

INTEGRATED REPORT



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

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Interview with Benoît Coquart – Chief Executive Officer



Benoît Coquart,
Chief Executive Officer

What are the highlights of 2017?

In 2017, Legrand achieved double-digit growth in its main financial indicators, with in particular a growth of +10.0% in sales and of +12.9% in adjusted operating profit. We have also recorded a CSR roadmap achievement rate of 122%. The Group therefore fully met its targets for the year.

These good results reflect the renewed acceleration in our growth drivers. They are a further demonstration of the strength of the Group's development model and its ability to create sustainable value for all its stakeholders.

In early 2018, there was also a change in the Group's governance with the permanent separation of the roles of Chairman and Chief Executive Officer. This is in line with best governance practice and will ensure that Legrand's development continues on the best possible terms.

What is your medium-term vision for Legrand?

Legrand will continue to evolve, driven in particular by the technological and social changes that have a lasting and profound impact on buildings: digitalization, longer life expectancy and the growing desire of seniors to stay in their homes for as long as possible, the need to control energy consumption, growing urbanization, etc.

The Group intends to capitalize on these "megatrends" to continue its profitable and sustainable growth based on its historical and solid fundamentals: a clear strategy, a double (organic and external) growth driver, a permanent innovation approach with, in particular, increasingly digital offers aimed at increasing the value in use of our products for our customers and for users, a well-recognized financial discipline, and a unique corporate culture based on responsibility, the simplicity of our contacts, the speed of decision making, and strong values!

There is also no denying that the Group's development is only possible when we listen to and respect our stakeholders. That, in turn, has led us – for many years now – to formalize, deploy and measure our CSR strategy, which is a basis for our development.

How important is it for you to present Legrand through the integrated report?

Legrand has more than 37,000 employees worldwide and is present in nearly 90 countries. It therefore seemed appropriate that we prepare this integrated report, now in its third year, to summarize the Group's governance, overall performance, and the environment in which it operates, all with a view to value creation in the short, medium and long term.

This integrated report is based on the framework defined by the International Integrated Reporting Council (IIRC) and it comes as a supplement with our other publications. It charts the Group's ability to make the most of opportunities for value creation in a sustainable, responsible and profitable manner.

1 – A business model creating value over the long term

Legrand is the global specialist in electrical and digital building infrastructure. Its offering consists of several hundred thousand catalog items divided into seven major product categories, each

under the responsibility (for product marketing, research and development, purchasing, manufacturing, supply chain) of seven Strategic Business Units (SBUs).



The depth of this offer, tailored to the low voltage market for the commercial, industrial and residential segments makes Legrand a global standard among all the players in its economic chain: distributors, to whom Legrand sells its products; electrical contractors, who install Legrand's solutions in buildings; product specifiers (architects, engineering firms); and end-users (individuals, companies, building managers).

In 2017 Legrand generated sales of more than €5.5 billion, around 69%⁽¹⁾ of which were made with products ranked number 1 or number 2 in their respective markets. Close to its markets and focused on its entire economic chain, Legrand has more than 37,000 employees, and commercial and industrial operations in nearly 90 countries.

Sales in € million



Adjusted operating profit* in € million

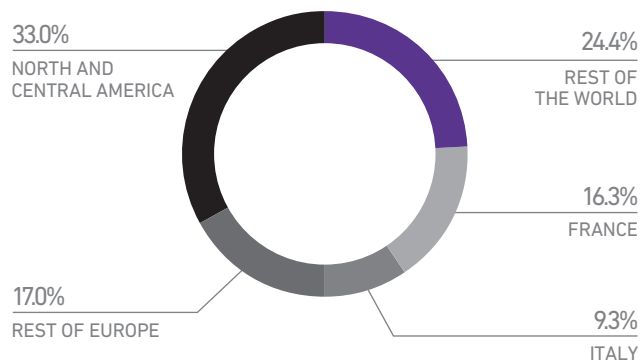


* Operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

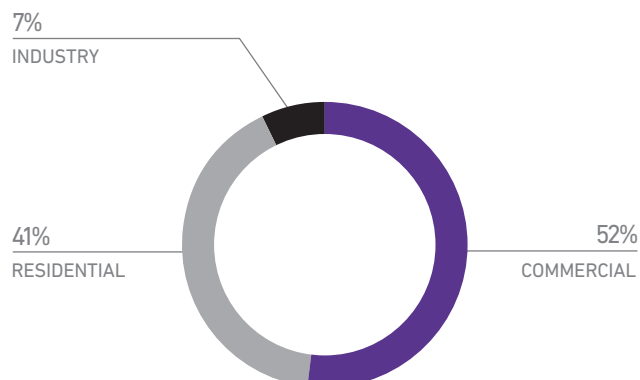
(1) Based on 2017 sales including 12 months of 2017 acquisitions.

(2) Net sales by geographic region of destination.

