PRESS RELEASE

Limoges, November 7, 2019

Release for the first nine months of 2019

Net sales up +10%

Robust value creation

Adjusted operating profit: +10%

Net profit attributable to the Group: +9%

Normalized free cash flow: +12%

Ongoing innovation- and acquisition-driven momentum

Many new product launches

Two new acquisitions announced[1]: Connectrac in the United States and Jobo Smartech[2] in China

2019 targets confirmed[3]

Benoît Coquart, Legrand's Chief Executive Officer, commented:

"Net sales up +10%

In the first nine months of the year, total sales grew by double-digits (+10.2%), driven by organic growth (+2.3%), a sustained increase in scope of consolidation (+5.2%), and a favorable exchange-rate effect (+2.4%).

Robust value creation

Adjusted operating profit rose +10.0% from the first nine months of 2018 and adjusted operating margin stood at 20.4% of sales, reaching 20.8% before acquisitions (at 2018 scope of consolidation).

Net profit attributable to the Group rose +8.8% and normalized free cash flow was up +12.3%.

These solid showings illustrate once again Legrand's capacity to create value over the long term.

Ongoing innovation- and acquisition-driven momentum

Legrand is actively pursuing its innovation strategy, successfully launching many new products, particularly in user interfaces, energy distribution and digital infrastructures. More specifically, the Group has continued to launch Eliot offerings with greater value in use, including smart emergency-lighting systems in France, the new Classe 100x door entry system in Italy, and connected user interfaces on international markets.

Finally, after acquiring Universal Electric Corporation in the second quarter, Legrand today announced its acquisition of Connectrac, an innovative US company specializing in over-floor power and data distribution, and Jobo Smartech[2], the Chinese leader in connected hotel-room management systems."

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[1] After the acquisition of Universal Electric Corporation in April 2019.
[2] Subject to standard conditions precedent.
[3] For a complete presentation of Legrand's full-year 2019 targets, readers are invited to consult the press release dated February 14, 2019.

2019 targets confirmed

Taking into account achievements in the first nine months of 2019 and the demanding basis of comparison of the fourth quarter of 2018[1], Legrand confirms its 2019 target[2] for organic growth in sales of between 0% and +4% and its 2019 target[2] for adjusted operating margin before acquisitions (at 2018 scope of consolidation) of between 19.9%[3] and 20.7%[3] of sales.
Legrand will also pursue its strategy of value-creating acquisitions.

[1] For more details, readers are invited to consult page 6 of the press release dated February 14, 2019.
[2] For a complete presentation of Legrand's full-year 2019 targets, readers are invited to consult the press release dated February 14, 2019.
[3] After an estimated favorable impact of around +0.1% points linked to the implementation of IFRS 16 from January 1, 2019.

Key figures

Consolidated data (€ millions)(1)	9 months 2018	9 months 2019	Change
Sales	4,437.4	4,888.9	+10.2%
Adjusted operating profit	907.9	998.5	+10.0%
As % of sales	*20.5%*	*20.4%*(2)	
		20.8%(2) *before acquisitions*(3)	
Operating profit	854.3	931.3	+9.0%
As % of sales	*19.3%*	*19.0%*(2)	
Net profit attributable to the Group	574.5	625.0	+8.8%
As % of sales	*12.9%*	*12.8%*(4)	
Normalized free cash flow	673.9	757.0	+12.3%
As % of sales	*15.2%*	*15.5%*(5)	
Free cash flow	441.6	671.6	+52.1%
As % of sales	*10.0%*	*13.7%*(5)	
Net financial debt at September 30	2,260.1	2,769.1(6)	+22.5%

(1) See appendices to this press release for definitions and reconciliation tables of indicators.
(2) Including a favorable impact of around +0.1 points linked to implementation of the IFRS 16 standard.
(3) At 2018 scope of consolidation.
(4) Implementation of the IFRS 16 standard has no significant impact on net profit attributable to the Group.
(5) Including a favorable impact of around +1.0 point linked to implementation of the IFRS 16 standard.
(6) Including €328.1 million in lease financial liabilities (implementation of the IFRS 16 standard since January 1, 2019).

