PRESS RELEASE

Limoges, July 31, 2023

2023 first-half results

In a contracting building market, Legrand turned in a solid first half and revised its full-year targets upward

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Very resilient first half

Sales: +4.9%, i.e. +6,0% excluding exchange rates

Adjusted operating margin: 22.2% of sales

Rise in net earnings per share: +19.0%

Free cash flow: €813.8 million, 18.9% of sales

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2023 full-year targets revised

Sales growth (excluding exchange rates and Russia): +5% to +8%

Adjusted operating margin (before acquisitions and Russia): ~20.5% of sales

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

"In a generally contracting building market, Legrand reported very solid results in the first six months of the year. Sales rose +4.9% with organic growth a resilient +4.6%, buoyed primarily by faster expanding segments including energy efficiency solutions, connected products and datacenters. Financial indicators remained very strong, with adjusted operating margin a high 22.2% of sales, free cash flow at €813.8 million, net profit equal to 15.2% of sales, and net earnings per share up 19.0%.

Our Group is actively pursuing growth and development initiatives, launching many new products and acquiring three companies since the beginning of the year—Encelium, Clamper, and Teknica in Chile, announced today—while continuing to optimize its cost structure.

These strong showings confirm once again the pertinence and resilience of our value-creating business model. Building on these achievements, we have revised our full-year targets upward.

Sustained deployment of our strategic roadmap, combined with underlying trends that include electrification, changing ways of living and working, digitization of uses, or energy-consumption monitoring, are boosting our faster expanding segments. As a result, we are targeting a full-year 2023 performance fully in line with our medium-term model of business growth and value creation."

2023 full-year targets revised upward[1]

In 2023, the Group is pursuing the profitable and responsible development laid out in its strategic roadmap[2].

Taking into account the world's current macroeconomic outlook and excluding a major economic slowdown, Legrand has now set the following full-year targets for 2023:

- sales growth at constant exchange rates and excluding Russia impacts[3] of between +5% and +8% (vs +2% and +6% initially), including a scope of consolidation effect of around +2%;
- an adjusted operating margin before acquisitions (at 2022 scope of consolidation), and excluding Russia and related impacts of around 20.5% of sales (vs around 20% initially);
- at least 100% CSR achievement rate for the second year of its 2022-2024 roadmap.

[1] For more information, see Legrand press releases dated February 9 and May 4, 2023.
[2] For more information, see Legrand press releases dated September 22, 2021 and March 29, 2022.
[3] For more information, see Legrand press release dated January 25, 2023.

Financial performance at June 30, 2023

Key figures

Consolidated data (€ millions)(1)	1st half 2022	1st half 2023	Change
Sales	4,092.4	4,294.8	+4.9%
Adjusted operating profit	837.8	954.7	+14.0%
As % of sales	*20.5%*	*22.2%* *22.7% before acquisitions and Russia(2)*	
Operating profit	789.4	892.3	+13.0%
As % of sales	*19.3%*	*20.8%*	
Net profit attributable to the Group	548.1	650.9	+18.8%
As % of sales	*13.4%*	*15.2%*	
Normalized free cash flow	688.2	766.9	+11.4%
As % of sales	*16.8%*	*17.9%*	
Free cash flow	320.9	813.8	+153.6 %
As % of sales	*7.8%*	*18.9%*	
Net financial debt at June 30	2,861.8	2,415.5	-15.6%

(1) See appendices to this press release for definitions and indicator reconciliation tables.
(2) At 2022 scope of consolidation, excluding Russia and related impacts.

Consolidated sales

In the first half of 2023, sales rose a total of +4.9% from the same period of 2022, reaching €4,294.8 million.

Organic growth in sales was +4.6% over the period, including +2.4% in mature countries and +11.2% in new economies. In a contracting building market, these figures point to resilience buoyed by the faster expanding segments, by pricing power, and by the Group's robust commercial performance.

The impact of broader scope of consolidation was +1.3%, including +1.8% linked to acquisitions and -0.5% to the net impact of the Group's planned disengagement from Russia. Based on acquisitions made and their likely dates of consolidation, their overall impact should be close to +2% full year, excluding the impact of disengagement from Russia.

The exchange-rate effect on sales in the first half of 2023 was -1.0%. Based on the average exchange rates in June 2023 alone, the full-year exchange-rate effect on sales should be close to -2.5% in 2023.

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

	1st half 2023 / 1st half 2022	2nd quarter 2023 / 2nd quarter 2022
Europe	+6.8%	+3.1%
North and Central America	+0.4%	-2.3%
Rest of the world	+8.2%	+8.4%
Total	**+4.6%**	**+2.0%**

These changes are analyzed below by geographical region:

- **Europe** (42.7% of Group revenue): growth at constant scope of consolidation and exchange rates was +6.8% in the first half of 2023, driven by very strong growth in energy efficiency solutions and despite a residential market down in most geographies.