2017 net sales by geographic region ⁽²⁾



2017 net sales by end market



1 – A BUSINESS MODEL CREATING VALUE OVER THE LONG TERM

ORGANIZATION AND GROWTH DRIVERS

The Group's organizational structure is based on two distinct roles:

- first, sales (in a broad sense) and operational marketing (the Front Office) organized by country to meet the specific needs of each market; and
- second, activities linked to strategy, industrial operations (product marketing, innovation, R&D, manufacturing, purchasing and supply chain), and general administration (the Back Office), organized globally.

The Group benefits from solid, long term growth levers. Geographically, more than 80% of its sales were generated outside France in 2017. Around 33%⁽¹⁾ were generated in the United States, the Group's leading country in terms of sales.

With regard to Legrand's business, social megatrends and technological megatrends offer the Group long term growth prospects.

SOCIAL MEGATRENDS

- Exchange of data
- Energy saving
- Low carbon energy
- Security
- Aging populations
- Eco-design
- Urbanization
- ...



TECHNOLOGICAL MEGATRENDS

- The Internet of Things
- Fiber optics
- Wireless connectivity (WiFi, etc.)
- Apps
- Streaming
- Measurement
- Sensors
- Big data
- ...

OPPORTUNITIES FOR LEGRAND

- Opportunity to boost value-in-use of products (Eliot program)
- Enrichment of building infrastructures

At the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes. More generally, Legrand is convinced that new, and particularly digital, technologies, significantly increase the value-in-use of its products and systems for users. The Group therefore decided to step up its investments in this area: in innovation, with the launch of the Eliot program in July 2015 and its roll-out in six countries; in acquisitions, with the takeover in 2017 of Milestone AV Technologies, Server Technology and AFCO Systems Group.

The Group also continues to develop various technology and commercial partnerships with key players.

Legrand has set ambitious targets in this respect, such as double-digit average total annual growth in sales for connected products between 2014 and 2020, and offering 40 families of connected products by 2020. With average annual growth of +28% between 2014 and 2017, and more than 30 families of connected products in its offering, the Group was ahead of schedule by the end of 2017.



Eliot is a program launched by Legrand in 2015 to speed up deployment of the Internet of Things in its offering. A product of the Group's innovation strategy, it is designed to develop connected and interoperable solutions that deliver lasting benefits to consumers and professionals.

www.legrand.com «Eliot program» category

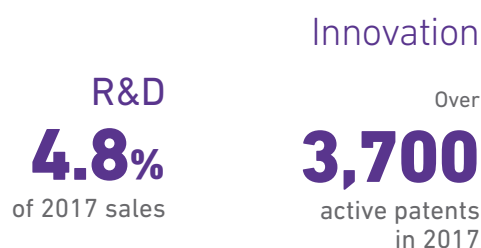
(1) Based on 2017 sales including 12 months of 2017 acquisitions.

GROWTH DRIVERS AND DEVELOPMENT MODEL

Legrand's business model relies on two growth drivers to strengthen its leadership positions worldwide, year after year.

Organic growth, driven by innovation with the regular launching of new offerings and by constant marketing and sales initiatives.

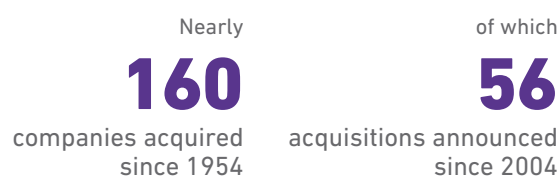
Among the initiatives relating to new technologies, Legrand is forging technology partnerships (for example, in lighting control with U.S. startups Lumenetix and Bios Lighting, which specialize in color management and lighting based on biological cycles, respectively) and commercial partnerships (notably with BNP Paribas Real Estate and Vinci Immobilier, whose pilot residential buildings in France, which were completed in 2017, have been equipped with the new "Céliane with Netatmo" connected user interface).



The second growth driver for the Group is **external growth**, with bolt-on⁽¹⁾ acquisitions of market-leading companies. Thus, in 2017 the Group continued this targeted acquisition strategy in a favorable economic environment. Its six external growth operations have enabled it to strengthen its positions in market segments driven by technological and social megatrends. For example, Legrand acquired Milestone AV Technologies, a leading player in the United States in audio-video infrastructure and power.

[FOR MORE INFORMATION]
2017 Registration Document – Chapter 2

External growth



The Group's development model is also characterized by high free cash flow generation and a solid balance sheet structure. Moreover, the Group is actively pursuing its productivity and optimization initiatives for capital employed, which contribute to the financing of its growth initiatives.

To finance the acquisition of Milestone AV Technologies and in connection with its refinancing operations, Legrand successfully launched two bond issues in 2017 for a total of €1.4 billion. These operations were completed on very attractive terms and contributed to extending the average Group's debt maturity to more than six years.