Financial performance at September 30, 2019

Consolidated sales

Sales in the first nine months of 2019 were up +10.2% from the same period of 2018, at €4,888.9 million.

Over the first nine months of 2019, organic growth in sales stood at +2.3%, including +2.6% in mature countries and +1.5% in new economies.

The impact of the broader scope of consolidation was +5.2%. Based on acquisitions made in 2018 and 2019 and their likely dates of consolidation, this should reach around +5% full year in 2019.

The exchange-rate effect was favorable at +2.4% in the first nine months of the year. Applying average exchange rates for October 2019 to the last three months of the year, the full-year 2019 impact on sales of changes in currency rates should come to around +2%.

Changes in sales by destination at constant scope of consolidation and exchange rates broke down as follows by region:

	9 months 2019 / 9 months 2018	3rd quarter 2019 / 3rd quarter 2018
Europe	+2.7%	+3.6%
North and Central America	+2.6%	+3.0%
Rest of the world	+1.1%	+0.3%
Total	**+2.3%**	**+2.6%**

In the third quarter 2019 alone, the +2.6% organic rise in sales reflected (i) first, a solid performance in mature economies (+3.3%) that was driven in particular by good showings in France (linked notably to the favorable basis of comparison of the third quarter of 2018 due to destocking in distribution[1]), in Italy and in the United States; and (ii) secondly, a limited rise in sales in new economies (+0.8%), driven by sustained growth in sales in China and India, but affected by a continued retreat in business in the Middle East, declining sales in Turkey (related, as announced, to a particularly demanding basis of comparison), and retreating sales in Brazil.

In the first nine months of 2019, changes at constant scope of consolidation and exchange rates are analyzed below by geographical region:

- **Europe** (40.0% of Group sales): Organic growth in sales in Europe was +2.7% in the first nine months of 2019.

In Europe's mature countries, sales rose +2.8% over the period. This good performance was linked in particular to a sustained rise in sales in Italy, buoyed by good showings in energy distribution and the success of Eliot program offerings such as the new Classe 100x connected video door entry system; in Southern Europe[2]; in the Benelux[3]; and in the United Kingdom. Sales in France were up slightly in the first nine months of the year.

In Europe's new economies, sales rose +2.3% at constant scope of consolidation and exchange rates, driven by very good showings in Eastern Europe. Sales in Turkey declined, due, as announced, to a particularly demanding basis of comparison.

- **North and Central America** (38.9% of Group sales): Sales rose +2.6% from the first nine months of 2018 at constant scope of consolidation and exchange rates.

In the United States alone, sales rose +3.1% over the first nine months of 2019. This rise was driven by solid showings in user interfaces and cable management. In the first nine months of the year, the Group also reported growth in sales in lighting management solutions.

In the first nine months of the year, sales were almost stable in Canada and retreated in Mexico.

- **Rest of the world** (21.1% of Group sales): sales rose +1.1% at constant scope of consolidation and exchange rates in the first nine months of 2019.

Sales in Asia-Pacific were up +2.3% from the first nine months of 2018, driven in particular by good showings in India and China that were partially offset by a decline in sales in Australia.

In Latin America, organic growth in sales came to +0.3% in the first nine months of the year. Over the period, sales increased slightly in Brazil and business retreated in Colombia.

In Africa and the Middle East, sales retreated by -2.0%. The marked decline in the Middle East due to a weaker business environment was partly offset by growth in sales in many African countries.

[1] For more details, readers are invited to consult page 4 of the press release dated November 8, 2018.
[2] Southern Europe: Spain + Greece + Portugal.
[3] Benelux: Belgium + Netherlands + Luxembourg.

