PRESS RELEASE

Limoges, November 3, 2022

Release for the first nine months of 2022

Sustained rise in sales: +19.1%

including organic growth: +10.1%

Robust financial performance

Adjusted operating margin: 20.2% of sales
Rise in net profit: +16.1%

Ongoing external growth momentum

2 new acquisitions in buoyant segments

2022 full-year targets confirmed

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

"Sales at the end of September came to more than €6 billion, up +19.1% from the same period of 2021, and were driven by organic growth of +10.1%. Despite many adverse external factors, linked in particular to high across-the-board inflation, Group profitability held up particularly well, with an adjusted operating margin at 20.2% of sales.

Legrand confirms once again the benefits of its model for robust value creation, with net profit up +16.1% in the first nine months of 2022.

On the back of an uncertain economic outlook, we are deploying initiatives to both seize all growth opportunities, particularly in datacenters and energy efficiency solutions, and to optimize our cost structures.

Lastly, Legrand is playing an active role in promoting frugal energy choices[1] *by:*

- *doubling our own energy consumption reduction goals set between 2021 and year-end 2023, and we are now aiming for a -15% cut;*
- *offering a wide range of solutions for automating eco-friendly actions in all buildings and making them easier to implement."*

[1] For more information, readers are referred to the press release dated October 6, 2022.

2022 full-year targets confirmed[1]

In 2022, Legrand is pursuing the strategy of profitable and responsible development laid out in its strategic roadmap[2].

Taking into account solid achievements in the first nine months of 2022 and the uncertain macroeconomic outlook, Legrand has confirmed the full-year targets it set for 2022, i.e.:

- growth in sales at constant exchange rates of between +9% and +12%, with (i) organic growth of between +6% and +9% and (ii) a scope of consolidation effect of around +3%;
- an adjusted operating margin of about 20% of sales, with (i) a margin of between 19.9% and 20.7% before acquisitions (at 2021 scope of consolidation) and (ii) dilution from acquisitions of between -20 and -40 basis points.

The Group also aims to reach around 100% of CSR achievement for the first year of its 2022-2024 roadmap, testifying to its bold and exemplary approach to ESG.

[1] For more information, see Legrand press releases dated February 10, May 5 and July 29, 2022.
[2] For more information, see Legrand press release dated September 22, 2021.

Financial performance at September 30, 2022

Key figures

Consolidated data (€ millions)[1]	9 months 2021	9 months 2022	Change
Sales	5,168.7	6,153.7	+19.1%
Adjusted operating profit	1,106.7	1,240.3	+12.1%
As % of sales	*21.4%*	*20.2%* *20.4% before acquisitions*[2]	
Operating profit	1,041.7	1,164.7	+11.8%
As % of sales	*20.2%*	*18.9%*	
Net profit attributable to the Group	699.0	811.7	+16.1%
As % of sales	*13.5%*	*13.2%*	
Normalized free cash flow	858.9	1,000.0	+16.4%
As % of sales	*16.6%*	*16.3%*	
Free cash flow	774.3	616.9	-20.3%
As % of sales	*15.0%*	*10.0%*	
Net financial debt at September 30	2,456.0	2,660.0	+8.3%

(1) See appendices to this press release for definitions and indicator reconciliation tables.
(2) At 2021 scope of consolidation.

Consolidated sales

In the first nine months of 2022, sales rose +19.1% from the same period of 2021 to total €6,154 million.

Organic growth was +10.1% over the period, including +9.7% in mature countries and +11.3% in new economies. Despite external constraints linked in particular to pressure on supply chains, especially for electronic components, and geopolitical turmoil, nine-month organic growth in sales reflects strong Group business momentum – including many successful commercial initiatives and pricing power – as well as Legrand's ongoing and very active supply chain management.

Changes in scope from acquisitions added +2.4%. Based on acquisitions completed and their likely dates of consolidation, the full-year impact should be around +3%.

The exchange-rate effect added +5.6% to sales in the first nine months of 2022. Based on average monthly exchange rates in October alone, the full-year exchange-rate effect should be nearly +6% in 2022.

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

	9 months 2022 / 9 months 2021	3rd quarter 2022 / 3rd quarter 2021
Europe	+10.5%	+8.9%
North and Central America	+10.7%	+9.8%
Rest of the world	+8.0%	+4.8%
Total	**+10.1%**	**+8.4%**

These changes are analyzed below by geographical region:

- **Europe** (39.7% of Group revenue): growth at constant scope of consolidation and exchange rates was +10.5% in the first nine months of 2022.