With its solid business model and the ongoing efforts to improve that model in keeping with the Group's four values (customer focus, innovation, ethical behavior and resource optimization), Legrand intends to continue strengthening its sustainable, profitable and highly cash-generative growth profile in order to finance its long term development and thus create value for all its stakeholders, while continuing to offer products that help to protect the environment.

The Group is listed on Euronext Paris and was notably a component stock of the CAC 40 index at the date of filing this Registration Document.

(1) Acquisitions that complement Legrand's activities.

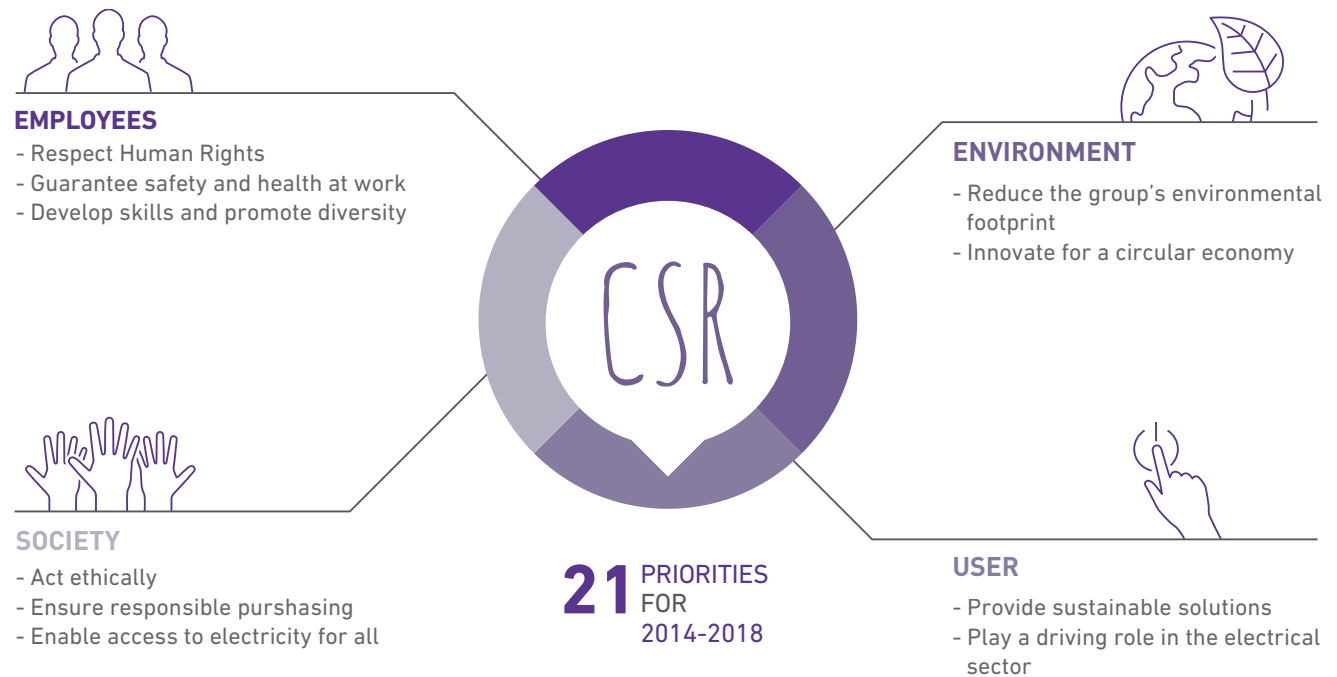
2 – A CSR strategy that drives the Group's long term growth

Corporate Social Responsibility (CSR) is at the core of Legrand's development strategy. In particular, its aim is to enable sustainable use of electricity and access to new technologies for everyone, driving improvements for all stakeholders associated with Legrand's activities.

In 2017, Legrand conducted a materiality survey among all its stakeholders which it used to redefine the Group's materiality matrix. The survey received close to 3,800 responses, which confirmed the priority issues for Legrand and its stakeholders. The priority issues considered by the Group's stakeholders as strongly impacting the business are substantially stable

compared to the materiality exercise performed back in 2013. It should be however noted that innovation or anti-corruption emerge more strongly in this survey. The Group addresses these issues through the priorities of its CSR roadmap for 2014-2018, while the redefined materiality matrix is already fueling Legrand's approach to its next roadmap.

Legrand produces its CSR strategy in the form of a roadmap covering several years. In 2014, Legrand published its third roadmap for the period 2014-2018 expressed around four focus points: user, society, employees and the environment.



The management of the roadmap and its roll-out to the various countries are handled jointly by the CSR Department, the Strategic Business Units (SBUs), and the functional departments (Human Resources, Purchasing, Health and Safety, Environment, etc.) with the local representatives concerned. The Group's annual CSR performance is measured by monitoring indicators relating to these 21 priorities. For each priority, the Group undertakes to publish an annual progress report based on the indicator(s) identified, which helps monitor the Group's integrated performance.