Adjusted operating profit and margin

Over the first nine months of 2019, adjusted operating profit came to €998.5 million, i.e., up +10.0%. Adjusted operating margin thus stood at 20.4% of sales.
Before acquisitions (at 2018 scope of consolidation), adjusted operating margin came to 20.8% of sales, up +0.3 points from adjusted operating margin for the first nine months of 2018. With markets uncertain on the whole and differentiated from one country to another, and against a backdrop of rising US customs duties, this good performance stems from efficient pricing management combined with effective control of administrative and selling expenses and other operating expenses. As a reminder, in the third quarter alone, the Group benefited from a favorable basis for comparison[1].

Net profit attributable to the Group

In the first nine months of 2019, net profit attributable to the Group was up +8.8%. This €50.5 million rise from the first nine months of 2018 reflects in particular:

- a good operating performance, with an increase in operating profit (+€77.0 million);
- an unfavorable change (-€13.3 million) in net financial expenses (which would nonetheless be almost stable excluding application of the IFRS 16 standard) and in foreign-exchange result; and
- a rise in the absolute value of corporate tax (-€11.9 million) linked to the Group's increased profit before tax, partially offset by the favorable impact of a one-off reduction of nearly one point in corporate tax rate, to around 28%.

Cash generation

Cash flow from operations represented 18.0% of sales in the first nine months of 2019, i.e. a rise of +11.4%.

Normalized free cash flow recorded a +12.3% rise from the first nine months of 2018, thus representing 15.5% of sales.

Working capital requirement stood at 10.4% of sales[2] at September 30, 2019, with the 0.5-point rise from September 30, 2018 linked primarily to the consolidation of recent acquisitions.

Free cash flow for the first nine months of 2019 was solid at 13.7% of Group sales.

Ongoing innovation- and acquisition-driven momentum

Many new product launches

Legrand has successfully pursued its innovation strategy and launches of new products, including:

- user interface ranges such as Mosaic in France, Radiant Graphite in the United States, Lyncus in India, and Rivia in Vietnam, along with the Valena Next and Plexo with Netatmo connected ranges in Europe;
- the Classe 100x connected video door entry system in Italy;
- lighting systems including an offering of connected emergency-lighting units in France, and architectural and mission-critical lighting fixtures in the United States;
- solutions for digital infrastructures including the LCS3 program's fiber cassettes and power over ethernet switches;
- energy infrastructure and distribution solutions including the Trimod MCS UPS and highly energy-efficient CRT Tier 2 transformers;

[1] For more details, readers are invited to consult the press release dated November 8, 2018.
[2] Based on sales in the last twelve months.

- assisted living solutions, with the Reach Digital smart residential alarms; and
- the P31 cable management range, notably in Europe.

The Eliot program is also being actively expanded, sustained by new product launches and the geographical deployment of the Group's connected offerings.

Two new acquisitions announced: Connectrac in the United States and Jobo Smartech[1] in China

Legrand is actively pursuing its acquisition-driven growth. At the beginning of the year, the Group thus strengthened its positions in the United States by purchasing Universal Electric Corporation, the undisputed American leader in busways for datacenters, whose offering—sold mainly under the Starline brand—has long been known for its quality and ease of use. Buoyed by good momentum, Universal Electric Corporation has turned in a good showing since the beginning of the year.

Today Legrand announced two new deals, by purchasing:

- Connectrac, an innovative US company specializing in over-floor power and data distribution for new construction and renovation of commercial buildings. Based in Dallas, Texas, Connectrac strengthens Legrand's world leadership in cable management with annual sales of around $20 million and a workforce of some 75; and
- Jobo Smartech[1], the Chinese leader in connected hotel-room management solutions (lighting, air temperature, etc.) whose ranges ideally round out those of Legrand in China's dynamic hotel segment. Located in Huizhou, Jobo Smartech has around 250 employees and generates annual sales of over €10 million.

