment of dividends in an amount of €307.1 million and an amount of €65.1 million related mainly to net buybacks of treasury stock.

5.2 Debt

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) came to €2,053.7 million at June 30, 2017 compared to €1,897.1 million at December 31, 2016. Cash and cash equivalents amounted to €621.8 million at June 30, 2017 compared to €940.1 million at December 31, 2016. Net debt (defined as gross debt less cash and cash equivalents) totaled €1,431.9 million at June 30, 2017 compared to €957.0 million at December 31, 2016.

The ratio of consolidated net debt to consolidated shareholders' equity was around 36% at June 30, 2017 compared with around 24% at December 31, 2016.

At June 30, 2017, gross debt consisted of:

- €1,100.0 million in bonds issued in March 2011, April 2012 and December 2015;
- €340.7 million in Yankee bonds, and
- €613.0 million in other debt, mainly commercial paper, bank borrowings, bank overdrafts and financial debt linked to acquisitions, less bond issuance expense.

Moreover, following the acquisition of Milestone AV Technologies LLC, in July 2017 the Group carried out a €1.0 billion bond issue in two tranches of €500.0 million each, with maturities of 7 and 15 years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

Note 6 - RELATED PARTY TRANSACTIONS

Readers should refer to Note 5.2 to the consolidated financial statements for the six-month period ended June 30, 2017. This is presented in chapter 2 of this half-year financial report, which details information relating to corporate officers.

Note 7 - RISKS AND UNCERTAINTIES

Readers should refer to chapter 3 and to Note 5.1 in chapter 8 of the Registration Document (Document de référence) filed with the French Autorité des Marchés Financiers (AMF) on March 31, 2017 under number D.17-0285. These discuss the main risk factors of a nature to adversely affect the Group's position and risk management.

Note 8 - TRENDS AND PROSPECTS

Based on Legrand's solid performances in the first half of 2017 and reiterating the expected unfavorable impacts on sales in the third quarter, mainly due to calendar effects as well as to high bases for comparison – particularly in the US – Legrand fully confirms its two targets for 2017[1]:

- organic growth in sales of between 0% and +3%; and
- adjusted operating margin before acquisitions (at 2016 scope of consolidation) of between 19.3% and 20.1% of sales.

[1] Readers are invited to refer to the press release announcing full-year 2016 results for a complete presentation of Legrand's 2017 targets.

2 CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2017

LEGRAND

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017

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Consolidated key figures

(in € millions)	**1st half 2017**	**1st half 2016**
Net sales	2,671.6	2,448.4
Adjusted operating profit[1]	546.3	492.7
As % of net sales	*20.4%*	*20.1%*
	*20.6% before acquisitions**	
Operating profit	520.2	470.8
As % of net sales	*19.5%*	*19.2%*
Net profit attributable to the Group	316.2	283.5
As % of net sales	*11.8%*	*11.6%*
Normalized[2] free cash flow[3]	373.3	317.6
As % of net sales	*14.0%*	*13.0%*
Free cash flow[3]	227.8	191.2
As % of net sales	*8.5%*	*7.8%*
Net financial debt at June 30[4]	1,431.9	1,374.8

**At 2016 scope of consolidation.*

(1) Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

(2) Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

(3) Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

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

The reconciliation of consolidated key figures with the financial statements is available in the appendices to the first-half 2017 results press release.

Consolidated statement of income

(in € millions)	6 months ended June 30, 2017	6 months ended June 30, 2016
Net sales (Notes 2.1 et 2.2)	**2,671.6**	**2,448.4**
Operating expenses (Note 2.3)		
Cost of sales	(1,248.2)	(1,142.8)
Administrative and selling expenses	(736.9)	(674.5)
Research and development costs	(121.1)	(118.1)
Other operating income (expenses)	(45.2)	(42.2)
Operating profit	**520.2**	**470.8**
Financial expenses	(44.7)	(50.0)
Financial income	7.3	4.4
Exchange gains (losses)	(6.6)	(0.2)
Financial profit (loss)	(44.0)	(45.8)
Profit before tax	**476.2**	**425.0**
Income tax expense (Note 2.4)	(157.2)	(139.8)
Share of profits (losses) of equity-accounted entities	**(1.5)**	**(0.3)**
Profit for the period	**317.5**	**284.9**
Of which:		
- Net profit attributable to the Group	**316.2**	**283.5**
- Minority interests	**1.3**	**1.4**
Basic earnings per share *(euros)* (Note 4.1.3)	1.188	1.063
Diluted earnings per share *(euros)* (Note 4.1.3)	1.176	1.053

Consolidated statement of comprehensive income

(in € millions)	6 months ended June 30, 2017	6 months ended June 30, 2016
Profit for the period	317.5	284.9
Items that may be reclassified subsequently to profit or loss		
Translation reserves	(144.5)	(6.2)
Income tax relating to components of other comprehensive income	(9.1)	(7.0)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	2.5	(15.3)
Deferred taxes on actuarial gains and losses	1.2	4.0
Comprehensive income for the period	**167.6**	**260.4**
Of which:		
- Comprehensive income attributable to the Group	**166.4**	**258.9**
- Minority interests	**1.2**	**1.5**

The accompanying Notes are an integral part of these consolidated financial statements.

(in € millions)	**June 30, 2017**	**December 31, 2016**
ASSETS		
Non-current assets		
Intangible assets (Note 3.1)	1,892.7	1,880.0
Goodwill (Note 3.2)	3,344.0	3,121.9
Property, plant and equipment (Note 3.3)	581.6	597.4
Investments in equity-accounted entities	14.7	2.2
Other investments	19.3	19.7
Other non-current assets	11.0	5.3
Deferred tax assets (Note 4.7)	105.1	102.5
Total non-current assets	**5,968.4**	**5,729.0**
Current assets		
Inventories (Note 3.4)	704.5	670.6
Trade receivables (Note 3.5)	645.8	564.2
Income tax receivables	25.1	41.1
Other current assets (Note 3.6)	168.8	164.8
Other current financial assets	0.5	1.6
Cash and cash equivalents (Note 3.7)	621.8	940.1
Total current assets	**2,166.5**	**2,382.4**
Total Assets	**8,134.9**	**8,111.4**

The accompanying Notes are an integral part of these consolidated financial statements.

(in € millions)	June 30, 2017	December 31, 2016
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 4.1)	1,066.4	1,069.3
Retained earnings (Notes 4.2 and 4.3.1)	3,245.1	3,227.8
Translation reserves (Note 4.3.2)	(384.4)	(240.0)
Equity attributable to the Group	3,927.1	4,057.1
Minority interests	10.4	9.3
Total equity	**3,937.5**	**4,066.4**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	136.8	127.4
Provisions for post-employment benefits (Note 4.5.1)	158.4	166.0
Long-term borrowings (Note 4.6.1)	1,095.0	1,550.7
Deferred tax liabilities (Note 4.7)	635.3	636.2
Total non-current liabilities	**2,025.5**	**2,480.3**
Current liabilities		
Trade payables	586.0	558.3
Income tax payables	43.0	30.8
Short-term provisions (Note 4.4)	74.9	82.4
Other current liabilities (Note 4.8)	509.0	546.2
Short-term borrowings (Note 4.6.2)	958.7	346.4
Other current financial liabilities	0.3	0.6
Total current liabilities	**2,171.9**	**1,564.7**
Total Equity and Liabilities	**8,134.9**	**8,111.4**

