PRESS RELEASE

Limoges, July 31, 2017

2017 first-half results

Ongoing growth acceleration

Sales: +9.1%

Double-digit increase in results and cash flow

Adjusted operating profit: +10.9%

Net profit attributable to the Group: +11.5%

Free cash flow: +19.1%

2017 targets fully confirmed

Gilles Schnepp, Chairman and CEO of Legrand, commented:

"Ongoing growth acceleration

In the first half of 2017 Legrand reported total sales up +9.1% driven by the ongoing acceleration of its two growth drivers (organic growth of +3.2% and external growth of +4.1%).The exchange rate effect was +1.6%.

Organic growth in sales was sustained with good performances recorded in mature countries as well as new economies. A steady stream of new product launches, including the new Smarther connected thermostat in Italy in the second quarter of 2017, contributed to these good showings.

Moreover Legrand has made five acquisitions that round out its operations ("bolt-on") and signed one joint venture since the beginning of the year – allowing the Group to strengthen positions in segments of its market driven by technological and societal megatrends. These acquisitions should thus help increase the share of Group annual sales made in new business segments[1] to around 38%[2] and raise the percentage of Group sales made with products ranked #1 or #2 on their markets to around 69%[2].

Double-digit increase in results and cash flow

Growth in adjusted operating profit (+10.9%), net profit attributable to the Group (+11.5%) and free cash flow (+19.1%) reflect robust value creation.

At the same time, adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.6% of sales compared with 20.1% in the first half of 2016, or an increase of 0.5 point."

2017 targets fully confirmed

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[3]:
- 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] Digital infrastructure, energy efficiency, assisted living, and home systems.
[2] Based on 2016 sales incorporating acquisitions made in 2016 and 2017 over 12 months.
[3] Readers are invited to refer to the press release announcing full-year 2016 results for a complete presentation of Legrand's 2017 targets.

Key figures

Consolidated data (€ millions)[1]	1st half 2016	1st half 2017	Change
Sales	2,448.4	2,671.6	+9.1%
Adjusted operating profit	492.7	546.3	+10.9%
As % of sales	*20.1%*	*20.4%*	
		20.6% before acquisitions[2]	
Operating profit	470.8	520.2	+10.5%
As % of sales	*19.2%*	*19.5%*	
Net profit attributable to the Group	283.5	316.2	+11.5%
As % of sales	*11.6%*	*11.8%*	
Normalized free cash flow	317.6	373.3	+17.5%
As % of sales	*13.0%*	*14.0%*	
Free cash flow	191.2	227.8	+19.1%
As % of sales	*7.8%*	*8.5%*	
Net financial debt at June 30	1,374.8	1,431.9	+4.2%

(1) See appendices to this press release for definitions and reconciliation tables of indicators
(2) At 2016 scope of consolidation

Financial performance at June 30, 2017

Consolidated sales

First-half 2017 sales stood at €2,671.6 million, up +9.1% from the first half of 2016.

Organic growth in sales in the first half of 2017 was a solid +3.2%, thanks to good showings in both mature countries and new economies.

As announced, and as a reminder, sales growth for the third quarter should be unfavorably impacted by a calendar effect and by high bases for comparison, in particular in the United States – where growth was +9.3% in the third quarter of 2016.

The impact of the broader scope of consolidation resulting from acquisitions was +4.1%. Taking into account all acquisitions announced and their likely consolidation dates (in particular the estimated consolidation date starting September 1, 2017 for Milestone[1] and Server Technology, Inc.[1]), the change in scope of consolidation should stand at around +7% in 2017.

The exchange-rate effect was favorable at +1.6%. Applying average exchange rates for June 2017 to the second half, the annual exchange-rate effect for 2017 would be close to 0%.

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

	1st half 2017 / 1st half 2016	2nd quarter 2017 / 2nd quarter 2016
France	+1.9%	+0.0%
Italy	+3.1%	+4.4%
Rest of Europe	+5.5%	+2.4%
North and Central America	+2.8%	+1.7%
Rest of the World	+3.0%	+2.1%
Total	**+3.2%**	**+1.9%**

[1] Subject to standard conditions precedent.