In Europe's mature countries (36.4% of Group revenue), sales rose organically by +5.1% in the first half of 2023, including +1.6% in the second quarter alone, with on the first six months strong rises in countries including Italy, Spain and Germany. Sales were resilient in France, the Netherlands and the United Kingdom, while they edged down in Scandinavia.

Sales in Europe's new economies rose +19.0% in the first half. In the second quarter alone, sales grew +13.7%, notably buoyed by strong growth in Turkey.

- **North and Central America** (38.1% of Group revenue): sales increased +0.4% from the first half of 2022 at constant scope of consolidation and exchange rates.

In the United States alone (34.6% of Group revenue), sales showed a decline of -0.3% in the first six months of the year, including -3.0% in the second quarter alone. In the first half of the year, a period that saw building markets lose ground overall, this reflected a double-digit fall in residential building and a slight retreat in offers targeting non-residential applications, trends that were offset in part by double-digit growth in sales to datacenters.

Over the first half, sales rose sharply in Canada and were almost unchanged in Mexico.

- **Rest of the world** (19.2% of Group revenue): sales marked an organic rise of +8.2% in the first half of 2023.

In Asia-Pacific (12.6% of Group revenue), sales rose +9.3% in the first half of the year and +9.0% in the second quarter alone. This good momentum reflects very sustained growth in India and moderate growth in China.

In Africa and the Middle East (3.6% of Group revenue), sales were up +14.6% in the first six months of the year and +16.5% in the second quarter. Over six months, sales trends were upbeat both in Africa and in the Middle East.

In South America (3.0% of Group revenue), in degraded economic conditions, sales were down -3.0% in the first half, linked in particular to Brazil, with a -3.3% decline in the second quarter alone.

Adjusted operating profit and margin

Adjusted operating profit for the first half of 2023 stood at €954.7 million, up +14.0% from the first half of 2022. This corresponds to an adjusted operating margin equal to 22.2% of sales for the period.

Before acquisitions (at 2022 scope of consolidation) and excluding Russia, adjusted operating margin for the first half of 2023 stood at 22.7% of sales, up +2.2 points from the first half of 2022.

The impacts of acquisitions and of Russia on adjusted operating margin in the first half of 2023 were respectively -0.3 points and -0.2 points.

Over this period, high profitability was driven by gross margin reflecting firm control of expenses and sales prices.

Value creation and solid balance sheet

Net profit attributable to the Group came to €650.9 million, up +18.8% from the first half of 2023 and equal to 15.2% of sales. This rise was due primarily to an increase in operating profit, the positive impact of financial results, and corporate income tax rate of 26.0%.

Net earnings per share stood at €2.45, for a rise of 19.0% from the first half of 2022.

Free cash flow came to 18.9% of sales over the period, to total €813.8 million, in a context of continued strengthened coverage of inventories that is expected to gradually return to normal. Normalized free cash flow was up +11.4% at 17.9% of sales.

The ratio of net debt to EBITDA[1] stood at 1.2 on June 30, 2023. Legrand Group's cash position stood at €2.9 billion, and the maturity of gross debt — with over 90% in fixed-rate instruments — was 4.6 years.

Legrand successfully completed[2] a second series of sustainability-linked bonds indexed on the Group's CSR targets. This fixed-rate issue totaled €700 million with a 6-year maturity.

Continued initiatives in growth and development

Legrand continued to deploy its strategic roadmap through a range of growth and development initiatives that included:

- **Targeted external growth** with the announcement of a third acquisition since January: **Teknica**[3] is a Chilean specialist notably in UPS (integrated solutions, equipment, services and maintenance) used in particular in datacenter and infrastructure solutions. Based in Santiago de Chile, Teknica has nearly 400 employees and generates annual sales of almost €45 million.

- The launch of many **new products** over the six-month period, testifying to the Group's innovative capacity. Examples include:
  • core infrastructure products ranges with the Allzy range of electrical wiring devices in India and MatixGO in Italy;
  • in the faster expanding segments, the Linkeo PDU range (datacenters, energy efficiency) and the Netatmo smart Air Conditioning controller (energy efficiency, connected products).

- **Continued improvement of operational performance, including, in North and Central America, the consolidation of five distribution centers in the United States and a new plant opened in Monterrey, Mexico.**

- Investment in *Partech Impact*, an impact fund investing in entrepreneurial ventures in areas such as green mobility and assisted living.

[1] Based on EBITDA for the past 12 months.
[2] For more information, see Legrand press releases dated September 29, 2021 and May 23, 2022.
[3] Subject to standard conditions precedent.