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in € millions)	6 months ended June 30, 2017	June 30, 2016
Profit for the period	**317.5**	**284.9**
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets (Note 2.3)	47.7	47.1
– Amortization and impairment of intangible assets (Note 2.3)	25.2	22.6
– Amortization and impairment of capitalized development costs (Note 2.3)	15.8	13.1
– Amortization of financial expenses	0.7	1.2
– Impairment of goodwill (Note 3.2)	0.0	0.0
– Changes in long-term deferred taxes	9.9	8.4
– Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	18.3	6.7
– Unrealized exchange (gains)/losses	13.8	(4.6)
– Share of (profits) losses of equity-accounted entities	1.5	0.3
– Other adjustments	(0.2)	0.6
– Net (gains)/losses on sales of assets	(0.8)	0.2
Changes in working capital requirement:		
– Inventories (Note 3.4)	(61.0)	(1.0)
– Trade receivables (Note 3.5)	(114.7)	(118.2)
– Trade payables	44.9	(1.2)
– Other operating assets and liabilities (Notes 3.6 and 4.8)	(22.9)	(10.4)
Net cash from operating activities	**295.7**	**249.7**
– Net proceeds from sales of fixed and financial assets	2.7	0.7
– Capital expenditure (Notes 3.1 and 3.3)	(52.9)	(44.6)
– Capitalized development costs	(17.7)	(14.6)
– Changes in non-current financial assets and liabilities	2.9	11.5
– Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(410.9)	(400.6)
Net cash from investing activities	**(475.9)**	**(447.6)**
– Proceeds from issues of share capital and premium (Note 4.1.1)	12.8	2.9
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	0.5	(65.1)
– Dividends paid to equity holders of Legrand (Note 4.1.3)	(317.1)	(307.1)
– Dividends paid by Legrand subsidiaries	(0.1)	(0.4)
– Proceeds from new borrowings and drawdowns (Note 4.6)	2.8	3.4
– Repayment of borrowings (Note 4.6)	(304.7)	(4.0)
– Debt issuance costs	0.0	0.0
– Net sales (buybacks) of marketable securities	0.0	2.5
– Increase (reduction) in short term financing (Note 4.6)	483.9	16.6
– Acquisitions of ownership interests with no gain of control (Note 1.3.2)	0.0	0.0
Net cash from financing activities	**(121.9)**	**(351.2)**
Translation net change in cash and cash equivalents	(16.2)	(8.0)
Increase (decrease) in cash and cash equivalents	**(318.3)**	**(557.1)**
Cash and cash equivalents at the beginning of the period	940.1	1,085.9
Cash and cash equivalents at the end of the period (Note 3.7)	**621.8**	**528.8**
Items included in cash flows:		
– Interest paid* during the period	65.6	61.0
– Income taxes paid during the period	117.8	99.0

Interest paid is included in the net cash from operationg activities.

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Equity attributable to the Group					
(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	Total equity
As of December 31, 2015	**1,067.7**	**3,057.4**	**(276.1)**	**(51.2)**	**3,797.8**	**9.6**	**3,807.4**
Profit for the period		283.5			283.5	1.4	284.9
Other comprehensive income		(7.0)	(6.3)	(11.3)	(24.6)	0.1	(24.5)
Total comprehensive income		276.5	(6.3)	(11.3)	258.9	1.5	260.4
Dividends paid		(307.1)			(307.1)	(0.4)	(307.5)
Issues of share capital and premium	0.6	2.3			2.9		2.9
Cancellation of shares held in treasury	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(65.1)			(65.1)		(65.1)
Change in scope of consolidation**		(0.7)			(0.7)	0.0	(0.7)
Current taxes on share buybacks		(0.1)			(0.1)		(0.1)
Share-based payments		3.3			3.3		3.3
As of June 30, 2016	**1,068.3**	**2,966.5**	**(282.4)**	**(62.5)**	**3,689.9**	**10.7**	**3,700.6**
Profit for the period		345.0			345.0	0.3	345.3
Other comprehensive income		4.9	42.4	(2.1)	45.2	0.0	45.2
Total comprehensive income		349.9	42.4	(2.1)	390.2	0.3	390.5
Dividends paid		0.0			0.0	(1.5)	(1.5)
Issues of share capital and premium	1.0	4.4			5.4		5.4
Cancellation of shares held in treasury	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(16.7)			(16.7)		(16.7)
Change in scope of consolidation**		(16.0)			(16.0)	(0.2)	(16.2)
Current taxes on share buybacks		(0.3)			(0.3)		(0.3)
Share-based payments		4.6			4.6		4.6
As of December 31, 2016	**1,069.3**	**3,292.4**	**(240.0)**	**(64.6)**	**4,057.1**	**9.3**	**4,066.4**
Profit for the period		316.2			316.2	1.3	317.5
Other comprehensive income		(9.1)	(144.4)	3.7	(149.8)	(0.1)	(149.9)
Total comprehensive income		307.1	(144.4)	3.7	166.4	1.2	167.6
Dividends paid		(317.1)			(317.1)	(0.1)	(317.2)
Issues of share capital and premium (Note 4.1.1)	2.3	10.5			12.8		12.8
Cancellation of shares held in treasury (Note 4.1.1)	(5.2)	(57.4)			(62.6)		(62.6)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		63.1			63.1		63.1
Change in scope of consolidation**		2.1			2.1	0.0	2.1
Current taxes on share buybacks		(0.3)			(0.3)		(0.3)
Share-based payments (Note 4.2)		5.6			5.6		5.6
As of June 30, 2017	**1,066.4**	**3,306.0**	**(384.4)**	**(60.9)**	**3,927.1**	**10.4**	**3,937.5**

** Net of deferred taxes*
*** Corresponds mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests*

The accompanying Notes are an integral part of these consolidated financial statements.

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Note 1 - Basis of preparation of the consolidated financial statements

1.1 General information

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 90 countries, and sells its products in close to 180 countries.

The Company is a French société anonyme incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The consolidated financial statements were approved by the Board of Directors on July 28, 2017.
They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016 as set out in the Registration Document filed with the AMF on March 31, 2017 under no. D. 17-0285.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

1.2 Accounting policies

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Code de commerce (French Commercial Code).

The consolidated financial statements cover the 6 months ended June 30, 2017. They have been prepared in accordance with the International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting, and IFRS Interpretations Committee interpretations adopted by the European Union[(1)] and applicable or authorized for early adoption from January 1, 2017.
None of the IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.
The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

[(1)] The IFRS adopted by the European Union as of June 30, 2017 can be downloaded from the "IFRS financial statements" page on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2017 that have an impact on the Group's 2017 financial statements

Not applicable.

1.2.1.2 New standards, amendments and interpretations with mandatory application from January 1, 2017 that have no impact on the Group's 2017 financial statements

Not applicable.

1.2.1.3 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.
IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year, and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in IAS 39 – Financial Instruments: Recognition and Measurement.
The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.
IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets. As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value through profit or loss.
In addition, IFRS 9 introduces a single impairment model that supersedes the various models set out in IAS 39 and also includes a simplified approach for financial assets that fall within the scope of IFRS 15 – Revenue from Contracts with Customers. This model is based in particular on the notion of expected credit losses, which applies regardless of the financial assets' credit quality.
Lastly, whereas most of the IAS 39 hedge accounting rules still apply, IFRS 9 allows more types of hedge relationships to qualify for hedge accounting, in addition to derivatives.

This standard is effective for annual periods beginning on or after January 1, 2018.

The Group reviewed these two standards, to determine their possible impacts on the consolidated financial statements and related disclosures. Applying IFRS 15 and IFRS 9 will not generate any material impact on the Group's financial statements on January 1, 2018.

1.2.1.4 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the Group until future periods

Amendment to IAS 7 – Statement of Cash Flows

In January 2016, the IASB issued an amendment to IAS 7 – Statement of Cash Flows.
This amendment requires disclosing in the financial statements an analysis of changes in financial liabilities, detailing changes impacting cash flows versus changes not impacting cash flows.

This standard, which has not yet been adopted by the European Union, should have been effective for annual periods beginning on or after January 1, 2017.

Amendment to IAS 12 – Income Taxes

In January 2016, the IASB issued an amendment to IAS 12 – Income Taxes.
This amendment clarifies the elements to include in estimated future taxable profits to justify the recognition of deferred tax assets resulting from tax losses.

This standard, which has not yet been adopted by the European Union, should have been effective for annual periods beginning on or after January 1, 2017.

Amendment to IFRS 15 – Revenue from Contracts with Customers

In April 2016, the IASB issued amendments to IFRS 15 – Revenue from Contracts with Customers.
These amendments clarify in particular the concept of performance obligations that are not considered "distinct within the context of the contract". Revenue resulting from such performance obligations is to be recognized as a single performance obligation.

These amendments, which have not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2018.

