PRESS RELEASE

Limoges, May 2, 2019

2019 first-quarter results

Sales: +7.3%

Adjusted operating profit: +5.1%

Net profit attributable to the Group: +8.6%

Pursuit of innovation and acquisition strategy and of operational initiatives

Launch of the new 2019-2021 CSR roadmap

2019 targets confirmed

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

"2019 first-quarter results

Group sales were up +7.3% compared with the first quarter of 2018. This sustained growth resulted from a solid +2.9% organic rise in sales rounded out by the impact of an increased scope of consolidation of +1.9% and a favorable exchange-rate effect of +2.3%.

Adjusted operating profit grew +5.1%, and adjusted operating margin stood at 19.7% of sales. Before acquisitions (at 2018 scope of consolidation), adjusted operating margin reached 19.8% of sales.

Finally, net profit attributable to the Group increased +8.6% and normalized free cash flow rose +9.5%.

Pursuit of innovation and acquisition strategy and of operational initiatives

Legrand is pursuing its innovation strategy, launching many new products for user interfaces—including new connected ranges sold in Europe as part of the Eliot program—as well as for digital infrastructures, UPS systems and assisted living.

The Group also acquired[1] Universal Electric Corporation, the undisputed US leader in busways for datacenters. The move rounds out Legrand's offering in a promising market where it already holds front-runner positions.

More generally, and as announced in February, Legrand is actively pursuing the deployment of initiatives launched to strengthen its profitable and sustainable development model, particularly by organizing its front office into three regions, optimizing its industrial footprint, and continuing the targeted digitalization of its operations and front office.

[1] Acquisition announced on February 19, 2019 and completed on April 1, 2019.

Launch of the new 2019-2021 CSR roadmap

Legrand today launched its fourth CSR roadmap. Organized around three focal areas (business ecosystem, people and the environment) and lasting three years (2019-2021), this new roadmap, which addresses key challenges expressed by Group stakeholders, is aimed at contributing to the UN's Sustainable Development Goals. Legrand also set ambitious targets for 2030, aimed at increasing the share of revenues derived from sustainable products; further developing the presence of women in Legrand's workforce; and reducing the carbon footprint of its operations."

2019 targets confirmed

Based on its first-quarter 2019 performance, Legrand confirms its 2019 target[1] for organic growth in sales of between 0% and +4%, and its 2019 target[1] for adjusted operating margin before acquisitions (at 2018 scope of consolidation) of between 19.9%[2] and 20.7%[2] of sales.
Legrand will also pursue its strategy of value-creating acquisitions.

[1] For a complete presentation of Legrand's 2019 targets, readers are invited to refer to the February 14, 2019 press release announcing full-year 2018 results.
[2] After an estimated favorable impact of around +0.1 point linked to the implementation of IFRS 16 standard from January 1, 2019.

Key figures

Consolidated data (€ millions)(1)	1st quarter 2018	1st quarter 2019	Change
Sales	1,445.2	1,550.0	+7.3%
Adjusted operating profit	290.4	305.2	+5.1%
As % of sales	*20.1%*	*19.7%(2)* *19.8%(2) before acquisitions(3)*	
Operating profit	271.6	285.9	+5.3%
As % of sales	*18.8%*	*18.4%(2)*	
Net profit attributable to the Group	175.3	190.4	+8.6%
As % of sales	*12.1%*	*12.3%(4)*	
Normalized free cash flow	219.4	240.2	+9.5%
As % of sales	*15.2%*	*15.5%(5)*	
Free cash flow	69.8	60.4	-13.5%
As % of sales	*4.8%*	*3.9%(5)*	
Net financial debt at March 31	2,169.4	2,553.9(6)	+17.7%

(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 does not have a 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 €305.5 million in lease financial liabilities (implementation of the IFRS 16 standard since January 1, 2019).

Financial performance at March 31, 2019

Consolidated sales

Sales stood at €1,550.0 million in the first quarter of 2019, up a total +7.3% from the first quarter of 2018.

Organic growth reached +2.9%, reflecting an increase in Group sales in mature countries (+2.0%), as well as in new economies (+5.3%).

The impact on sales of the broader scope of consolidation was +1.9%. Based on acquisitions completed in 2018 and in 2019 and their likely dates of consolidation, this effect should rise to close to +5% in 2019.

The exchange-rate effect was favorable at +2.3% over the period. Applying average exchange rates in March 2019 to the last nine months of the year and taking into account the exchange rate effect for the first quarter of 2019, the full-year 2019 impact on sales of changes in currency rates should be close to +2%.

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

	1st quarter 2019 / 1st quarter 2018
Europe	+2.3%
North and Central America	+2.4%
Rest of the world	+4.9%
Total	**+2.9%**

These changes at constant scope of consolidation and exchange rates are analyzed below by geographical region:

- **Europe** (42.1% of Group sales): Organic growth in sales in Europe was +2.3% in the first quarter of 2019.