The progress of the roadmap's 21 priorities is measured using indicators deployed at two levels: local (at individual country level) and consolidated (across the Group as a whole).

It is worth noting that the entire approach described above is reviewed annually by one of the two Statutory Auditors (hereinafter referred to as the "Independent Third Party Body"), in order to check its soundness and report on its results, as transparently as possible, to all the Group's stakeholders.

Short term compensation (bonus) as well as the Long Term Incentive plan (LTI) for the Executive Officer and for the key managers of the Group are partly indexed to the achievement of the targets established in the CSR roadmap.

[FOR MORE INFORMATION]
2017 Registration Document - Chapter 4

3 – Risk management for performance

Risk management is key to managing the Group’s operations. It contributes to the achievement of targets and, in particular, profitable, sustainable and responsible value creation. Depending on the Group’s development and its environment, this means identifying the main risks and implementing the mechanisms to maintain them at an acceptable level.

Risk management is a permanent exercise under the responsibility of all Group managers. A dedicated governance framework has been put in place, with a risk committee chaired by the Chief Executive Officer, and with operational risk committees in some departments. The Audit Committee is charged with assessing the organization and effectiveness of the mechanism.

The approach is based on identifying and ranking risks, depending on their impact, probability and estimated level of control.

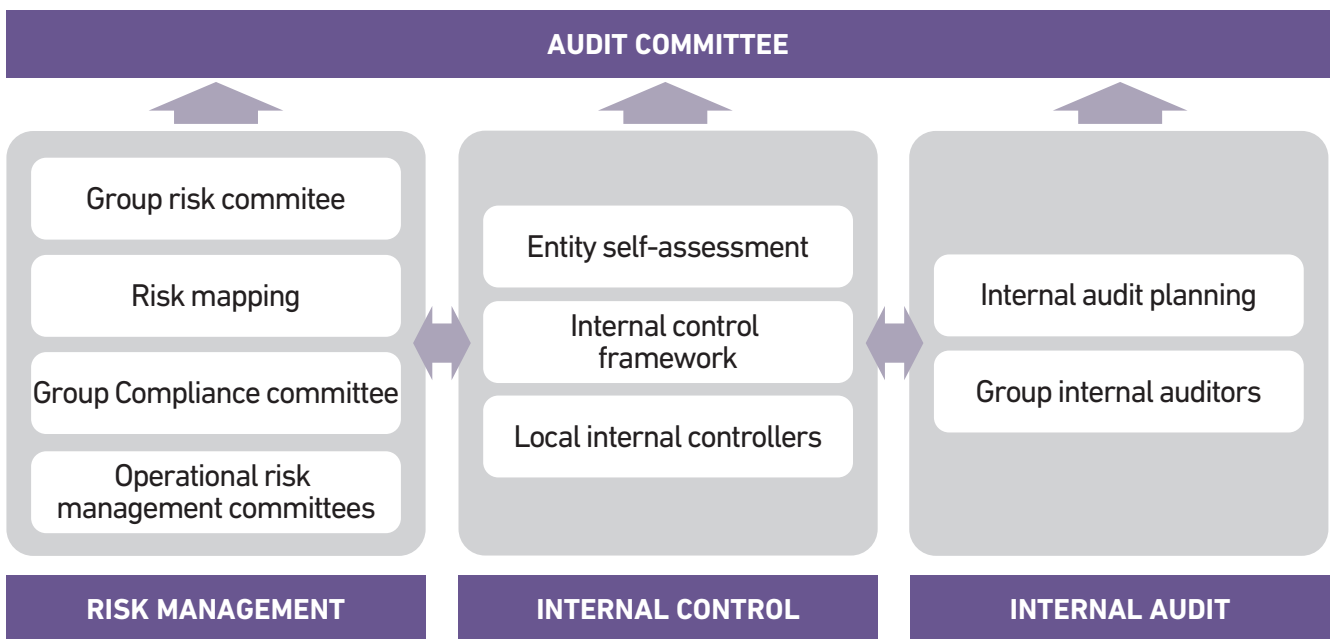
Major risks identified through this mapping are those that are likely to significantly impact the Group’s strategy, operations, financial position or reputation. Risk factors are diverse and can be external (regulatory changes, competition, technological

developments, market turmoil, natural disaster) or internal (equipment or human failure, fraud, poor decision-making, non-compliance with regulations, etc.).

The risk control mechanisms put in place include, in particular, the organizational items (a manager appointed for each risk, dedicated teams for certain subjects), training, outsourcing or risk coverage solutions (sub-contracting, insurance), specific governance (committees or dedicated bodies, reporting, indicators) and processes for managing risks in daily operations, as well as regular monitoring (audits).

More generally, the Group’s risk management process is designed to be functional and dynamic, and to adapt to any changes in the environment or regulations. For example, the Group is tightening its cybersecurity and factoring in legislative changes such as the introduction of the duty of care or new rules under the Sapin 2 law.