Amendment to IFRS 2 – Share-based Payment

In June 2016, the IASB issued an amendment to IFRS 2 – Share-based Payment.
This amendment specifies in particular that, for cash-settled share-based payment plans, non-market performance conditions and service conditions must impact the number of granted shares expected to vest but not their fair value.
In addition, the amendment outlines that, for equity-settled share-based payment plans, the IFRS 2 charge recognized in equity does not have to be reduced by any withholding tax to be paid by the entity to tax authorities on behalf of beneficiaries.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2018.

The Group reviewed these amendments, to determine their possible impacts on the consolidated financial statements and related disclosures. Their impact on the Group is not expected to be material.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17.
IFRS 16 provides a single lessee accounting model for the majority of leases with a term of more than 12 months. This model requires the lessee to recognize a right-of-use asset and a financial liability in the balance sheet when a lease contract conveys the right to control the use of an identified asset. In addition, the standard requires the lessee to recognize the lease expense partly as a depreciation charge within operating expenses and partly as an interest expense within financial expenses.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2019.

The Group is reviewing this standard, to determine its possible impacts on the consolidated financial statements and related disclosures.

1.2.2 Basis of consolidation

Subsidiaries are consolidated if they are controlled by the Group.

The Group has exclusive control over an entity when it has power over the entity, i.e., it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity, and has the ability to affect those returns.
Such subsidiaries are fully consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Any entity over which the Group has:

- significant influence (a situation that occurs when the Group holds more than 20% of the voting rights without providing it with substantive rights to govern the entity's key operations);
- joint-control (a situation where the Group's participation gives it substantive rights to govern the entity's key operations jointly with a partner but does not provide exclusive control to the Group);

is consolidated using the equity method.
Such subsidiaries are initially recognized at acquisition cost and consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

1.2.3.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, long term growth and profitability rates and royalty rates for trademarks with indefinite useful lives.

1.2.3.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on management's estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

1.2.3.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

1.3 Scope of consolidation

1.3.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 188 subsidiaries.

The main consolidated operating subsidiaries are reported in Note 1.3.1 to the consolidated financial statements as of December 31, 2016. Changes in the scope of consolidation in first-half 2017 are presented below in Note 1.3.2.

1.3.2 Changes in the scope of consolidation

The contributions to the Group’s consolidated financial statements of companies acquired since January 1, 2016 were as follows:

2016	March 31	June 30	September 30	December 31
Full consolidation method				
Fluxpower	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Primetech	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Pinnacle		Balance sheet only	5 months' profit	8 months' profit
Luxul Wireless		Balance sheet only	5 months' profit	8 months' profit
Jontek		Balance sheet only	5 months' profit	8 months' profit
Trias		Balance sheet only	Balance sheet only	8 months' profit
CP Electronics		Balance sheet only	Balance sheet only	7 months' profit
Solarfective			Balance sheet only	5 months' profit
Equity method				
TBS		6 months' profit	9 months' profit	12 months' profit

2017	March 31	June 30
Full consolidation method		
Fluxpower	3 months' profit	6 months' profit
Primetech	3 months' profit	6 months' profit
Pinnacle	3 months' profit	6 months' profit
Luxul Wireless	3 months' profit	6 months' profit
Jontek	3 months' profit	6 months' profit
Trias	3 months' profit	6 months' profit
CP Electronics	3 months' profit	6 months' profit
Solarfective	3 months' profit	6 months' profit
OCL	Balance sheet only	5 months' profit
AFCO Systems		Balance sheet only
Finelite		Balance sheet only
Equity method		
TBS	3 months' profit	6 months' profit
Borri		Balance sheet only

The main acquisitions carried out in first-half 2017 were as follows:

- the Group acquired OCL, specialized in architectural lighting solutions for commercial and high-end residential buildings in the United States. OCL reports annual sales of about $15 million ;

- the Group acquired AFCO Systems, a US provider of Voice-Data-Image (VDI) cabinets for datacenters, specialized in customized solutions. AFCO Systems has annual sales of about $23 million;

- the Group signed a joint-venture agreement to purchase 49% of Borri, an Italian UPS specialist. As this agreement provides the Group with a joint-control alongside Borri's historical shareholders, this entity will be consolidated in the Group's financial statements using the equity method;

- the Group acquired Finelite, a US front-runner in linear specification-grade lighting fixtures for non-residential buildings. Finelite has annual sales of approximately $200 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €410.9 million in first-half 2017, versus €400.6 million in first-half 2016.

Furthermore, in June 2017, the Group announced, subject to standard conditions precedent:

- the purchase of Server Technology Inc., a US frontrunner in intelligent PDUs for datacenters. Server Technology Inc. has annual revenues of over $110 million; and

- the purchase of Milestone AV Technologies LLC, a US frontrunner in Audio Video (AV) infrastructures and power. In 2016 Milestone recorded net sales of $464 million.
  For more details refer to the June 28, 2017 press release announcing the acquisition of Milestone AV Technologies LLC.

These two acquisitions were not closed at the publication date of the present document.

Note 2 - Half-year results

2.1 Net sales

In first-half 2017, the Group's consolidated net sales came to € 2,671.6 million, up +9.1% in total compared with first-half 2016 due to organic growth (+3.2%), the favorable impact of exchange rates (+1.6%) and changes in scope of consolidation (+4.1%).

The Group derived the large majority of its revenue from sales to generalist and specialist distributors. The two largest distributors accounted for close to 21% of consolidated net sales in 2016. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Revenue from the sale of goods is recognized when ownership and liability for loss or damage is transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

Revenue is also presented net of product returns which are strictly limited by sales conditions defined on a country by country basis.

2.2 Segment information

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.
Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which are allocated for internal reporting purposes into five geographical segments:

- France;
- Italy;
- Rest of Europe, mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey, and the UK;
- North and Central America, including Canada, Mexico, the United States, and Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

The first four segments are under the responsibility of four segment managers who are directly accountable to the chief operating decision maker of the Group.

Rest of the world is the only segment subject to an aggregation of several operating segments which are under the responsibility of segment managers who are themselves directly accountable to the chief operating decision maker of the Group. The economic models of subsidiaries within these segments are quite similar.
Indeed, their sales are made up of electrical and digital building infrastructure products in particular to electrical installers mainly through third-party distributors.

6 months ended June 30, 2017	Geographical segments					
	Europe			North and Central America	Rest of the world	
(in € millions)	France	Italy	Others			Total
Net sales to third parties	**518.2**	**297.2**	**457.4**	**805.7**	**593.1**	**2,671.6**
Cost of sales	(191.7)	(100.2)	(256.1)	(373.3)	(326.9)	(1,248.2)
Administrative and selling expenses, R&D costs	(209.8)	(82.2)	(116.1)	(286.7)	(163.2)	(858.0)
Other operating income (expenses)	(10.0)	(2.1)	(6.1)	(10.2)	(16.8)	(45.2)
Operating profit	**106.7**	**112.7**	**79.1**	**135.5**	**86.2**	**520.2**
- of which acquisition-related amortization, expenses and income						
• accounted for in administrative and selling expenses, R&D costs	(2.4)	(0.1)	(2.1)	(15.2)	(6.3)	(26.1)
• accounted for in other operating income (expenses)						0.0
- of which goodwill impairment						0.0
Adjusted operating profit	**109.1**	**112.8**	**81.2**	**150.7**	**92.5**	**546.3**
- of which depreciation expense	(13.1)	(8.5)	(7.4)	(6.3)	(12.1)	(47.4)
- of which amortization expense	(1.4)	(1.8)	(0.3)	(1.2)	(0.5)	(5.2)
- of which amortization of development costs	(10.9)	(3.8)	(0.7)	0.0	(0.4)	(15.8)
- of which restructuring costs	(3.7)	(0.2)	(0.1)	(0.1)	(1.3)	(5.4)
Capital expenditure	(14.9)	(8.1)	(11.0)	(11.2)	(7.7)	(52.9)
Capitalized development costs	(10.9)	(4.2)	(1.2)	0.0	(1.4)	(17.7)
Net tangible assets	173.6	114.3	87.3	78.5	127.9	581.6
Total current assets	544.9	173.1	355.1	406.9	686.5	2,166.5
Total current liabilities	1,262.2	214.0	160.6	195.8	339.3	2,171.9