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

- **France** (17.5% of Group sales): organic growth in sales in France was up +1.9% in the first half of 2017. 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** (10.5% of Group sales): at constant scope of consolidation and exchange rates, sales were up +3.1% in Italy. 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** (17.6% of Group sales): at constant scope of consolidation and exchange rates, sales were up +5.5% from the first half of 2016.
The Group recorded solid performances in Eastern Europe, with particularly robust growth in Russia. 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** (29.6% of Group sales): at constant scope of consolidation and exchange rates, sales were up +2.8% in the first half of 2017.
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) 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** (24.8% of Group sales): organic growth was +3.0% for the first half of 2017.
A number of countries recorded a good first half, including China, South Korea, Indonesia, the United Arab Emirates and New Zealand.
In India, sales were also up from the first half of 2016, although business slowed temporarily in the second quarter due to the enforcement of the GST[1] on July 1, 2017.
In the region, activity retreated in some countries, including Australia, Malaysia and Thailand.

Adjusted operating profit and margin

A good operating performance against a backdrop of rising sales set adjusted operating margin before acquisitions[2] at 20.6% of sales in the first half of 2017. This was up 0.5 point from the first half of 2016. Including acquisitions, adjusted operating margin stood at 20.4% of sales.

As a result, adjusted operating profit came to €546.3 million, up +10.9%, i.e. an increase of €53.6 million, reflecting the Group's capacity to create value through profitable growth and ongoing productivity initiatives.

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.

[1] Goods and Services Tax.
[2] At 2016 scope of consolidation.

Net profit attributable to the Group

Net profit attributable to the Group for the first half of 2017 stood at €316.2 million, up +11.5% from the first half of 2016. This reflects:

- a good operating performance, with a €49.4 million improvement in operating profit;
- an €8.2 million decline in net financial expense;
- a €0.1 million decline in profit to minority interests;

partially offset by:

- a €17.4 million rise in income tax expense (the tax rate stood at 33.0%, almost stable compared with that for 2016);
- a €6.4 million unfavorable change in the foreign-exchange result; and
- a €1.2 million decline in the result of equity-accounted entities.

Cash generation

Cash flow from operations rose by over 18% in the first half of 2017 to stand at €449.4 million. This included in particular €7.3 million of realized non-recurring foreign-exchange gains and represented 16.8% of sales.

Working capital requirement as a percentage of sales for the last twelve months remained under control at 7.9% at June 30, 2017.

Industrial investments stood at €70.6 million in the first half, up €11.4 million from the first half of 2016. 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.

Free cash flow was thus €227.8 million, up €36.6 million from the first half of 2016 and generated as follows:

- a good operating performance, with EBITDA up €55.3 million;
- a rise in realized foreign-exchange gains, which totaled €12.1 million; this includes in particular €7.3 million of realized non-recurring foreign-exchange gains;
- an €11.6 million rise in other long-term items; and
- a €6.8 million decline in net financial expense;

partially offset by:

- a €20.0 million rise in working capital requirement excluding tax items. As a reminder, working capital requirement was at an exceptionally low level at the end of 2016 compared with the ten previous years.
- an €18.8 million rise in tax paid; and
- a €10.4 million rise in investments net of sales.

Normalized free cash flow came to €373.3 million in the first half, including €7.3 million of non-recurring realized foreign-exchange gains.

External growth

Since the beginning of the year Legrand has made five acquisitions[1] that complement its existing operations ("bolt-on") and one joint venture, in a generally favorable economic environment.

These acquisitions enable the Group to pursue its targeted build-up of solid positions in segments of its market driven by technological and societal megatrends.

Legrand thus announced the acquisition of three companies specializing in digital infrastructure, a field sustained by rising data flows and a shift to new uses:

- Milestone AV Technologies LLC ("Milestone")[1], a frontrunner in audio-video infrastructure and power. Milestone's solid positions – over 75% of sales are made with leading positions – round out Legrand's existing positions under the Middle Atlantic Products brand.

[1] Subject to standard conditions precedent.

Generating mid-term synergies in sales as well as short- and mid-term synergies in costs, this acquisition[1] was made for an enterprise value of $950 million net of a discounted tax benefit[2] of $250[3] million, and at conditions that meet all of the Group's financial criteria[4].
Milestone is based in Eden Prairie (Minnesota), reported sales of $464 million in 2016 and has around 1,000 employees; and

- Server Technology, Inc.[1], a leading player in smart PDUs[5] and AFCO Systems Group, specialized in Voice-Data-Image (VDI) cabinets. These two acquisitions strengthen Legrand's positions in the buoyant market for datacenter solutions.
Server Technology, Inc. and AFCO Systems Group report annual sales of over $110 million and around $23 million, respectively, and together employ some 310 people.

The Group has also acquired two companies specializing in specification grade architectural lighting for non-residential buildings in the US:

- Finelite, an acknowledged US player in linear lighting fixtures with manufacturing facilities and a broad commercial network in the United States, allowing it to offer innovative, high added-value solutions and premium customer service. Finelite has around 465 employees and reports annual sales of some $200 million; and
- OCL, specialized in lighting solutions for non-residential and high-end residential buildings. Annual sales are around $15 million and the company employs some 60 people.