In Europe's mature countries (34.1% of Group revenues), organic growth in sales came to +9.2% in the first nine months of the year, including a rise of +8.4% in the third quarter alone.

Sales in Europe's new economies were up +18.6% over the first nine months of the year, with +11.1% in the third quarter alone, as the conflict between Russia and Ukraine has had a negative impact since the second quarter. Note that together these two countries accounted for around 2% of Group sales in 2021.

- **North and Central America** (40.7% of Group sales): sales increased +10.7% from the first nine months of 2021 at constant scope of consolidation and exchange rates.

In the United States alone (37.3% of Group revenue), organic sales rose +11.1% in the first nine months of the year, including +10.6% in the third quarter alone. The increase through the first nine months remained linked in particular to marked growth in sales in non-residential applications, limited in part by pressure on supply chains.

In the first nine months, sales continued to rise sharply in Mexico and retreated in Canada.

- **Rest of the world** (19.6% of Group sales): sales marked an organic rise of +8.0% in the first nine months of 2022.

In Asia-Pacific (12.8% of Group sales), nine-month sales were up +9.6%, with +5.0% in the third quarter alone. Sales trends over nine months reflect very sustained momentum in India, with a more demanding basis for comparison in the third quarter, and this offset a decline in business trends in China.

In Africa and the Middle East (3.5% of Group sales), sales rose +11.3% in the first nine months of the year and +14.2% in the third quarter alone. The nine-month upward trend was strong both in Africa and in the Middle East, with double-digit gains in many countries.

In South America (3.3% of Group sales) sales were down a slight -1.1% over the nine-month period, impacted by a decline in the third quarter alone (-4.8%) due to the adverse economic environment, in particular in Brazil.

Adjusted operating profit and margin

In the first nine months of 2022, adjusted operating profit came to €1,240 million, up +12.1% from the same period of 2021, setting the adjusted operating margin at 20.2% of sales for the period.

The adjusted operating margin before acquisitions (at 2021 scope of consolidation) came to 20.4% of sales in the first nine months of the year, down -1.0 point from the corresponding period of 2021.

Against a backdrop of persistently strong inflation (including a rise of around +15% for raw materials and components in the first nine months of the year and over +11% in the third quarter alone), continued high profitability reflects the Group's firm management of both expenses and sales pricing.

Net profit attributable to the Group

Net profit attributable to the Group rose +16.1% from the first nine months of 2021 to total €812 million. This +€113 million increase results primarily from:

- a rise in operating profit (+€123 million);
- a favourable trend (+€12 million) in financial and foreign-exchange results; and
- an increase in the amount of corporate income tax (-€22 million).

Cash generation and balance sheet structure

Cash flow from operations stood at €1,156 million, i.e., 18.8% of sales in the first nine months of 2022, down -0.9 points from the same period of 2021.

Representing 16.3% of sales in the first nine months of the year, normalized free cash flow was +16.4% higher than in the first nine months of 2021.

Free cash flow was equal to 10.0% of sales for the period, including temporary strengthened coverage of inventories, reflecting the priority given to customer service.

The ratio of net debt to EBITDA[1] was 1.5 at September 30, 2022.

Ongoing external growth momentum: 2 new acquisitions in buoyant segments

Following the purchase of Emos, Usystems and Voltadis since the beginning of the present year, Legrand is continuing its strategy of bolt-on[2] external growth and has announced two new acquisitions:

- A. & H. Meyer, Germany's leading player in "power in furniture" connectivity solutions for commercial buildings. Based in Dörentrup (Germany), A. & H. Meyer has nearly 200 employees and annual sales of over €20 million; and
- Power Control, a British specialist in UPS systems (equipment, services and maintenance). Based in Sheffield (United Kingdom), the company has annual sales of around €15 million and a workforce of over 70.

These acquisitions strengthen Legrand's global positions in segments buoyed by strong, structural trends (energy-efficiency infrastructures, solutions for changing ways of working), and together boost total annual sales of companies acquired in 2022 to nearly €145 million.

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[1] Based on EBITDA for the past 12 months.
[2] Acquisitions that complement Legrand's activities.