6 months ended June 30, 2016	Geographical segments					
	Europe			North and Central America	Rest of the world	
(in € millions)	France	Italy	Others			Total
Net sales to third parties	**511.0**	**286.8**	**412.8**	**688.0**	**549.8**	**2,448.4**
Cost of sales	(184.0)	(99.7)	(234.4)	(323.1)	(301.6)	(1,142.8)
Administrative and selling expenses, R&D costs	(209.8)	(83.6)	(106.7)	(237.7)	(154.8)	(792.6)
Other operating income (expenses)	(12.3)	(0.5)	(5.7)	(9.5)	(14.2)	(42.2)
Operating profit	**104.9**	**103.0**	**66.0**	**117.7**	**79.2**	**470.8**
- of which acquisition-related amortization, expenses and income						
• accounted for in administrative and selling expenses, R&D costs	(2.2)	(0.1)	(1.2)	(12.0)	(6.4)	(21.9)
• accounted for in other operating income (expenses)						0.0
- of which goodwill impairment						0.0
Adjusted operating profit	**107.1**	**103.1**	**67.2**	**129.7**	**85.6**	**492.7**
- of which depreciation expense	(12.7)	(8.8)	(7.2)	(6.3)	(11.8)	(46.8)
- of which amortization expense	(1.0)	(1.6)	(0.3)	(1.3)	(0.6)	(4.8)
- of which amortization of development costs	(9.0)	(3.6)	(0.1)	(0.1)	(0.3)	(13.1)
- of which restructuring costs	(5.7)	(0.9)	(3.4)	(0.2)	(3.5)	(13.7)
Capital expenditure	(11.6)	(8.7)	(5.4)	(10.1)	(8.8)	(44.6)
Capitalized development costs	(10.2)	(3.6)	(0.2)	0.0	(0.6)	(14.6)
Net tangible assets	170.6	107.0	82.8	68.5	136.7	565.6
Total current assets	524.1	170.1	331.7	347.6	698.0	2,071.5
Total current liabilities	716.3	189.6	153.1	191.7	314.6	1,565.3

2.3 Operating expenses

Operating expenses include the following main categories of costs:

	6 months ended	
(in € millions)	**June 30, 2017**	**June 30, 2016**
Raw materials and component costs	(842.2)	(759.6)
Personnel costs	(705.4)	(652.4)
Other external costs	(469.9)	(440.4)
Depreciation and impairment of tangible assets	(47.7)	(47.1)
Amortization and impairment of intangible assets	(41.0)	(35.7)
Restructuring costs	(5.4)	(13.7)
Goodwill impairment	0.0	0.0
Other	(39.8)	(28.7)
Operating expenses	**(2,151.4)**	**(1,977.6)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.4), trade receivables (Note 3.5), and provisions for contingencies (Note 4.4).

The Group had an average of 35,836 employees in first-half 2017 (versus 35,013 in June 30, 2016), of which 28,847 back-office employees and 6,989 front-office employees (versus 28,129 and 6,884, respectively, in first-half 2016).

2.4 Income tax expense

Income tax expense consists of the following:

	6 months ended	
(in € millions)	**June 30, 2017**	**June 30, 2016**
Current taxes:		
France	(33.5)	(24.4)
Outside France	(120.5)	(105.2)
Total	**(154.0)**	**(129.6)**
Deferred taxes:		
France	1.6	(5.3)
Outside France	(4.8)	(4.9)
Total	**(3.2)**	**(10.2)**
Total income tax expense:		
France	(31.9)	(29.7)
Outside France	(125.3)	(110.1)
Total	**(157.2)**	**(139.8)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €476.2 million in first-half 2017 (versus €425.0 million in first-half 2016):

	6 months ended	
(Tax rate)	**June 30, 2017**	**June 30, 2016**
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Effect of foreign income tax rates	(5.82%)	(5.17%)
- Non-taxable items	0.68%	0.98%
- Income taxable at specific rates	(0.10%)	(0.12%)
- Other	4.39%	2.41%
	33.58%	**32.53%**
Impact on deferred taxes of:		
- Changes in tax rates	0.02%	0.49%
- Recognition or non-recognition of deferred tax assets	(0.60%)	(0.14%)
Effective tax rate	**33.00%**	**32.88%**

Note 3 - Details on non-current and current assets

3.1 Intangible assets

(in € millions)	**June 30, 2017**	**December 31, 2016**
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	298.3	289.8
Patents	21.7	24.8
Other intangible assets	164.7	157.4
Net value at the end of the period	**1,892.7**	**1,880.0**

3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units.

They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Gross value at the end of the period	1,928.2	1,917.8
Accumulated amortization and impairment at the end of the period	(221.9)	(220.0)
Net value at the end of the period	**1,706.3**	**1,697.8**

To date, no impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license the trademark from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were owned by a third party.

There was no evidence of events or changes in circumstances requiring the recognition of impairment losses in first-half 2017.

The following impairment testing parameters were used in the period ended December 31, 2016:

		Value in use	
Recoverable amount	**Carrying amount of trademarks with indefinite useful lives**	**Discount rate (before tax)**	**Growth rate to perpetuity**
Value in use	1,408.0	9.2 to 10.0%	2.9 to 3.1%

No impairment was recognized in the period ended December 31, 2016.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Gross value at the end of the period	612.2	619.5
Accumulated amortization and impairment at the end of the period	(590.5)	(594.7)
Net value at the end of the period	**21.7**	**24.8**

To date, no impairment has been recognized for these patents.

3.1.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs incurred for development projects (relating to the design and testing of new or improved products). They are amortized from the date of sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years. Costs incurred for projects that do not meet the IAS 38 definition of an intangible asset are recorded in research and development costs for the year in which they are incurred;
- software, which is generally purchased from an external supplier and amortized over 3 years;
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period ranging from 3 to 20 years.

Other intangible assets can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Capitalized development costs	340.3	349.7
Software	110.0	115.0
Other	90.8	84.0
Gross value at the end of the period	**541.1**	**548.7**
Accumulated amortization and impairment at the end of the period	(376.4)	(391.3)
Net value at the end of the period	**164.7**	**157.4**

To date, no material impairment has been recognized for these items.

3.2 Goodwill

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and

the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of 5 years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last 3 years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
France	685.8	685.8
Italy	381.5	381.5
Rest of Europe	335.1	341.4
North and Central America	1,304.2	1,038.9
Rest of the world	637.4	674.3
Net value at the end of the period	**3,344.0**	**3,121.9**

France, Italy and North and Central America are each considered to be a single cash-generating unit (CGU), whereas both Rest of Europe and Rest of the world regions include several CGUs.

In the Rest of Europe and Rest of the world regions, no final amount of goodwill allocated to a CGU represents more than 10% of total goodwill. Within these two regions, China, India and South America are the largest CGUs.

Changes in goodwill can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Gross value at the beginning of the period	3,159.9	2,814.0
- Acquisitions	417.8	385.1
- Adjustments	(55.2)	(63.6)
- Translation adjustments	(141.0)	24.4
Gross value at the end of the period	**3,381.5**	**3,159.9**
Impairment value at the beginning of the period	(38.0)	(37.7)
- Impairment losses	0.0	0.0
- Translation adjustments	0.5	(0.3)
Impairment value at the end of the period	**(37.5)**	**(38.0)**
Net value at the end of the period	**3,344.0**	**3,121.9**

Adjustments correspond to the difference between provisional and final goodwill.

Acquisition price allocations, which are performed within one year of each business combination, are as follows:

(in € millions)	**6 months ended June 30, 2017**	**12 months ended December 31, 2016**
- Trademarks	44.3	52.2
- Deferred taxes on trademarks	(0.4)	(15.6)
- Patents	0.0	25.1
- Deferred taxes on patents	0.0	(7.0)
- Other intangible assets	11.6	0.0
- Deferred taxes on other intangible assets	0.0	0.0
- Tangible assets	0.0	10.6
- Deferred taxes on tangible assets	0.0	(1.8)

There was no evidence of events or changes in circumstances requiring the recognition of impairment losses in first-half 2017.

The following impairment testing parameters were used in the period ended December 31, 2016:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		685.8	8.2%	2%
Italy		381.5	8.8%	2%
Rest of Europe	Value in use	341.4	7.1 to 17.1%	2 to 5%
North and Central America		1,038.9	9.4%	3.2%
Rest of the World		674.3	8.5 to 19.1%	2 to 5%
Net value at the end of the period		**3,121.9**		

No goodwill impairment losses were identified in the period ended December 31, 2016.