Legrand also signed a joint-venture with Borri[6], an Italian company specializing in three-phase UPS[7] and known for its customized solutions. With annual sales of around €60 million and around 200 employees, Borri[6] rounds out the Group's positions in UPS[7].

Based on acquisitions announced and their likely date of consolidation – in particular the consolidation of Milestone[1] and Server Technology, Inc.[1], which is expected to take place starting September 1, 2017 – changes in scope of consolidation should boost Group sales by around +7% for 2017 as a whole, and dilute adjusted operating margin by around -0.2 points for the same period.

These acquisitions should thus help raise the share of Group annual sales made in new business segments[8] to around 38%[9] and the percentage of Group sales made with products ranked #1 or #2 in their markets to around 69%[9].

As a result, Legrand has strengthened its positions while maintaining solid financial discipline.
In this regard, the success of the €1 billion bond issue announced on June 29, 2017 to finance the acquisition of Milestone[1] testifies to investor confidence in Legrand's development model and in the strength of the Group's balance sheet[10]. The issue, consisting of two tranches of €500 million each with maturities of 7 and 15 years and respective coupons of 0.750% and 1.875%, was subscribed three times over.

Governance

Change in Strategy and Social Responsibility Committee

In a context of accelerating growth for the Group and of increasing importance for topics linked to CSR, the Board of Directors, acting on the recommendation of the Nominating and Governance Committee, approved the appointment of Isabelle Boccon-Gibod as a member of the Strategy and Social Responsibility Committee.

[1] Subject to standard conditions precedent.
[2] Tax benefit resulting from standard goodwill amortization starting 2017. Gross price paid of $1,200 million less a cash tax benefit of $400 million discounted to $250 million.
[3] Discounted at a rate of 7.0% over the period of goodwill amortization (15 years).
[4] For more information on the Milestone purchase, the press release announcing the acquisition and the presentation published on June 28, 2017 are available on the Groupe website www.legrand.com.
[5] PDU: Power Distribution Unit.
[6] As Legrand holds 49% of equity, Borri will be consolidated on the equity method.
[7] Uninterruptible Power Supply
[8] Digital infrastructure, energy efficiency, assisted living, and home systems.
[9] Based on 2016 sales and incorporating acquisitions made in 2016 and in 2017 over 12 months.
[10] A- rating since 2012 by Standard & Poors, confirmed and moved to "negative outlook" following announcement of the Milestone acquisition.

2017 General Meeting of Shareholders

At the General Meeting of shareholders held on May 31, 2017, shareholders reiterated their confidence in Group's governance, thus approving by over 98% all resolutions on Say on Pay, the renewal of the term of office of Director Annalisa Loustau Elia, and conditions for dividend distribution.

On this occasion, Legrand also demonstrated the importance in its development model of (i) the different stakeholders' contributions to value creation, (ii) the megatrends for its business areas, (iii) its approach to risk management, and (iv) the skills and complementary expertise of its Board of Directors. As a result, Legrand was awarded the *Grand Prix de l'Assemblée Générale du CAC 40*[1] organized by the *Institut du Capitalisme Responsable* (Institute of Responsible Capitalism).

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[1] This award is attributed each year to a company in the CAC 40 index according to the quality of its presentation during the General Meeting of Shareholders by the *Institut du Capitalisme Responsable* (Institute of Responsible Capitalism).

Consolidated financial statements for the first half of 2017 that were the subject of a limited review by the Group's auditors were adopted by the Board at its meeting on July 28, 2017. These consolidated financial statements, a presentation of 2017 first-half results, and the related teleconference (live and replay) are available at www.legrand.com.

KEY FINANCIAL DATES:

- 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**

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 more than €5 billion in 2016. The company is listed on Euronext Paris and is a component stock of indexes including the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating, DJSI World, Vigeo Euronext Eurozone 120, Europe 120 and France 20, and Ethibel Sustainability Index Excellence.*
(code ISIN FR0010307819).
http://www.legrand.com

eliot PROGRAM BY LEGRAND

**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.*
http://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

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.

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.

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 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.

Organic growth

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

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.

EBITDA

EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs) and impairment of goodwill.

Cash flow from operations

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

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.

CSR

Corporate Social responsibility.

Payout

Payout is defined as the ratio between the proposed dividend per share for a given year, divided by the net income excluding minority interests 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.