Consolidated financial statements for the first nine months of 2022 were adopted by the Board of Directors at its meeting on November 2, 2022. These consolidated financial statements, a presentation of results for the first nine months of 2022, and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2022 annual results: **February 9, 2023**
  "Quiet period[1]" starts January 10, 2023
- 2023 first-quarter results: **May 4, 2023**
  "Quiet period[1]" starts April 4, 2023
- General Meeting of Shareholders: **May 31, 2023**

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. The Group harnesses technological and societal trends with lasting impacts on buildings with the purpose of improving life by transforming the spaces where people live, work and meet with electrical, digital infrastructures and connected solutions that are simple, innovative and sustainable. Drawing on an approach that involves all teams and stakeholders, Legrand is pursuing its strategy of profitable and responsible growth driven by acquisitions and innovation, with a steady flow of new offerings—including products with enhanced value in use (faster expanding segments: datacenters, connected offerings and energy efficiency programs). Legrand reported sales of €7.0 billion in 2021. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 and CAC 40 ESG indexes. (code ISIN FR0010307819).
https://www.legrandgroup.com

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[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 right of use assets, amortization and impairment of intangible assets (including capitalized development costs), reversal of inventory step-up and impairment of goodwill.

ESG: Environmental, Societal and Governance.

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 2021	9M 2022
Trade receivables	780.1	1,032.4
Inventories	1,125.5	1,550.0
Other current assets	240.7	275.6
Income tax receivables	83.7	138.7
Short-term deferred taxes assets/(liabilities)	112.9	112.9
Trade payables	(799.3)	(878.1)
Other current liabilities	(725.8)	(818.3)
Income tax payables	(59.0)	(77.2)
Short-term provisions	(138.2)	(128.1)
Working capital required	**620.6**	**1,207.9**

Calculation of net financial debt

In € millions	9M 2021	9M 2022
Short-term borrowings	1,256.0	416.1
Long-term borrowings	3,870.0	4,467.6
Cash and cash equivalents	(2,670.0)	(2,223.7)
Net financial debt	**2,456.0**	**2,660.0**

Reconciliation of adjusted operating profit with profit for the period

In € millions	9M 2021	9M 2022
Profit for the period	**698.8**	**812.0**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	278.5	300.4
Exchange (gains) / losses	1.8	(2.0)
Financial income	(5.3)	(9.3)
Financial expense	67.9	63.6
Operating profit	**1,041.7**	**1,164.7**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	65.0	75.6
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**1,106.7**	**1,240.3**

Reconciliation of EBITDA with profit for the period

In € millions	9M 2021	9M 2022
Profit for the period	**698.8**	**812.0**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	278.5	300.4
Exchange (gains) / losses	1.8	(2.0)
Financial income	(5.3)	(9.3)
Financial expense	67.9	63.6
Operating profit	**1,041.7**	**1,164.7**
Depreciation and impairment of tangible assets (including right-of-use assets)	133.0	147.7
Amortization and impairment of intangible assets (including capitalized development costs)	89.8	99.3
Impairment of goodwill	0.0	0.0
EBITDA	**1,264.5**	**1,411.7**

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

In € millions	9M 2021	9M 2022
Profit for the period	**698.8**	**812.0**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	225.5	249.7
Changes in other non-current assets and liabilities and long-term deferred taxes	91.1	92.5
Unrealized exchange (gains)/losses	3.3	2.4
(Gains)/losses on sales of assets, net	(2.3)	0.1
Other adjustments	(0.1)	(0.9)
Cash flow from operations	**1,016.3**	**1,155.8**
Decrease (Increase) in working capital requirement	(158.7)	(438.5)
Net cash provided from operating activities	**857.6**	**717.3**
Capital expenditure (including capitalized development costs)	(92.1)	(102.8)
Net proceeds from sales of fixed and financial assets	8.8	2.4
Free cash flow	**774.3**	**616.9**
Increase (Decrease) in working capital requirement	158.7	438.5
(Increase) Decrease in normalized working capital requirement	(74.1)	(55.4)
Normalized free cash flow	**858.9**	**1,000.0**

Scope of consolidation

2021	Q1	H1	9M	Full year
Full consolidation method				
Champion One	Balance sheet only	6 months	9 months	12 months
Compose	Balance sheet only	6 months	9 months	12 months
Ecotap			Balance sheet only	6 months
Ensto Building Systems				2 months
Geiger				Balance sheet only

2022	Q1	H1	9M	Full year
Full consolidation method				
Champion One	3 months	6 months	9 months	12 months
Compose	3 months	6 months	9 months	12 months
Ecotap	3 months	6 months	9 months	12 months
Ensto Building Systems	3 months	6 months	9 months	12 months
Geiger	Balance sheet only	6 months	9 months	12 months
Emos	Balance sheet only	Balance sheet only	Balance sheet only	To be determined
Usystems		Balance sheet only	Balance sheet only	To be determined
Voltadis			Balance sheet only	To be determined
A. & H. Meyer			Balance sheet only	To be determined
Power Control			Balance sheet only	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 most recent version of Legrand Universal 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.

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