A summary table with the main risks and the related management policies is provided in the 2017 Registration Document.



[FOR MORE INFORMATION]
2017 Registration Document – Chapter 3

4 – Governance – the key to striking a balance among priorities

Legrand is listed on Euronext Paris and was included in the CAC 40 at the filing date of this Registration Document. Its shareholder base is international, but is mainly based in France, the United Kingdom, the United States and various European countries. The free float is 96%. As a result, Legrand is particularly focused on its governance, ensuring that it meets the highest standards not only in terms of compliance, but in the interests of all stakeholders.

The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate

Governance, which can be consulted on Medef’s website at: www.medef.com.

It was announced on February 8, 2018 that the offices of Chairman and of Chief Executive Officer were separated with immediate effect, in accordance with the best governance practice.

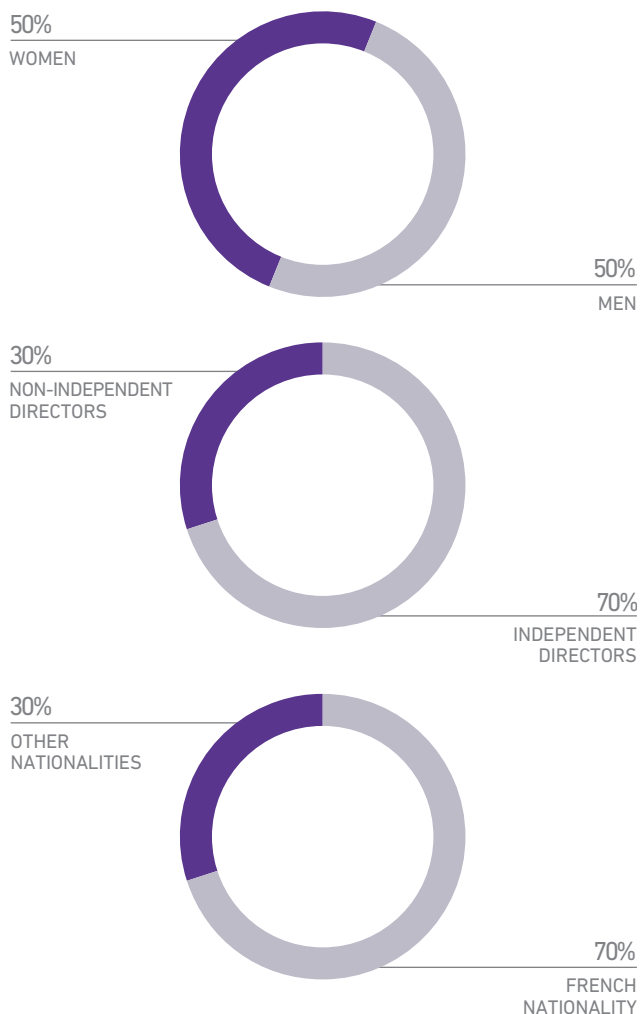
[FOR MORE INFORMATION]
2017 Registration Document – Chapter 7 – Paragraph 7.1.1.

BOARD OF DIRECTORS: INDEPENDENCE, DIVERSE AND VARIED SKILLS

The Board of Directors exercises the powers vested in it by law to act in the interests of the company in all circumstances. The Board’s decisions are made within the context of the Group’s sustainable development approach.

Varied and complementary profiles are thus present with strategic, financial and specific skills such as financial communication, CSR, talent management and marketing.

The Board of Directors⁽¹⁾ is composed as follows:



In 2017, the Board of Directors met six times. In 2017, Directors’ attendance rate at Board meetings was 87%.

At least once a year, the Board of Directors debates its operation (this involves a corresponding review of the Board’s specialized committees). This is reflected in the Company’s annual report so that shareholders are kept informed each year of the assessment carried out and, if applicable, any steps taken as a result. The Lead Director supervises the assessment of the Board’s operations and those of its specialized committees.

In order to facilitate the work of the Board of Directors and the preparation of deliberations, the Board may establish specialized Committees that examine topics within their respective areas of competence and submit opinions, proposals and recommendations to the Board of Directors.

There are four permanent specialized committees which are all chaired by an independent director:

- the Audit Committee;
- the Nominating and Governance Committee;
- the Compensation Committee; and
- the Strategy and Social Responsibility Committee.

(1) Subject to approval of the appointment and re-election of directors by the Annual General Meeting on May 30, 2018.