3.3 Property, plant and equipment

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Lightweight buildings……………………………………………………….25 years
Standard buildings………………………………………………………….40 years
Machinery and equipment………………………………………………….8 to 10 years
Tooling……………………………………………………………………….5 years
Office furniture and equipment…………………………………………….5 to 10 years

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies.

Property, plant and equipment can be analyzed as follows:

	June 30, 2017				
(in € millions)	**Land**	**Buildings**	**Machinery and equipment**	**Assets under construction and other**	**Total**
Gross value at the end of the period	55.3	619.6	1,721.4	284.2	2,680.5
Depreciation and impairment at the end of the period	0.0	(417.1)	(1,495.7)	(186.1)	(2,098.9)
Net value at the end of the period	**55.3**	**202.5**	**225.7**	**98.1**	**581.6**

As of June 30, 2017, total property, plant and equipment includes €10.1 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

	December 31, 2016				
(in € millions)	**Land**	**Buildings**	**Machinery and equipment**	**Assets under construction and other**	**Total**
Gross value at the end of the period	56.9	622.5	1,721.7	300.4	2,701.5
Depreciation and impairment at the end of the period	0.0	(413.2)	(1,498.3)	(192.6)	(2,104.1)
Net value at the end of the period	**56.9**	**209.3**	**223.4**	**107.8**	**597.4**

3.4 Inventories

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories are as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Purchased raw materials and components	271.8	254.2
Sub-assemblies, work in progress	88.3	85.7
Finished products	458.3	447.4
Gross value at the end of the period	**818.4**	**787.3**
Impairment	(113.9)	(116.7)
Net value at the end of the period	**704.5**	**670.6**

3.5 Trade receivables

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.
A provision can be recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor is late on payment (allowances are estimated using an aged receivables schedule);
- when a debtor has defaulted; or
- when a debtor's credit rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Trade receivables	725.2	640.7
Impairment	(79.4)	(76.5)
Net value at the end of the period	**645.8**	**564.2**

The Group uses factoring contracts to reduce the risk of late payments.
During first-half 2017, a total of €243.4 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of less than €1.0 million.
The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of June 30, 2017 was €86.0 million (€102.9 million as of December 31, 2016).

Past-due trade receivables can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Less than 3 months past due receivables	99.5	109.6
From 3 to 12 months past due receivables	31.9	30.5
More than 12 months past due receivables	30.9	31.8
Total	**162.3**	**171.9**

Provisions for impairment of past-due trade receivables amounted to €70.1 million as of June 30, 2017 (€67.3 million as of December 31, 2016). These provisions break down as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Provisions for less than 3 months past due receivables	11.8	9.6
Provisions for 3 to 12 months past due receivables	27.5	25.9
Provisions for more than 12 months past due receivables	30.9	31.8
Total	**70.1**	**67.3**

3.6 Other current assets

Other current assets are as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Employee advances	4.8	4.2
Prepayments	38.8	31.4
Taxes other than income tax	95.3	99.6
Other receivables	29.9	29.6
Net value at the end of the period	**168.8**	**164.8**

These assets are valued at amortized cost.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value.
Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled € 621.8 million as of June 30, 2017 (940.1 million as of December 31, 2016) and corresponded primarily to deposits with an original maturity of less than three months. Of this amount, about €5.2 million were not available to the Group in the short term as of June 30, 2017 (10.3 million as of December 31, 2016).

Note 4 - Details on non-current and current liabilities

4.1 Share capital and earnings per share

Share capital as of June 30, 2017 amounted to €1,066,393,864 represented by 266,598,466 ordinary shares with a par value of €4 each, for 266,598,466 theoretical voting rights and 266,538,338 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of June 30, 2017, the Group held 60,128 shares in treasury, versus 1,365,561 shares as of December 31, 2016, i.e. 1,305,433 less shares corresponding to:

- the cancellation of 1,300,000 shares;
- the net sale of 5,433 shares under the liquidity contract (Note 4.1.2.2).

As of June 30, 2017, among the 60,128 shares held in treasury by the Group, 5,128 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 55,000 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in first-half 2017 were as follows:

	Number of shares	Par value	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2016	267,327,374	4	1,069,309,496	949,737,052
Exercise of options under the 2007 plan	261,201	4	1,044,804	5,461,713
Exercise of options under the 2008 plan	99,273	4	397,092	1,620,902
Exercise of options under the 2009 plan	36,488	4	145,952	327,189
Exercise of options under the 2010 plan	174,130	4	696,520	3,057,204
Cancellation of shares	(1,300,000)	4	(5,200,000)	(57,387,122)
Repayment of paid-in capital*				(106,459,672)
As of June 30, 2017	266,598,466	4	1,066,393,864	796,357,266

**Portion of dividends distributed in June 2017 deducted from the premium account.*

On February 8, 2017, the Board of Directors decided the cancellation of 1,300,000 shares acquired under the share buyback program (shares bought back in 2016). The €57,387,122 difference between the buy-back price of the cancelled shares and their par value was deducted from the premium account.

In first-half 2017, 571,092 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €12.8 million (premiums included).

4.1.2 Share buybacks and transactions under the liquidity contract

As of June 30, 2017, the Group held 60,128 shares in treasury (1,365,561 as of December 31, 2016, out of which 1,305,128 under the share buyback program and 60,433 under the liquidity contract) which can be detailed as follows:

4.1.2.1 Share buybacks

As of June 30, 2017, the Group held 5,128 shares, acquired at a total cost of €238,046 for allocation upon exercise of performance share plans.

4.1.2.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Group to the liquidity contract.

As of June 30, 2017, the Group held 55,000 shares under this contract, purchased at a total cost of €3,361,355.

During first-half 2017, transactions under the liquidity contract led to a cash inflow of €558,847 corresponding to net sales of 5,433 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Group by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to the Group by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		6 months ended	
		June 30, 2017	June 30, 2016
Net profit attributable to the Group (*in € millions*)	A	316.2	283.5
Average number of shares (excluding shares held in treasury)	B	266,220,187	266,658,893
Average dilution from:			
Performance shares		*1,258,883*	*1,010,482*
Stock options		*1,403,469*	*1,510,128*
Average number of shares after dilution (excluding shares held in treasury)	C	268,882,539	269,179,503
Number of stock options and performance share grants outstanding at the period end		3,062,750	3,443,062
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(5,433)	(1,438,877)
Shares allocated during the period under performance share plans		0	547,186
Basic earnings per share (*euros*)	A/B	1.188	1.063
Diluted earnings per share (*euros*)	A/C	1.176	1.053
Dividend per share (*euros*)		1.190	1.150

As mentioned above, during first-half 2017, the Group:

- issued 571,092 shares under stock option plans; and
- sold a net 5,433 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2017, earnings per share and diluted earnings per share would have amounted to €1.186 and €1.174 respectively for the six months ended June 30, 2017.

During first-half 2016, the Group:

- issued 135,623 shares under stock option plans;
- transferred 547,186 shares under performance share plans, out of the 1,377,850 shares bought back for this purpose; and
- acquired a net 65,948 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2016, basic earnings per share and diluted earnings per share would have amounted to €1.066 and €1.054 respectively for the six months ended June 30, 2016.

4.2 Stock option plans and performance share plans

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under personnel costs on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

4.2.1 Performance share plans

4.2.1.1 2015, 2016 and 2017 performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	Plan 2015	Plan 2016	Plan 2017
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016
Grant date	May 29, 2015	May 27, 2016	May 31, 2017
Total number of performance share rights initially granted	388,769 (1)	495,615 (1)	485,035 (1)
o/w to Executive Director	*14,583* (1)	*15,181* (1)	*12,324* (1)
Total IFRS 2 charge (in € *millions*)	16.3 (2)	20.3 (2)	24.8 (2)
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021
Number of performance shares acquired as of June 30, 2017	0	0	0
Number of performance share rights cancelled or forfeited	(13,343)	0	0
Performance share rights outstanding as of June 30, 2017	**375,426**	**495,615**	**485,035**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L.228-99 of the French Commercial Code. Moreover, the number of performance shares has been reduced following the Executive Director's decision to waive part of his entitlement to performance shares granted under the 2015 and 2016 plans.