Based on acquisitions made in 2018 and 2019 and their likely dates of consolidation, the full-year 2019 impact of changes in scope of consolidation should come to around +5% for sales and about -0.4 points in adjusted operating margin.

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[1] Subject to standard conditions precedent.

The consolidated financial statements for the first nine months of 2019 were adopted by the Board of Directors at its meeting on November 6, 2019. These consolidated financial statements, a presentation of 2019 first nine months results and the related teleconference (live and replay) are available at www.legrandgroup.com

KEY FINANCIAL DATES:

- 2019 annual results: **February 13, 2020**
  "Quiet period[1]" starts January 14, 2020
- 2020 first-quarter results: **May 7, 2020**
  "Quiet period[1]" starts April 7, 2020
- General Meeting of Shareholders: **May 27, 2020**

ABOUT LEGRAND

Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for commercial, industrial and residential markets makes it a benchmark for customers worldwide. Drawing on an approach that involves all teams and stakeholders, Legrand is pursuing its strategy of profitable and sustainable growth driven by acquisitions and innovation, with a steady flow of new offerings—including Eliot connected products with enhanced value in use. Legrand reported sales of close to €6 billion in 2018. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 index.*
(code ISIN FR0010307819)
https://www.legrandgroup.com

**Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the Group's innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.*
https://www.legrandgroup.com/en/group/eliot-legrands-connected-objects-program

Investor relations
Legrand
François Poisson
Tel: +33 (0)1 49 72 53 53

francois.poisson@legrand.fr

Press relations
Publicis Consultants
Vilizara Lazarova
Tel: +33 (0)1 44 82 46 34
Mob: +33 (0)6 26 72 57 14
vilizara.lazarova@consultants.publicis.fr

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

Appendices

Glossary

Adjusted operating profit: 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.

Busways: electric power distribution systems based on metal busbars.

Cash flow from operations: Cash flow from operations is defined as net cash from operating activities excluding changes in working capital requirement.

CSR: Corporate Social Responsibility.

EBITDA: EBITDA is defined as operating profit plus depreciation and impairment of tangible and of right of use assets, amortization and impairment of intangible assets (including capitalized development costs), reversal of inventory step-up and impairment of goodwill.

Free cash flow: 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.

KVM: Keyboard, Video and Mouse.

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

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

Organic growth: Organic growth is defined as the change in sales at constant structure (scope of consolidation) and exchange rates.

Payout: Payout is defined as the ratio between the proposed dividend per share for a given year, divided by the net profit attributable to the Group per share of the same year, calculated on the basis of the average number of ordinary shares at December 31 of that year, excluding shares held in treasury.

PDU: Power Distribution Units.

UPS: Uninterruptible Power Supply.

Working capital requirement: Working capital requirement is defined as the sum of trade receivables, inventories, other current assets, income tax receivables and short-term deferred tax assets, less the sum of trade payables, other current liabilities, income tax payables, short-term provisions and short-term deferred tax liabilities.

Calculation of working capital requirement

In € millions	9M 2018	9M 2019
Trade receivables	712.0	767.8
Inventories	855.7	945.2
Other current assets	186.3	217.8
Income tax receivables	75.5	43.0
Short-term deferred taxes assets/(liabilities)	94.6	95.7
Trade payables	(621.6)	(624.7)
Other current liabilities	(567.9)	(625.8)
Income tax payables	(66.3)	(50.5)
Short-term provisions	(79.3)	(95.8)
Working capital required	**589.0**	**672.7**

Calculation of net financial debt

In € millions	9M 2018	9M 2019
Short-term borrowings	162.9	626.1
Long-term borrowings	2,882.7	3,592.3
Cash and cash equivalents	(785.5)	(1,449.3)
Net financial debt	**2,260.1**	**2,769.1**