4 – GOVERNANCE – THE KEY TO STRIKING A BALANCE AMONG PRIORITIES

Audit Committee	Nominating and Governance Committee	Compensation Committee	Strategy and Social Responsibility Committee
<ul style="list-style-type: none"> ■ 3 members. ■ 100% independent members. ■ 7 meetings during the year. 	<ul style="list-style-type: none"> ■ 3 members. ■ 66% independent members. ■ 3 meetings during the year. 	<ul style="list-style-type: none"> ■ 3 members. ■ 100% independent members. ■ 3 meetings during the year. 	<ul style="list-style-type: none"> ■ 5 members. ■ 60% independent members. ■ 4 meetings during the year.
<p>Main tasks, to:</p> <ul style="list-style-type: none"> ■ Review and monitor the effectiveness of the internal control and internal audit framework in relation to the procedures for the preparation and processing of financial and accounting information; ■ Review risk mapping; ■ Monitor the financial reporting process and, where appropriate, to make recommendations to ensure its soundness; ■ Conduct a prior examination of the corporate accounts and the consolidated financial statements; ■ Ensure that the financial statements are audited by the Statutory Auditors. 	<p>Main tasks, to:</p> <ul style="list-style-type: none"> ■ Make proposals regarding the composition of the Board and its committees; ■ Periodically assess the proper operation of the Board; ■ Monitor changes in corporate governance and ensure that they are applied by the Company; ■ Establish a succession plan for executives. 	<p>Main tasks, to:</p> <ul style="list-style-type: none"> ■ Make proposals regarding the compensation components of executives and directors; ■ Ensure that the Company fulfills its obligations regarding the transparency of compensation. 	<p>Main tasks, to:</p> <ul style="list-style-type: none"> ■ Examine major projects concerning the Group's development and strategic positioning; ■ Examine the draft annual budgets submitted to the Board; ■ Assess the balance between the Group's strategy and CSR principles; ■ Review the main findings of the independent third party body.

During 2017, the rate of Directors' attendance at meetings of the specialized committees was 99%.

THE EXECUTIVE COMMITTEE: A MULTI-DISCIPLINARY AND EXPERIENCED TEAM

The Executive Committee is made up of a tightly-knit team of nine members with diverse and complementary expertise. All members of the Committee understand the core business of the Group and its development stakes. This Committee gathers together the General Managements of countries and also the

supporting operational departments of these countries. Several nationalities are present in this body (French, American and Italian), reflecting the history and geographic distribution of Legrand's business.

As of the filing date of the 2017 Registration Document, the Executive Committee which includes two women among its members is made up as follows:

Name	Functions	Date of joining the Group
Mr. Benoît Coquart	General Manager	1997
M ^s . Karine Alquier-Caro	Executive VP Purchasing	2001
M ^s . Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr. Antoine Burel	Chief Financial Officer	1993
Mr. Xavier Couturier	Executive VP Human Resources	1988
Mr. Paolo Perino	Chairman of Bticino and Executive VP of Strategy and Development	1989
Mr. John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr. Frédéric Xerri	Executive VP Export	1993

[FOR MORE INFORMATION]
2017 Registration Document – Chapter 6

5 – VERY GOOD INTEGRATED PERFORMANCE IN 2017: TARGETS FULLY ACHIEVED

5 – Very good integrated performance in 2017: targets⁽¹⁾ fully achieved

Legrand recorded a very good performance⁽¹⁾ in 2017 and demonstrated its ability to create lasting value for all its stakeholders:

- the Group's profitable growth gathered pace with an increase of +10.0% in consolidated sales, +12.9% in adjusted operating profit, and +13.2% in net profit attributable to the Group (notably

reflecting both a good operating performance and a decrease in financial expense);

- normalized free cash flow was up +17.8% to €735.2 million; and
- the CSR roadmap achievement rate was 122%, Legrand thus nearly met the targets set in its five-year roadmap in year four.

FINANCIAL PERFORMANCE

Detail of financial performance:

<i>(in millions of euros except %)</i>	2017	2016	2015
Revenue	5,520.8	5,018.9	4,809.9
Total sales growth	+10.0%	+4.3%	+6.9%
Sales growth at constant scope of consolidation and exchange rates	+3.1%	+1.8%	+0.5%
EBITDA⁽¹⁾	1,241.5	1,109.0	1,056.4
Maintainable EBITDA ⁽²⁾	1,262.7	1,134.1	1,084.4
Adjusted operating profit⁽³⁾	1,104.9	978.5	930.4
As a percentage of sales	20.0%	19.5%	19.3%
Maintainable adjusted operating profit ⁽²⁾	1,125.4	1,003.6	958.4
Net income⁽⁴⁾	713.2⁽⁸⁾	630.2⁽⁸⁾	552.0
As a percentage of sales	12.9%	12.6%	11.5%
Free cash flow⁽⁵⁾	695.8	673.0	666.0
As a percentage of sales	12.6%	13.4%	13.8%
Normalized free cash flow⁽⁶⁾	735.2	623.9	617.2
As a percentage of sales	13.3%	12.4%	12.8%
Net financial debt at December 31⁽⁷⁾	2,219.5	957.0	802.7

(1), (2), (3), (4), (5), (6) and (7): Please refer to section 5.15 of the 2017 Registration Document for a reminder of all the definitions.