The consolidated financial statements for the first half of 2023 were subject to a limited review by the Group's auditors and were adopted by the Board of Directors at its meeting on July 28, 2023. These consolidated financial statements, a presentation of 2023 first-half results, and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2023 nine-month results: **November 8, 2023**
  "Quiet period[1]" starts October 9, 2023
- 2023 annual results: **February 15, 2024**
  "Quiet period[1]" starts January 16, 2024
- General Meeting of Shareholders: **May 29, 2024**

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 €8.3 billion in 2022. The company is listed on Euronext Paris and is notably a component stock of the CAC 40, CAC 40 ESG and CAC SBT 1.5 indexes. (code ISIN FR0010307819).
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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	H1 2022	H1 2023
Trade receivables	1,058.1	1,074.1
Inventories	1,459.6	1,331.3
Other current assets	270.5	310.3
Income tax receivables	117.8	142.7
Short-term deferred taxes assets/(liabilities)	102.4	103.0
Trade payables	(908.6)	(944.8)
Other current liabilities	(782.5)	(840.9)
Income tax payables	(55.0)	(68.0)
Short-term provisions	(128.9)	(147.0)
Working capital required	**1,133.4**	**960.7**

Calculation of net financial debt

In € millions	H1 2022	H1 2023
Short-term borrowings	1,075.0	639.0
Long-term borrowings	4,456.7	4,630.9
Cash and cash equivalents	(2,669.9)	(2,854.4)
Net financial debt	**2,861.8**	**2,415.5**

Reconciliation of adjusted operating profit with profit for the period

In € millions	H1 2022	H1 2023
Profit for the period	**548.4**	**651.0**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	202.9	229.2
Exchange (gains) / losses	(0.6)	3.2
Financial income	(5.1)	(31.9)
Financial expense	43.8	40.8
Operating profit	**789.4**	**892.3**
(i) Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions, (ii) assets impairment in Russia	48.4	62.4
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**837.8**	**954.7**

Reconciliation of EBITDA with profit for the period

In € millions	**H1 2022**	**H1 2023**
Profit for the period	**548.4**	**651.0**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	202.9	229.2
Exchange (gains) / losses	(0.6)	3.2
Financial income	(5.1)	(31.9)
Financial expense	43.8	40.8
Operating profit	**789.4**	**892.3**
Depreciation and impairment of tangible assets (including right-of-use assets)	97.7	98.8
Amortization and impairment of intangible assets (including capitalized development costs)	65.1	75.0
Impairment of goodwill	0.0	0.0
EBITDA	**952.2**	**1,066.1**

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

In € millions	**H1 2022**	**H1 2023**
Profit for the period	**548.4**	**651.0**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	164.6	175.5
Changes in other non-current assets and liabilities and long-term deferred taxes	68.7	26.2
Unrealized exchange (gains)/losses	5.2	9.4
(Gains)/losses on sales of assets, net	0.0	1.1
Other adjustments	0.0	0.1
Cash flow from operations	**786.9**	**863.3**
Decrease (Increase) in working capital requirement	(406.5)	29.4
Net cash provided from operating activities	**380.4**	**892.7**
Capital expenditure (including capitalized development costs)	(61.5)	(79.6)
Net proceeds from sales of fixed and financial assets	2.0	0.7
Free cash flow	**320.9**	**813.8**
Increase (Decrease) in working capital requirement	406.5	(29.4)
(Increase) Decrease in normalized working capital requirement	(39.2)	(17.5)
Normalized free cash flow	**688.2**	**766.9**

Scope of consolidation

2022	Q1	H1	9M	Full-year
Full consolidation method				
Geiger	Balance sheet only	6 months	9 months	12 months
Emos	Balance sheet only	Balance sheet only	Balance sheet only	9 months
Usystems		Balance sheet only	Balance sheet only	7 months
Voltadis			Balance sheet only	Balance sheet only
A. & H. Meyer			Balance sheet only	Balance sheet only
Power Control			Balance sheet only	Balance sheet only
Encelium				Balance sheet only

2023	Q1	H1	9M	Full-year
Full consolidation method				
Geiger	3 months	6 months	9 months	12 months
Emos	3 months	6 months	9 months	12 months
Usystems	3 months	6 months	9 months	12 months
Voltadis	Balance sheet only	6 months	9 months	12 months
A. & H. Meyer	Balance sheet only	6 months	9 months	12 months
Power Control	Balance sheet only	Balance sheet only	To be determined	To be determined
Encelium	Balance sheet only	6 months	9 months	12 months
Clamper	Balance sheet only	Balance sheet only	To be determined	To be determined
Teknica			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 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).

Investors and holders of Legrand securities are reminded that 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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