Calculation of working capital requirement

In € millions	**H1 2016**	**H1 2017**
Trade receivables	664.0	645.8
Inventories	684.5	704.5
Other current assets	169.7	168.8
Income tax receivables	23.8	25.1
Short-term deferred taxes assets/(liabilities)	89.2	84.8
Trade payables	(525.7)	(586.0)
Other current liabilities	(511.4)	(509.0)
Income tax payables	(54.9)	(43.0)
Short-term provisions	(78.7)	(74.9)
Working capital requirement	**460.5**	**416.1**

Calculation of net financial debt

In € millions	**H1 2016**	**H1 2017**
Short-term borrowings	392,7	958.7
Long-term borrowings	1,510.9	1,095.0
Cash and cash equivalents	(528.8)	(621.8)
Net financial debt	**1,374.8**	**1,431.9**

Reconciliation of adjusted operating profit with profit for the period

In € millions	**H1 2016**	**H1 2017**
Profit for the period	**284.9**	**317.5**
Share of profits (losses) of equity-accounted entities	0.3	1.5
Income tax expense	139.8	157.2
Exchange (gains) / losses	0.2	6.6
Financial income	(4.4)	(7.3)
Financial expense	50.0	44.7
Operating profit	**470.8**	**520.2**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	21.9	26.1
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**492.7**	**546.3**

Reconciliation of EBITDA with profit for the period

In € millions	H1 2016	H1 2017
Profit for the period	**284.9**	**317.5**
Share of profits (losses) of equity-accounted entities	0.3	1.5
Income tax expense	139.8	157.2
Exchange (gains) / losses	0.2	6.6
Financial income	(4.4)	(7.3)
Financial expense	50.0	44.7
Operating profit	**470.8**	**520.2**
Depreciation and impairment of tangible assets	47.1	47.7
Amortization and impairment of intangible assets (including capitalized development costs) and impairment of goodwill	35.7	41.0
EBITDA	**553.6**	**608.9**

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

In € millions	H1 2016	H1 2017
Profit for the period	**284.9**	**317.5**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	84.0	89.4
Changes in other non-current assets and liabilities and long-term deferred taxes	15.1	28.2
Unrealized exchange (gains)/losses	(4.6)	13.8
(Gains)/losses on sales of assets, net	0.2	(0.8)
Other adjustments	0.9	1.3
Cash flow from operations	**380.5**	**449.4**
Decrease (Increase) in working capital requirement	(130.8)	(153.7)
Net cash provided from operating activities	**249.7**	**295.7**
Capital expenditure (including capitalized development costs)	(59.2)	(70.6)
Net proceeds from sales of fixed and financial assets	0.7	2.7
Free cash flow	**191.2**	**227.8**
Increase (Decrease) in working capital requirement	130.8	153.7
(Increase) Decrease in normalized working capital requirement	(4.4)	(8.2)
Normalized free cash flow	**317.6**	**373.3**

Scope of consolidation

2016	Q1	H1	9M	Full year
Full consolidation method				
Fluxpower	Balance sheet only	Balance sheet only	8 months	11 months
Primetech	Balance sheet only	Balance sheet only	8 months	11 months
Pinnacle Architectural Lighting		Balance sheet only	5 months	8 months
Luxul Wireless		Balance sheet only	5 months	8 months
Jontek		Balance sheet only	5 months	8 months
Trias		Balance sheet only	Balance sheet only	8 months
CP Electronics		Balance sheet only	Balance sheet only	7 months
Solarfective			Balance sheet only	5 months
Equity method				
TBS[(1)]		6 months	9 months	12 months

2017	Q1	H1	9M	Full year
Full consolidation method				
Fluxpower	3 months	6 months	9 months	12 months
Primetech	3 months	6 months	9 months	12 months
Pinnacle Architectural Lighting	3 months	6 months	9 months	12 months
Luxul Wireless	3 months	6 months	9 months	12 months
Jontek	3 months	6 months	9 months	12 months
Trias	3 months	6 months	9 months	12 months
CP Electronics	3 months	6 months	9 months	12 months
Solarfective	3 months	6 months	9 months	12 months
OCL	Balance sheet only	5 months	8 months	11 months
AFCO Systems Group		Balance sheet only	5 months	8 months
Finelite		Balance sheet only	4 months	7 months
Server technology			To be determined	To be determined
Milestone			To be determined	To be determined
Equity method				
TBS[(1)]	3 months	6 months	9 months	12 months
Borri		Balance sheet only	To be determined	To be determined

[(1)]Created together with a partner, TBS is to produce and sell transformers and busbars in the Middle East.

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.

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.