(8) Adjusted for the net favorable effect of significant non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States (€85.5 million in 2017 and €61.2 million in 2016), net income for 2017 and 2016 was €627.7 million and €569.0 million, respectively. This net favorable effect is adjusted as it does not reflect an underlying performance.

2017 CONSOLIDATED SALES

Sales for 2017 stood at €5,520.8 million, up +10.0% from 2016.

Sales growth at constant scope of consolidation and exchange rates was +3.1%, with increases in all five geographical regions. These showings, which reflect strengthening of the Group's market positions in many countries, were driven both by sustained growth in new economies (+4.7%) and good performances in mature countries (+2.4%). They also illustrate successful launches of new products, as well as the commitment of teams across all countries.

The contribution of the broader scope of consolidation to Group growth was +7.8% in 2017, and is expected to be over +7%⁽²⁾ in 2018.

The exchange-rate effect on sales was -1.1% in 2017. Based on average exchange rates in January 2018, (i) the full-year foreign-exchange impact on 2018 sales should be around -4% (around -6% in the first half of 2018 and around -2% in the second half of 2018) and (ii) change in foreign-exchange rates shouldn't have any impact on Group operating margin.

(1) This relates to integrated performance combining financial and CSR-linked extra-financial results, drawing on a broader approach to corporate scope creating value for all stakeholders.

(2) Based on acquisitions announced in 2017.

As a reminder, organic growth in sales was strong in the first quarter of 2017, thus representing a demanding basis for comparison including an unfavorable calendar effect in the first quarter of 2018 and in particular in the United States.

Changes in sales at constant scope of consolidation and exchange rates are analyzed below by geographical region:

■ **France** (16.3% of Group sales): organic growth in sales in France stood at +3.2% in 2017.

This good relative performance reflects the strengthening of Legrand's positions in France, driven by factors including successful commercial initiatives and well-received launches of new products, among them the Classe 300X door entry system and LCS3 digital infrastructure solutions.

The new residential construction market showed strong growth throughout the year. Over the same period, new non-residential construction also expanded, while the renovation market showed very moderate growth.

At the end of 2017, French building sector activity accelerated, fueled by a marked one-off rise in demand that drove organic growth in the fourth quarter.

■ **Italy** (9.3% of Group sales): at constant scope of consolidation and exchange rates, sales were up +4.0% in Italy for 2017 as a whole.

These 2017 showings were led by a very positive response to recently launched connected offerings, including the Classe 300X door entry system, My Home Up home systems, and the new Smarter intelligent thermostat. Against a backdrop of very slight growth in the construction market, this healthy performance also illustrated the Group's successful commercial initiatives.

■ **Rest of Europe** (17.0% of Group sales): at constant scope of consolidation and exchange rates, sales rose +5.5% from 2016.

Countries in Eastern Europe, including Russia, Hungary and the Czech Republic, turned in solid showings for the year as a whole.

Turkey also reported strong growth in sales, benefiting from a favorable basis for comparison in the second half of 2016.

In addition, business increased strongly in a number of mature European countries of the zone, including Spain, the Netherlands, Greece and Scandinavian countries.

In the United Kingdom (less than 2.5% of Legrand's total sales) sales were up very slightly compared with 2016, with activity declining in the second half alone.

■ **North and Central America** (33.0% of the Group's sales): at constant scope of consolidation and exchange rates, sales were up +1.7% from 2016 and +7.6% over two years compared with 2015, due notably to a very good performance in the United States in 2016⁽¹⁾.

In the United States alone, organic growth stood at +1.0% for 2017⁽¹⁾ and was up +6.6% over two years compared with 2015. This good showing reflects Legrand's stronger positions in the country, driven by new products and successful commercial initiatives.

Milestone's performance over full-year 2017 was at the top of the range of the aim announced⁽²⁾ last November, with organic growth in sales up +3.0%.

There was also a double-digit rise in sales in Mexico.

■ **Rest of the world** (24.4% of Group sales): organic growth was up +3.1% from 2016.

This good performance was buoyed by a number of countries in the region, including China, Indonesia, Algeria and the United Arab Emirates.

Growth was also sustained in India, with a particularly sharp rise in the second half after a temporary slowdown in the second quarter as the GST⁽³⁾ was rolled out.

In the rest of the region, sales retreated in Brazil, Colombia and Malaysia, in particular.

ADJUSTED OPERATING PROFIT AND MARGIN

Adjusted operating profit was up +12.9% to €1,104.9 million, reflecting the Group's ability to create value through profitable growth.

Adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.1% of sales in 2017, in line with the top end of the target range (20.1%). When acquisitions are taken into account, the adjusted operating margin stood at 20.0% of net sales.

By reacting quickly to adjust its price lists, Legrand more than offset, in absolute value, the impact of a marked rise in raw material and component prices in 2017.

(1) As a reminder, the US recorded organic growth in sales of +5.6% in 2016. As noted on page 4 of the press release presenting full-year 2016 results, published February 9, 2017, organic growth for 2016 as a whole would have stood at around +3% excluding one-off impacts due to the "success of the Digital Lighting Management offering", "good showings in the non-residential segment" and "one-off load-in in the retail business".