(2) Total charge estimated at the grant date assuming a 100% achievement for each performance criteria. This charge is spread over the 4 years of the vesting period.

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan	
		2015	2016 and 2017
"External" financial performance criterion	Comparison between the arithmetic mean over a three years period of Legrand's consolidated EBITDA margin as published in the consolidated financial statements and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	50%	$33^{1/3}$%
"Internal" financial performance criterion	Arithmetic mean over a three years period of levels of normalized free cash flow as a percentage of sales, as published in the consolidated financial statements.	50%	$33^{1/3}$%
Non-financial performance criterion	Arithmetic mean over a three years period of average levels of attainment of Group CSR Roadmap priorities over a three-year period.	0%	$33^{1/3}$%

The number of shares ultimately granted to beneficiaries is calculated as follows:

"External" financial performance criterion

Pay-out rate[1]	0%	100%	150%
Average gap in EBITDA margin in Legrand's favour between Legrand and the MSCI average over a three-year period	2015 Plan: 4 points or less 2016 Plan: 3.5 points or less 2017 Plan: 3.1 points or less	2015 Plan: 8.3 points 2016 Plan: 7.8 points 2017 Plan: 7.4 points	2015 Plan: 10.5 points or more 2016 Plan: 10.0 points or more 2017 Plan: 9.6 points or more

"Internal" financial performance criterion

Pay-out rate [1]	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a three-year period	2015 Plan: 9.4% or less 2016 Plan: 8.8% or less 2017 Plan: 8.6% or less	2015 Plan: 12.8% 2016 Plan: 12.2% 2017 Plan: 12.0%	2015 Plan: 14.5% or more 2016 Plan: 13.9% or more 2017 Plan: 13.7% or more

[1] *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

Non-financial performance criterion (applicable to the 2016 and 2017 performance share plans)

Applicable to beneficiaries with the exception of the Executive Director					
Pay-out rate [(1)]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 100%	Between 100 % and 125 %	Between 125 % and 200 %	Above 200%
Applicable to the Executive Director					
Pay-out rate [(1)]	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

[(1)] *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

If all these shares from 2015, 2016 and 2017 plans were to vest (i.e., 1,356,076 shares), the Company's capital would be diluted by 0.5% as of June 30, 2017.

4.2.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan		2008 Plan		2009 Plan		2010 Plan	
Date approved by shareholders	May 15, 2007		May 15, 2007		May 15, 2007		May 15, 2007	
Grant date	May 15, 2007		March 5, 2008		March 4, 2009		March 4, 2010	
Total number of options granted	1,642,578	(1)	2,024,675	(1)	1,192,066	(1)	3,279,147	(1)
o/w to Executive Directors	*79,871*	(1)	*142,738*	(1)	*94,967*	(1)	*221,659*	(1)
- Gilles Schnepp	*40,880*	(1)	*72,824*	(1)	*48,460*	(1)	*136,828*	(1)
- Olivier Bazil	*38,991*	(1)	*69,914*	(1)	*46,507*	(1)	*84,831*	(1)
Start of exercise period	May 16, 2011		March 6, 2012		March 5, 2013		March 5, 2014	
Expiry of exercise period	May 15, 2017		March 5, 2018		March 4, 2019		March 4, 2020	
Exercise price	€24.91 Average closing price over the 20 trading days preceding the grant date	(1)	€20.34 Average closing price over the 20 trading days preceding the grant date	(1)	€12.97 Average closing price over the 20 trading days preceding the grant date	(1)	€21.57 Average closing price over the 20 trading days preceding the grant date	(1)
Exercise terms (plans comprising several tranches)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)
Number of options exercised as of June 30, 2017	(1,505,297)		(1,565,750)		(818,473)		(1,933,716)	
Number of options cancelled or forfeited	(137,281)		(122,844)		(108,507)		(239,924)	
Stock options outstanding as of June 30, 2017	**0**		**336,081**		**265,086**		**1,105,507**	

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L.228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).

The weighted average market price of the Company stock upon exercises of stock options in first-half 2017 was €57.22.

If all these options were to be exercised (i.e., 1,706,674 options), the Company's capital would be diluted at most by 0.6% (which is a maximum dilution as it does not take into account the exercise price of these options) as of June 30, 2017.

4.2.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €5.6 million was recorded in first-half 2017 (€3.3 million in first-half 2016) for all of these plans combined. See also Note 4.5.2 for cash-settled long-term employee benefits plans implemented from 2013.

4.3 Retained earnings and translation reserves

4.3.1 Retained earnings

Consolidated retained earnings of the Group as of June 30, 2017 amounted to €3,245.1 million.

As of the same date, the Company had retained earnings including profit for the period of €981.9 million available for distribution.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under “Translation reserves”, until such potential time as the Group no longer controls the entity.

Translation reserves record the impact of fluctuations in the following currencies:

(in € millions)	**June 30, 2017**	**December 31, 2016**
US dollar	(46.1)	38.0
Other currencies	(338.3)	(278.0)
Total	**(384.4)**	**(240.0)**

The Group operates in more than 90 countries. It is mainly exposed to a dozen currencies other than euro and US dollar, including the Indian rupee, Chinese yuan, Brazilian real, British pound, Russian ruble, Australian dollar, Turkish lira, Mexican peso and Chilean peso.

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.
Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Consequently, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in translation reserves. Gains on these bonds recognized in translation reserves in first-half 2017 amounted to €28.4 million, resulting in a net negative balance of €62.3 million as of June 30, 2017.

In addition, to hedge a portion of the net investment in British pounds, the Group has entered into a derivative contract. Foreign exchange gains and losses on this derivative financial instrument are recognized in translation reserves. Gains on this derivative financial instrument recognized in translation reserves in first-half 2017 amounted to €3.2 million, resulting in a net positive balance of €16.6 million as of June 30, 2017.

Finally, in accordance with IAS 21, translation gains and losses on receivables or payables considered as part of a net investment in a foreign Group entity are recognized in translation reserves. Losses recognized in translation reserves in first-half 2017 amounted to €5.1 million, resulting in a net positive balance of €4.3 million as of June 30, 2017.

4.4 Provisions

Changes in provisions in first-half 2017 are as follows:

	June 30, 2017					
(in € millions)	Products warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	21.0	55.4	26.3	13.3	93.8	209.8
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Increases	7.3	9.5	3.1	4.0	17.1	41.0
Utilizations	(2.9)	(1.8)	(0.5)	(4.5)	(15.8)	(25.5)
Reversals of surplus provisions	(0.9)	(4.2)	0.0	(0.3)	(3.2)	(8.6)
Reclassifications	0.0	2.1	0.0	(0.8)	(0.3)	1.0
Translation adjustments	(0.5)	(0.7)	(1.8)	(0.4)	(2.6)	(6.0)
At end of period	**24.0**	**60.3**	**27.1**	**11.3**	**89.0**	**211.7**
Of which non-current portion	*12.6*	*39.0*	*19.4*	*1.6*	*64.2*	*136.8*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefits plans described in Note 4.5.2 for an amount of €55.1 million (see also consolidated statement of changes in equity for performance share plans described in Note 4.2.1).
"Other" also includes a €6.9 million provision for environmental risks, mainly to cover estimated depollution costs related to property assets held for sale.

Changes in provisions in 2016 were as follows:

	December 31, 2016					
(in € millions)	Products warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	18.8	56.4	14.9	12.8	110.7	213.6
Changes in scope of consolidation	0.7	0.0	1.5	0.0	0.0	2.2
Increases	7.3	20.0	10.5	11.4	27.6	76.8
Utilizations	(4.5)	(12.7)	(2.7)	(9.4)	(42.6)	(71.9)
Reversals of surplus provisions	(1.6)	(9.3)	0.0	(1.2)	(4.4)	(16.5)
Reclassifications	0.4	0.2	0.2	(0.7)	1.1	1.2
Translation adjustments	(0.1)	0.8	1.9	0.4	1.4	4.4
At end of period	**21.0**	**55.4**	**26.3**	**13.3**	**93.8**	**209.8**
Of which non-current portion	*10.4*	*36.8*	*23.0*	*2.1*	*55.1*	*127.4*

“Other” includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefit plans for an amount of €59.0 million as of December 31, 2016).
“Other” also includes a €9.3 million provision for environmental risks as of December 31, 2016, mainly to cover estimated depollution costs related to property assets held for sale.