Reconciliation of adjusted operating profit with profit for the period

In € millions	9M 2018	9M 2019
Profit for the period	**575.0**	**625.8**
Share of profits (losses) of equity-accounted entities	0.3	1.3
Income tax expense	235.0	246.9
Exchange (gains) / losses	(7.0)	(0.9)
Financial income	(8.7)	(9.5)
Financial expense	59.7	67.7
Operating profit	**854.3**	**931.3**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	53.6	67.2
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**907.9**	**998.5**

Reconciliation of EBITDA with profit for the period

In € millions	9M 2018	9M 2019
Profit for the period	**575.0**	**625.8**
Share of profits (losses) of equity-accounted entities	0.3	1.3
Income tax expense	235.0	246.9
Exchange (gains) / losses	(7.0)	(0.9)
Financial income	(8.7)	(9.5)
Financial expense	59.7	67.7
Operating profit	**854.3**	**931.3**
Depreciation and impairment of tangible and of right of use assets	74.1	133.6
Amortization and impairment of intangible assets (including capitalized development costs)	77.8	87.2
Impairment of goodwill	0.0	0.0
EBITDA	**1,006.2**	**1,152.1**

Reconciliation of cash flow from operations, free cash flow and normalized free cash flow with profit for the period

In € millions	9M 2018	9M 2019
Profit for the period	**575.0**	**625.8**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	153.8	222.8
Changes in other non-current assets and liabilities and long-term deferred taxes	54.5	28.4
Unrealized exchange (gains)/losses	3.0	(1.9)
(Gains)/losses on sales of assets, net	2.8	3.2
Other adjustments	0.7	1.2
Cash flow from operations	**789.8**	**879.5**
Decrease (Increase) in working capital requirement	(252.4)	(96.6)
Net cash provided from operating activities	**537.4**	**782.9**
Capital expenditure (including capitalized development costs)	(100.5)	(117.8)
Net proceeds from sales of fixed and financial assets	4.7	6.5
Free cash flow	**441.6**	**671.6**
Increase (Decrease) in working capital requirement	252.4	96.6
(Increase) Decrease in normalized working capital requirement	(20.1)	(11.2)
Normalized free cash flow	**673.9**	**757.0**

Scope of consolidation

2018	Q1	H1	9M	Full year
Full consolidation method				
Modulan	Balance sheet only	Balance sheet only	6 months	9 months
Gemnet		Balance sheet only	Balance sheet only	7 months
Shenzhen Clever Electronic			Balance sheet only	6 months
Debflex				Balance sheet only
Netatmo				Balance sheet only
Kenall				Balance sheet only
Trical				Balance sheet only

2019	Q1	H1	9M	Full year
Full consolidation method				
Modulan	3 months	6 months	9 months	12 months
Gemnet	3 months	6 months	9 months	12 months
Shenzhen Clever Electronic	3 months	6 months	9 months	12 months
Debflex	Balance sheet only	6 months	9 months	12 months
Netatmo	Balance sheet only	6 months	9 months	12 months
Kenall	3 months	6 months	9 months	12 months
Trical	Balance sheet only	6 months	9 months	12 months
Universal Electric Corporation		Balance sheet only	6 months	9 months
Connectrac				To be determined
Jobo Smartech				To be determined

Disclaimer

This press release may contain forward-looking statements which are not historical data. Although Legrand considers these statements to be based on reasonable assumptions at the time of publication of this release, they are subject to various risks and uncertainties that could cause actual results to differ from those expressed or implied herein.

Details on risks are provided in the Legrand Registration Document filed with the Autorité des marchés financiers (Financial Markets Authority, AMF), which is available on-line on the websites of both AMF (www.amf-france.org) and Legrand (www.legrandgroup.com).

No forward-looking statement contained in this press release is or should be construed as a promise or a guarantee of actual results, which are liable to differ significantly. Therefore, such statements should be used with caution, taking into account their inherent uncertainty.

Subject to applicable regulations, Legrand does not undertake to update these statements to reflect events or circumstances occurring after the date of publication of this release.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy Legrand shares in any jurisdiction.