PRESS RELEASE

Limoges, May 3, 2018

Solid performance in the first quarter of 2018

Sales: +9.6%, of which +3.9% organic growth

Adjusted operating profit: +11.9%

Net profit attributable to the Group: +17.7%

Ongoing growth initiatives

2018 targets confirmed

Benoît Coquart, Legrand Chief Executive Officer, commented:

*"**Solid performance in the first quarter of 2018***

Organic growth in sales came to +3.9% in the first quarter of 2018. This solid performance reflects healthy rises in both mature countries (+3.2%) and new economies (+5.7%) – and more specifically, very good growth, in part one-off, recorded in Italy and in the Rest of Europe.

Taking into account the broader scope of consolidation's significant +14.0% contribution to sales (which should reach over +7%[1] full year) and the -7.5% foreign-exchange impact (linked primarily to the euro's rise), total growth in Group sales was +9.6% in the first quarter of 2018.

Reflecting Legrand's capacity to pursue its value-creating growth, adjusted operating profit rose +11.9% and adjusted operating margin before acquisitions (at 2017 scope of consolidation) stood at 20.4%, an increase of +0.7 points from the first quarter of 2017.

Net profit attributable to the Group reached €175.3 million, a +17.7% rise that reflects a good operating performance, lower financial expense, and the favorable impact of reductions in corporate tax rates in the United States.

Ongoing growth initiatives

Pursuing its innovation strategy, Legrand has successfully launched many new products since the beginning of the year, in areas including energy distribution, UPS and cable management. The Group is also continuing to actively integrate the Internet of Things into its offering, thus launching connected user interface ranges that include Céliane with Netatmo in France.

More generally, Legrand continues actively to geographically deploy Eliot and recently launched international programs that include LCS3 high-performance structured cabling solutions and its Keor T Evo and Daker+ UPS devices. The Group is also benefiting from the international development of its recently acquired businesses."

2018 targets confirmed

Based on achievements in the first quarter of 2018, Legrand confirms its targets[2] 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.

[1] Based on acquisitions announced.

[2] For a complete presentation of Legrand's 2018 targets, readers are invited to refer to the February 8, 2018 press release announcing full-year 2017 results.

Key figures

Consolidated data (€ millions)(1)	1st quarter 2017	1st quarter 2018	Change
Sales	1,318.8	1,445.2	+9.6%
Adjusted operating profit	259.5	290.4	+11.9%
As % of sales	*19.7%*	*20.1%* *20.4% before acquisitions(2)*	
Operating profit	246.9	271.6	+10.0%
As % of sales	*18.7%*	*18.8%*	
Net profit attributable to the Group	149.0	175.3	+17.7%
As % of sales	*11.3%*	*12.1%*	
Normalized free cash flow	180.8	219.4	+21.3%
As % of sales	*13.7%*	*15.2%*	
Free cash flow	83.1	69.8	-16.0%
As % of sales	*6.3%*	*4.8%*	
Net financial debt at March 31	894.9	2,169.4	+142.4%

(1) See appendices to this press release for definitions and reconciliation tables of indicators.
(2) At 2017 scope of consolidation.

Financial performance at March 31, 2018

Consolidated sales

First-quarter 2018 sales stood at €1,445.2 million, showing a total rise of +9.6% from the first quarter of 2017.

At constant scope of consolidation and exchange rates, sales were up +3.9%, reflecting good growth in mature countries (+3.2%), rounded out by business momentum in new economies (+5.7%). This solid performance was more specifically driven by very good growth, in part one-off, in Italy and in the Rest of Europe.

The impact on sales of the broader scope of consolidation reached +14.0% in the first quarter of 2018. For full-year 2018, based on acquisitions announced, change in the scope of consolidation should contribute over +7% of sales growth.

The exchange-rate effect stood at -7.5% in the first quarter of 2018, primarily linked to the euro’s rise. Applying average exchange rates for April 2018 to the last nine months of the year and taking into account the exchange-rate effect observed in the first quarter of 2018, the full-year 2018 impact on sales of foreign-exchange variations should be around -5% (around -7% in the first half of 2018 and around -3% in the second half of 2018).

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

	1st quarter 2018 / 1st quarter 2017
France	+2.7%
Italy	+6.3%
Rest of Europe	+9.3%
North and Central America	+1.7%
Rest of the world	+3.2%
Total	**+3.9%**

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

- **France** (16.0% of Group sales): organic growth in sales in France stood at +2.7% in the first quarter of 2018.

This good showing is driven by sales momentum in energy distribution and home systems. Activity was also sustained by the success of new products such as the Céliane with Netatmo range of connected user interface, LCS3 high-performance fiber optic and copper wiring solutions, and EMS CX3, a connected system monitoring energy consumption in electrical panels.

- **Italy** (10.5% of Group sales): at constant scope of consolidation and exchange rates, sales rose +6.3% in Italy in the first quarter of 2018.

This very good growth reflects the success of the Group's innovation drive, including its latest product launches: My Home Up home systems, the Classe 300 X connected door entry system, and the Smarther intelligent thermostat. Growth also benefited from a favorable basis for comparison[1].

- **Rest of Europe** (17.9% of Group sales): at constant scope of consolidation and exchange rates, sales were up +9.3% from the first quarter of 2017.

Sales increased in mature countries, including Spain, the Netherlands and Greece. In the United-Kingdom, activity was almost stable compared with the first quarter of 2017.

Strong growth in the area was also driven by very good showings, in part one-off, in new economies and more specifically in Turkey, Romania and Hungary.

- **North and Central America** (34.2% of Group sales): at constant scope of consolidation and exchange rates, sales were up +1.7% in the first quarter of 2018.

The United States recorded good performances in both user interface and lighting solutions.