In Europe's mature countries, sales grew +1.7% over the period. This increase was driven by sustained growth in Italy, where sales of connected products continued to rise steeply, as well as in Germany, Greece, Portugal and the United Kingdom. In France, in a market that remained lackluster overall, sales retreated because of destocking by some distributors. Sales also declined in Spain— after double-digit growth in the fourth quarter of 2018—and in the Netherlands.

In Europe's new economies, growth stood at +5.7%. This solid performance was driven in particular by strong growth in Russia, Turkey, Hungary and the Czech Republic.

- **North and Central America** (36.6% of Group sales): Sales rose +2.4% from the first quarter of 2018 at constant scope of consolidation and exchange rates.

In the United States, the increase in sales was +3.3%, reflecting good showings in both lighting control and intelligent PDUs for datacenters. The rise in sales over the period was also driven by healthy performances in cable management and user interface solutions.

Business was nearly stable in Mexico compared with the first quarter of 2018 and retreated in Canada.

- **Rest of the world** (21.3% of Group sales): Sales rose +4.9% at constant scope of consolidation and exchange rates in the first quarter of 2019.

In Asia-Pacific, sales were up +6.2%, driven by double-digit growth in India and Thailand, and by healthy showings in China.

Sales grew +3.1% in Latin America, with the sustained increase in revenue in Brazil and Peru partially offset by retreating sales in Colombia.

Sales rose +3.3% in Africa and the Middle East. There were very strong increases in many African countries, including Algeria, Egypt and Côte d'Ivoire. In the Middle East, sales retreated in the United Arab Emirates and Saudi Arabia.

Adjusted operating profit and margin

Adjusted operating profit rose +5.1% to stand at €305.2 million and adjusted operating margin stood at 19.7% of sales.

Before acquisitions (at 2018 scope of consolidation), adjusted operating margin reached 19.8% of sales. Compared with adjusted operating margin for the first quarter of 2018, the 0.3-point decrease resulted essentially from the demanding basis for comparison and a decline in gross margin linked in particular to the rise in raw material and component prices over the quarter; while the rise in US customs duties was fully offset by pricing and adaptation initiatives.

Net profit attributable to the Group

Net profit attributable to the Group increased +8.6% in the first quarter, for a €15.1 million rise from the first quarter of 2018, which mainly reflects:

- an increase in operating profit (+€14.3 million)
- a favorable change in foreign-exchange results (+€0.4 million), and
- a 2-point decrease—due to favorable one-off items—in the corporate tax rate to 28% (+€0.4 million).

Cash generation

Cash flow from operations increased +9.8% to 17.6% of sales in the first quarter of 2019, compared with 17.2% in the first quarter of 2018.

Normalized free cash flow rose +9.5% in the first quarter of 2019 to €240.2 million, or 15.5% of sales.

Working capital requirement stood at 12.0% of sales[1] at March 31, 2019, mainly due to a temporary rise in non-operating working capital requirement.

Free cash flow was €60.4 million, or 3.9% of Group sales in the first quarter of 2019.

Pursuit of innovation and acquisition strategy and of operational initiatives

Innovation

In pursuing its innovation-driven strategy, Legrand launched many new products in the first quarter of 2019, including several connected offerings. Among its new products:

- new user interface solutions such as Lyncus in India, Rivia in Vietnam, Valena Next (a connected offering in the Eliot program) in Spain and Belgium, as well as new “Radiant” ranges for furniture in the US hospitality sector;
- digital infrastructure offerings, with fiber cassettes in the LCS3 ranges and Milestone’s new Parallax Stratos 1.0 projection screen;
- new Trimod MCS UPS systems; and
- Reach Digital, a complete range of connected residential alarms for assisted living.

Acquisition[2] of Universal Electric Corporation

The Group also acquired[2] Universal Electric Corporation, the undisputed US leader in busways for datacenters, whose solutions—sold under the Starline brand—have long been known for their quality and ease of installation.

[1] Based on sales in the last twelve months.
[2] Acquisition announced on February 19, 2019 and completed on April 1, 2019.

Legrand is thus rounding out its offering on the promising datacenters market, where it already has solid front-runner positions in the United States in Voice-Data-Image cabinets (Electrorack, AFCO Systems), structured cabling (Ortronics), PDUs (Raritan, Server Technology) and KVMs (Raritan), as well as pre-terminated solutions (Lastar/Quiktron).

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

Operational initiatives

Legrand is also pursuing other operational initiatives announced when it published its 2018 full-year results in February, aimed at strengthening its profitable and sustainable development model. This is the case in particular for:

- organizing its front office in three regions, fully up and running from the end of 2018;
- optimizing its industrial footprint, for example in Turkey and Saudi Arabia; but also
- targeted digitalization of its operations and front office.

Launch of the new 2019-2021 CSR roadmap

Legrand today launched its 2019-2021 CSR roadmap, organized around three focal areas—business ecosystem, people and the environment. These are broken down into ten key challenges contributing to the UN’s Sustainable Development Goals and defined through a materiality survey that involved more than 3,600 Group stakeholders.