4.5 Provision for post-employment benefits and other long-term employee benefits

4.5.1 Pension and other post-employment benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.
The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with one of these Group companies up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
France (Note 4.5.1.2)	84.3	87.9
Italy (Note 4.5.1.3)	37.3	39.2
United Kingdom (Note 4.5.1.4)	19.7	17.7
United States (Note 4.5.1.5)	1.7	5.1
Other countries	23.2	24.2
Total pension and other post-employment defined benefit obligations	**166.2**	**174.1**
Of which current portion	*7.8*	*8.1*

The total amount of those liabilities is €166.2 million as of June 30, 2017 (€174.1 million as of December 31, 2016) and is analyzed in Note 4.5.1.1 which shows total liabilities of €351.1 million as of June 30, 2017 (€356.8 million as of December 31, 2016) less total assets of €184.9 million as of June 30, 2017 (€182.7 million as of December 31, 2016).

The provisions recorded in the balance sheet correspond to the portion of the total liability remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on actuarial assumptions, and the net residual value of the plan assets at that date.

4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Defined benefit obligation		
Projected benefit obligation at beginning of period	356.8	361.7
Service cost	4.4	9.1
Interest cost	4.7	10.4
Benefits paid or unused	(11.8)	(31.5)
Employee contributions	0.2	0.4
Actuarial losses/(gains)	7.7	17.9
Curtailments, settlements, special termination benefits	0.0	0.0
Translation adjustments	(10.7)	(12.7)
Other	(0.2)	1.5
Projected benefit obligation at end of period (I)	**351.1**	**356.8**
Fair value of plan assets		
Fair value of plan assets at beginning of period	182.7	184.6
Expected return on plan assets	3.1	6.2
Employer contributions	6.4	10.2
Employee contributions	0.2	0.7
Benefits paid	(8.4)	(13.0)
Actuarial (losses)/gains	10.2	4.1
Translation adjustments	(9.3)	(10.1)
Other	0.0	0.0
Fair value of plan assets at end of period (II)	**184.9**	**182.7**
Liability recognized in the balance sheet (I) - (II)	**166.2**	**174.1**
Current liability	7.8	8.1
Non-current liability	158.4	166.0

Actuarial gains recognized in equity in first-half 2017 amounted to €2.5 million (€3.7 million after tax).
The €2.5 million actuarial gains resulted from:

- €4.0 million in gains from changes in financial assumptions;
- €0.1 million in gains from changes in demographic assumptions; and
- €1.6 million in experience losses.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citigroup Pension Liability Index.

The impact of service costs and interest costs on profit before tax for the period is as follows:

	6 months ended	
(in € millions)	**June 30, 2017**	**June 30, 2016**
Service cost	(4.4)	(5.0)
Net interest cost*	(1.6)	(2.1)
Total	**(6.0)**	**(7.1)**

**The expected return on assets and interest costs are presented as a net amount in financial expenses.*

The weighted-average allocation of pension plan assets is as follows as of June 30, 2017:

(as a percentage)	**France**	**United Kingdom**	**United States**	**Weighted total**
Equity instruments		42.9	65.8	53.6
Debt instruments		51.0	33.6	42.8
Insurance funds	100.0	6.1	0.6	3.6
Total	**100.0**	**100.0**	**100.0**	**100.0**

These assets are marked to market.

4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €84.3 million as of June 30, 2017 (€87.9 million as of December 31, 2016) corresponding to the difference between the projected benefit obligation of €84.4 million as of June 30, 2017 (€88.1 million as of December 31, 2016) and the fair value of the related plan assets of €0.1 million as of June 30, 2017 (€0.2 million as of December 31, 2016).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in first-half 2017 was based on a salary increase rate of 2.8%, a discount rate and an expected return on plan assets of 1.9% (respectively 2.8% and 1.6% in 2016).

4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.
Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €37.3 million as of June 30, 2017 (€39.2 million as of December 31, 2016).

The calculation in first-half 2017 was based on a discount rate of 1.7% (1.3% in 2016).

4.5.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.
Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.3% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 44.8% and retired participants for 52.9%.

The provisions recorded in the consolidated balance sheet amounted to €19.7 million as of June 30, 2017 (€17.7 million as of December 31, 2016), corresponding to the difference between the projected benefit obligation of €108.9 million (€103.4 million as of December 31, 2016) and the fair value of the related plan assets of €89.2 million (€85.7 million as of December 31, 2016).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in first-half 2017 was based on a salary increase rate of 4.2%, a discount rate and an expected return on plan assets of 2.4% (respectively 4.3% and 2.9% in 2016).

4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds. The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 30.2% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.0% and retired participants for 55.8%.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €1.7 million as of June 30, 2017 (€5.1 million as of December 31, 2016), corresponding to the difference between the projected benefit obligation of €80.7 million (€86.1 million as of December 31, 2016) and the fair value of the related plan assets of €79.0 million (€81.0 million as of December 31, 2016).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in first-half 2017 was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 3.7% (respectively 3.5% and 3.9% in 2016).

4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefits plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, in certain cases, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled and thus, in accordance with IFRS 2, the corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled. The other plans qualify as long-term employee benefit plans, with a corresponding provision recognized in compliance with IAS 19.

During first-half 2017, a net expense of €9.3 million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €55.1 million as of June 30, 2017 (including payroll taxes). See also Notes 4.2.1 for performance share plans and Note 4.2.3 for IFRS 2 charges accounted for in the period.

4.6 Long-term and short-term borrowings

The Group actively manages its debt through diversified sources of financing available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds were redeemed at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

Yankee bonds

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on Yankee bonds is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

In December 2013, a number of Yankee bonds holders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract. This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Drawdowns are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. In addition, the 2011 Credit Facility does not contain any covenants.

As of June 30, 2017, the Credit Facility had not been drawn down.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Bonds	700.0	1,100.0
Yankee bonds	340.7	368.8
Other borrowings	60.2	88.5
Long-term borrowings excluding debt issuance costs	**1,100.9**	**1,557.3**
Debt issuance costs	(5.9)	(6.6)
Total	**1,095.0**	**1,550.7**

No guarantees have been given with respect to these borrowings.

Long-term borrowings (excluding debt issuance costs) as of June 30, 2017 can be analyzed by maturity as follows:

(in € millions)	**Bonds**	**Yankee bonds**	**Other borrowings**
Due in one to two years	0.0	0.0	16.5
Due in two to three years	0.0	0.0	18.7
Due in three to four years	0.0	0.0	11.0
Due in four to five years	400.0	0.0	11.3
Due beyond five years	300.0	340.7	2.7
Long-term borrowings excluding debt issuance costs	**700.0**	**340.7**	**60.2**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2016 can be analyzed by maturity as follows:

(in € millions)	**Bonds**	**Yankee bonds**	**Other borrowings**
Due in one to two years	400.0	0.0	48.8
Due in two to three years	0.0	0.0	16.4
Due in three to four years	0.0	0.0	9.3
Due in four to five years	0.0	0.0	10.5
Due beyond five years	700.0	368.8	3.5
Long-term borrowings excluding debt issuance costs	**1,100.0**	**368.8**	**88.5**

Average interest rates on borrowings are as follows:

	6 months ended	
	June 30, 2017	**June 30, 2016**
Bonds	3.26%	3.51%
Yankee bonds	8.50%	8.50%
Other borrowings	2.71%	2.66%

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Bonds	400.0	300.0
Negotiable commercial paper	500.0	15.0
Other borrowings	58.7	31.4
Total	**958.7**	**346.4**

4.7 Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

Short- and long-term deferred taxes can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Deferred taxes – short-term	84.8	83.1
Deferred taxes – long-term	(615.0)	(616.8)
Total	**(530.2)**	**(533.7)**

Tax losses carried forward break down as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Recognized operating losses carried forward	**35.9**	**38.4**
Recognized deferred tax assets	7.9	8.0
Unrecognized operating losses carried forward	**112.3**	**121.0**
Unrecognized deferred tax assets	26.2	27.8
Total net operating losses carried forward	**148.2**	**159.4**