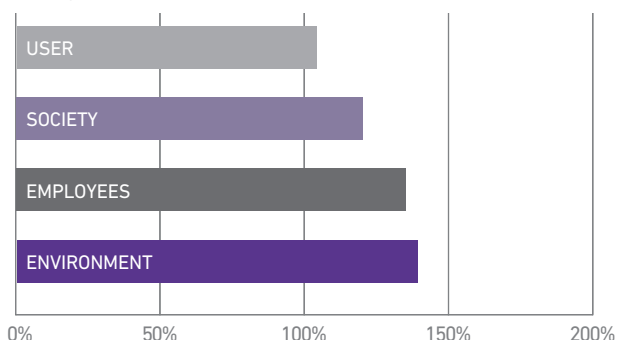
(2) As a reminder, on page 10 of the press release announcing nine-month 2017 results (published November 7, 2017), Legrand indicated that the full-year 2017 aim for organic growth in sales at Milestone was between +2% and +3%. For more details on Milestone's sales growth in 2017, readers are invited to consult page 16 in the appendices of the press release announcing the 2017 annual results and the change in governance, published on February 8, 2018.

(3) GST: Goods and Services Tax.

NON-FINANCIAL PERFORMANCE

With a 122% global achievement rate for targets set for the end of 2017 (as a reminder, the 2014-2018 roadmap comprises 21 targets with annual milestones), the Group was ahead of planned schedule. This performance reflects Legrand's capacity to push ahead on all fronts in meeting the 4 focus points of its CSR roadmap.

2017 objectives achievement rates



■ **User:** Users of the Legrand Group's products and their needs are the Group's main focus and concern. It relies on innovation to offer users sustainable solutions and to drive progress in the electrical sector. Since 2014, the Group's energy-efficient solutions have avoided 2.7 million metric tons of CO₂ emissions in aggregate terms. The Group continued to deploy its communication policy on the environmental impacts of its products, with 67% of its sales achieved with products with a Product Environmental Profile (PEP), thus meeting the 2018 target a year early. In addition, nine major new partnerships and collaborative research projects were launched during the year. Around 613,000 customers have received training since 2014, while 92% of Group sales are covered by a Customer Relationship Management (CRM) system.

■ **Society:** Social responsibility applies to all partners with whom the Legrand Group interacts. This interaction takes place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. In 2017, an additional 600 people were trained in business ethics, taking the number

of people trained on these subjects to almost 2,900 since 2014. The compliance program continued to be rolled out to more than 50 countries. The Group also continued to identify and support suppliers exposed to CSR risks, and 215 action plans were set up in around 20 countries. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity. In 2017, joint action with *Électriciens sans frontières* led to 320,000⁽¹⁾ people benefiting directly or indirectly from access to power. The Legrand Foundation has supported 34 projects since it was created.

■ **Employees:** Legrand pays particular attention to the working conditions of its employees and its responsibilities towards them. The Group seeks to ensure respect for human rights all over the world. It is also committed to health and safety for all. It strives to develop the skills of each individual and to foster diversity. In 2017, an assessment of the risks of human rights violations was carried out on 100% of the Group's workforce considered exposed to these risks. The occupational risk management plans and the health and safety monitoring and improvement process cover more than 90% of the workforce, while the workplace accident frequency rate fell by 51% between 2013 and 2017. In all, 90% of employees attended one or more training courses and 92% of managers had an individual appraisal review.

■ **Environment:** Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites, but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy. In 2017, 92% of the main industrial and logistics sites were ISO 14001 certified. The Group's average energy intensity dropped by 17% between 2013 and 2017 (at current scope). 90% of waste was sent for recycling, and 93% of the Group's sales⁽²⁾ comply with the requirements of the RoHS regulations.

[FOR MORE INFORMATION]

■ 2017 Registration Document – Chapter 4

6 – 2018 outlook⁽³⁾

Macroeconomic projections for 2018 call for a still favorable economic environment overall. Against this backdrop, Legrand plans to pursue its strategy of profitable growth and has set the following targets for 2018:

- organic growth in sales of between +1% and +4%; and
- adjusted operating margin before acquisitions (at 2017 scope of consolidation) of between 20.0% and 20.5% of sales.

Legrand will also pursue its strategy of value-creating acquisitions. Based on the acquisitions already announced, the contribution of the broader scope of consolidation to Group growth is already over +7% in 2018.

Furthermore, Legrand continues with its efforts to achieve the 2018 targets set for the 21 priorities in the Group's CSR roadmap.

(1) Data provided by *Électriciens sans frontières* indicating the number of people potentially affected by projects supported by Legrand.

(2) Including Group products outside the scope of RoHS regulations.

(3) 2018 targets announced on February 8, 2018 when the 2017 full-year results were released.



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