Within the framework of this new roadmap, Legrand has also set ambitious targets for 2030 to:

- derive 80% of Group sales from sustainable products;
- increase the number of women in management and achieve a gender-balanced workforce; and
- reduce its carbon footprint through a 30% decrease in CO_2 emissions directly linked to operations (an aim validated by Science Based Targets).

Details of Legrand’s 2019-2021 CSR roadmap are available on its website at www.legrand.com

Dividend

As announced on February 14, 2019, the Legrand Board of Directors will ask the General Meeting of Shareholders to be held on May 29, 2019 to approve the payment of a €1.34[1] per-share dividend in respect of 2018 (versus €1.26 in respect of 2017). The ex-dividend date will be June 3, 2019 and the dividend will be paid on June 5, 2019.

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[1] Based on the number of shares outstanding on March 31, 2019, dividend distribution paid in 2019 in respect of 2018 will be effected under the same conditions as that in respect of the previous year, by deduction from (i) distributable income in an amount of €0.79 per share on the one hand, and (ii) the “issue premium” account in an amount of €0.55 per share on the other. This indicative split is released for information purposes only and is likely to be amended, depending on the number of shares entitling their holders to the distribution by the payment date.

The Board adopted consolidated financial statements for first-quarter 2019 at its meeting on April 30, 2019. These consolidated financial statements, a presentation of 2019 first-quarter results and the related teleconference (live and replay) are available at www.legrand.com.

KEY FINANCIAL DATES:

- General Meeting of Shareholders: **May 29, 2019**
- Ex-dividend date: **June 3, 2019**
- Dividend payment: **June 5, 2019**
- Investor Day: **June 12, 2019**
- 2019 first-half results: **July 30, 2019**
  "Quiet period[1]" starts June 30, 2019
- 2019 nine-month results: **November 7, 2019**
  "Quiet period[1]" starts October 8, 2019

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.legrand.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.legrand.com/EN/eliot-program_13238.html

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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 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	Q1 2018	Q1 2019
Trade receivables	731.6	809.3
Inventories	780.6	911.7
Other current assets	179.7	211.7
Income tax receivables	56.5	79.7
Short-term deferred taxes assets/(liabilities)	89.1	87.4
Trade payables	(613.1)	(642.0)
Other current liabilities	(556.1)	(589.9)
Income tax payables	(74.7)	(45.7)
Short-term provisions	(87.0)	(89.1)
Working capital required	**506.6**	**733.1**

Calculation of net financial debt

In € millions	Q1 2018	Q1 2019
Short-term borrowings	131.4	459.1
Long-term borrowings	2,857.9	3,168.4
Cash and cash equivalents	(819.9)	(1,073.6)
Net financial debt	**2,169.4**	**2,553.9**

Reconciliation of adjusted operating profit with profit for the period

In € millions	Q1 2018	Q1 2019
Profit for the period	**175.9**	**190.8**
Share of profits (losses) of equity-accounted entities	0.2	0.3
Income tax expense	75.6	75.2
Exchange (gains) / losses	1.2	0.8
Financial income	(2.8)	(3.2)
Financial expense	21.5	22.0
Operating profit	**271.6**	**285.9**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	18.8	19.3
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**290.4**	**305.2**

Reconciliation of EBITDA with profit for the period

In € millions	Q1 2018	Q1 2019
Profit for the period	**175.9**	**190.8**
Share of profits (losses) of equity-accounted entities	0.2	0.3
Income tax expense	75.6	75.2
Exchange (gains) / losses	1.2	0.8
Financial income	(2.8)	(3.2)
Financial expense	21.5	22.0
Operating profit	**271.6**	**285.9**
Depreciation and impairment of tangible assets	24.9	42.4
Amortization and impairment of intangible assets (including capitalized development costs)	28.1	26.1
Impairment of goodwill	0.0	0.0
EBITDA	**324.6**	**354.4**

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

In € millions	Q1 2018	Q1 2019
Profit for the period	**175.9**	**190.8**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	53.6	69.1
Changes in other non-current assets and liabilities and long-term deferred taxes	16.8	8.8
Unrealized exchange (gains)/losses	2.5	3.4
(Gains)/losses on sales of assets, net	0.0	1.1
Other adjustments	0.2	0.2
Cash flow from operations	**249.0**	**273.4**
Decrease (Increase) in working capital requirement	(154.9)	(184.0)
Net cash provided from operating activities	**94.1**	**89.4**
Capital expenditure (including capitalized development costs)	(28.3)	(29.3)
Net proceeds from sales of fixed and financial assets	4.0	0.3
Free cash flow	**69.8**	**60.4**
Increase (Decrease) in working capital requirement	154.9	184.0
(Increase) Decrease in normalized working capital requirement	(5.3)	(4.2)
Normalized free cash flow	**219.4**	**240.2**

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	To be determined	To be determined	To be determined
Netatmo	Balance sheet only	To be determined	To be determined	To be determined
Kenall	3 months	6 months	9 months	12 months
Trical	Balance sheet only	To be determined	To be determined	To be determined
Universal Electric Corporation		To be determined	To be determined	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.legrand.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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This press release does not constitute an offer to sell, or a solicitation of an offer to buy Legrand shares in any jurisdiction.