4.8 Other current liabilities

Other current liabilities can be analyzed as follows:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Taxes other than income tax	87.9	70.6
Accrued employee benefits expense	222.4	235.4
Statutory and discretionary profit-sharing reserve	19.0	30.9
Payables related to fixed asset purchases	12.6	19.6
Accrued expenses	84.5	88.2
Accrued interest	22.4	48.5
Deferred revenue	18.9	16.5
Pension and other post-employment benefit obligations	7.8	8.0
Other current liabilities	33.5	28.5
Total	**509.0**	**546.2**

Note 5 - Other information

5.1 Financial instruments and management of financial risks

5.1.1 Financial instruments

5.1.1.1 Impact of financial instruments

	6 months ended					
	June 30, 2017				**June 30, 2016**	
	Impact on financial profit (loss)	**Impact on equity**			**Impact on financial profit (loss)**	**Impact on equity**
(in € millions)		**Fair value**	**Translation adjustment**	**Other**		
Trade receivables	(0.4)				(0.5)	
Cash and cash equivalents	6.1		(16.2)		3.3	(8.0)
Trade payables						
Borrowings	(37.5)		28.4		(41.5)	7.3
Derivatives	5.8		3.2		(11.5)	9.6
Total	**(26.0)**		**15.4**		**(50.2)**	**8.9**

Yankee bonds denominated in US dollar and the derivative financial instrument denominated in British pound are treated as net investment hedges (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

(in € millions)	June 30, 2017						December 31, 2016
				Levels of valuation			
	Carrying amount	Amortized cost	Fair value	*Level 1(1)*	*Level 2(2)*	*Level 3(3)*	Carrying amount
ASSETS							
Current assets							
Trade receivables	645.8	645.8			*645.8*		564.2
Other current financial assets	0.5		0.5		*0.5*		1.6
Cash and cash equivalents	621.8		621.8		*621.8*		940.1
Total current assets	**1,268.1**	**645.8**	**622.3**	***0.0***	***1,268.1***	***0.0***	**1,505.9**
EQUITY AND LIABILITIES							
Current liabilities							
Short-term borrowings	958.7	532.1	439.0	*412.4*	*532.1*	*26.6*	346.4
Trade payables	586.0	586.0			*586.0*		558.3
Other current financial liabilities	0.3		0.3		*0.3*		0.6
Total current liabilities	**1,545.0**	**1,118.1**	**439.3**	***412.4***	***1,118.4***	***26.6***	**905.3**
Non-current liabilities							
Long-term borrowings	1,095.0	42.3	1,237.4	*1,225.4*	*42.3*	*12.0*	1,550.7
Total non-current liabilities	**1,095.0**	**42.3**	**1,237.4**	***1,225.4***	***42.3***	***12.0***	**1,550.7**

(1) Level 1: quoted prices on an active market;

(2) Level 2: calculations made from directly observable market data;

(3) Level 3: calculations made from non observable market data.

Cash and cash equivalents, other current financial assets and liabilities as well as puts on minority interests are accounted for at fair value. In accordance with IFRS 13, fair value measurement takes counterparty default risk into account.
In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate

Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks.

This strategy, which is described in the notes to the consolidated financial statements for the year ended December 31, 2016, has not significantly changed during first-half 2017.

5.2 Related-party information

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee.

Compensation and benefits provided to the members of the Executive Committee for their services are detailed in the following table:

	6 months ended	
(in € millions)	**June 30, 2017**	**June 30, 2016**
Compensation (amounts paid during the period)		
Fixed compensation	1.9	1.9
Variable compensation	2.9	2.7
Other short-term benefits (1)	0.0	0.0
Pension and other post-employment benefits (2)	**0.0**	**(11.2)**
Other long-term benefits (charge for the period) (3)	**1.6**	**0.6**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period) (4)	**1.1**	**0.6**

(1) Other short-term benefits include benefits in kind.
(2) Change in the obligation's present value (in accordance with IAS 19).
(3) As per the long-term employee benefits plans described in Note 4.5.2.
(4) As per the performance share plans described in Note 4.2.1.

5.3 Off-balance sheet commitments and contingent liabilities

5.3.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 1.3.2: Changes in the scope of consolidation (Milestone AV Technologies LLC acquisition)
- Note 4.5.1: Pension and other post-employment benefit obligations.

5.3.2 Routine transactions

5.3.2.1 Financial guarantees

(in € millions)	**June 30, 2017**	**December 31, 2016**
Guarantees given to banks	132.2	163.3
Guarantees given to other organizations	55.7	56.0
Total	**187.9**	**219.3**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.3.2.2 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	**June 30, 2017**	**December 31, 2016**
Due within one year	56.4	49.0
Due in one to two years	46.6	42.8
Due in two to three years	37.7	31.4
Due in three to four years	27.2	25.1
Due in four to five years	20.2	20.3
Due beyond five years	29.9	34.8
Total	**218.0**	**203.4**

5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €19.1 million as of June 30, 2017.

5.3.3 Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

5.4 Subsequent events

Following the acquisition of Milestone AV Technologies LLC, the Group carried out in July 2017 a bond issue for a total of €1.0 billion, in two tranches of €500.0 million each, with maturities of 7 and 15 years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

3 STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REVIEW REPORT ON THE 2017 HALF-YEAR FINANCIAL INFORMATION

For the six-month period ended June 30, 2017

This is a free translation into English of the Statutory Auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

LEGRAND
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*) , we hereby report to you on:

- the review of the accompanying half-year consolidated financial statements of LEGRAND, for the period from January 1, 2017 to June 30, 2017 ;
- the verification of the information contained in the half-year management report.

These half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2017, and of the results of its operations for the six-month period then ended, in accordance with IFRSs as adopted by the European Union.

2. Specific verification

We have also verified the information given in the half-year management report commenting the half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine, July 28, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Edouard Sattler

Deloitte et Associés

Jean-François Viat

4 RESPONSIBILITY FOR THE HALF-YEARLY FINANCIAL REPORT

1 - PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

1.1 Name and position of the person responsible for the half-yearly financial report

Mr. Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French société anonyme whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as "the Company".

1.2 Declaration of the person responsible for the half-yearly financial report

"I hereby certify that, to the best of my knowledge, the full consolidated financial statements for the first half 2016 have been drawn up in accordance with the applicable set of accounting standards and fairly present the assets, the financial position and results of the Company and the businesses within the scope of consolidation and that management report appearing on pages 3 et seq. of the half-yearly financial report fairly presents the material events that occurred in the first six months of the financial year and their impact of the interim accounts, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the financial year."

Gilles Schnepp
Chairman and Chief Executive Officer

2 - STATUTORY AUDITORS

2.1 Principal Statutory Auditors

PricewaterhouseCoopers Audit
Member of the Versailles Regional Body of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)
Represented by Edouard Sattler
Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary General Meeting of Shareholders of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010, a for a term of six financial years and at the Ordinary General Meeting of Shareholders of May 27, 2016. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2021.

Deloitte & Associés
Member of the Versailles Regional Body of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)
Represented by Jean-Marc Lumet
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex, France

Appointed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of December 21, 2005 and renewed as Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years and at the Ordinary General Meeting of Shareholders of May 31, 2017. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2022.

2.2 Deputy Statutory Auditor

Mr. Jean-Christophe Georghiou
Member of the Versailles Regional Body of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)
Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2016 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2021.

3 - FINANCIAL INFORMATION

3.1 Person responsible for financial information

Mr. Antoine Burel
Chief Financial Officer
Address: 82, rue Robespierre, 93170 Bagnolet, France
Tel: + 33 (0) 1 49 72 52 00
Fax: + 33 (0) 1 43 60 54 92

3.2 Indicative financial information schedule

The financial information to be disclosed to the public by the Company will be available from the Company's website (www.legrand.com).

As an indication only, the Company's timetable for the publication of financial information should be as follows:

- 2017 nine-month results: November 7, 2017
- "Quiet period[1]" starts October 7, 2017
- 2017 annual results: February 8, 2018
- "Quiet period[1]" starts January 9, 2018
- General Meeting of Shareholders: May 30, 2018

[1] Period of time when all communication is suspended in the run-up to publication of results.

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