The rise in the first quarter of 2018 sales was also driven by solid achievements – particularly in retail – of Milestone, a frontrunner in Audio-Video infrastructure and power in the United-States that was acquired in 2017.

Activity in Mexico retreated due to the high basis for comparison in 2017.

- **Rest of the World** (21.4% of Group sales): organic growth was up +3.2% from the first quarter of 2017.

A number of countries recorded double-digit growth in sales, including China, South Korea, Peru, Saudi Arabia and Algeria.

Activity retreated over the period in India, due to the high basis for comparison in the first quarter of 2017. Sales also decreased in Brazil and in Colombia.

[1] As a reminder, full-year organic growth in 2017 in Italy was +4.0% and first quarter organic growth in 2017 was +1.9%.

Adjusted operating profit and margin

In the first quarter of 2018, adjusted operating profit reached €290.4 million, up +11.9%, reflecting the Group's capacity to create value through profitable growth.

Against a backdrop of rising sales, adjusted operating margin before acquisitions (at 2017 scope of consolidation) stood at 20.4% of sales in the first quarter of 2018, against 19.7% in the first quarter of 2017. This 0.7-point rise reflects a very good global operating performance and the Group's ability to adjust its selling prices to inflation in raw materials and components.

Taking acquisitions into account, adjusted operating margin stood at 20.1% of sales.

Net profit attributable to the Group

Legrand's net profit attributable to the Group for the first quarter of 2018 was €175.3 million, up +17.7% from the first quarter of 2017. This €26.3 million rise reflects:

- a robust operating performance, with a €24.7 million improvement in operating profit;
- a €1.5 million decline in net financial expense;
- an €0.8 million favorable change in the foreign-exchange result;
- an €0.6 million improvement in the result of equity-accounted entities;
- an €0.2 million decline in profit attributable to minority interests;

partially offset by:

- a €1.5 million rise in income tax in absolute terms linked to the Group's increased profits. At the same time, the tax rate stood at 30.0% in the first quarter of 2018, representing a 3-point decrease from the first quarter of 2017. As announced[1], this came from the lower corporate tax rate in the United-States.

Cash generation

Representing 15.2% of sales, normalized free cash flow stood at €219.4 million, up +21.3% from the first quarter of 2017. This healthy rise was driven primarily by sustained growth in cash flow from operations (+14.6%), which stood at €249.0 million (or 17.2% of first-quarter 2018 sales).

Taking into account the mechanical change in working capital requirement – while under control at 9.0% of sales[2] at 31 March 2018, this compares to the low level at the end of December 2017[3] – free cash flow[4] came to €69.8 million in the first quarter of 2018 compared with €83.1 million in the first quarter of 2017.

Ongoing growth initiatives

Legrand actively pursued its innovation strategy fueled by a regular flow of new products. In the first quarter of 2018 these included:

- Niloe Step user interface solutions in Portugal;
- Practibox S distribution cabinet in Brazil and XL3N 630 power enclosures in the Middle East;
- The DX3 Stop Arc circuit breaker;
- Keor Multiplug UPS for home and non-residential digital appliances; and
- New Logix universal modular floor boxes.

Legrand is also continuing to actively integrate the Internet of Things into its offering, and has thus launched many connected user interface ranges. These include Céliane with Netatmo in France – which has already been very well received with nearly 2,000 connected installations managed by the Home + Control application – and the Yiyuan range in China.

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[1] For more information on tax reductions in France and in the United States announced in 2017, and their expected impacts on Legrand's accounts, readers are invited to refer to pages 14 and 15 of the press release announcing full-year 2017 results, published February 8, 2018.

[2] Based on the last 12-months' sales.

[3] As a reminder, in the press release for year-end 2017 results, it was indicated that "Working capital requirement expressed as a percentage of 2017 sales remained at a low level, standing at 6.8% at December 31, 2017".

[4] For more details on the reconciliation of free cash flow with normalized free cash flow, readers are invited to refer to page 9 of this press release.

More generally, the Group is pursuing the geographical deployment of:

- its recent international programs, including high-performance structured cabling (LCS3) and UPS systems (Keor T Evo and Daker+), and
- connected offerings launched in recent quarters under Eliot (Classe 300X door system, Smarther intelligent thermostat, My Home Up home systems and the EMS CX3).

Legrand is also benefiting from the fast development outside their domestic markets of recently acquired businesses, in architectural lighting solutions for commercial buildings (Finelite), in natural lighting management (Solarfective) and in PDUs[1] (Raritan).

Finally, after six external growth operations closed in 2017, the Group is pursuing its strategy of targeted acquisitions that complement its activities. Legrand thus announced today a joint-venture agreement with Modulan, the German specialist in custom cabinets for datacenters that will round out the Group's existing operations in this field in North America (Electrorack), Europe (Minkels) and Asia (SJ Manufacturing and Valrack). Based in Niederau, Modulan reported sales of approximately €8 million and has around 40 employees.

Dividend

As announced on February 8, 2018, the Legrand board of directors will ask the General Meeting of Shareholders to be held on May 30, 2018 to approve the payment of a €1.26[2] per-share dividend in respect of 2017 (versus €1.19 in respect of 2016), representing a payout[3] of 54%. The ex-dividend date will be June 1, 2018 and the dividend will be paid on June 5, 2018.

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[1] PDU: Power Distribution Unit.

[2] Based on the number of shares outstanding on March 31, 2017, dividend distribution in 2018 in respect of 2017 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 €0.93 per share on the one hand, and (ii) the "issue premium" account in an amount of €0.33 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.

[3] Based on adjusted net profit attributable to the Group. Adjusted net profit attributable to the Group does not take into account 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. This net favorable effect is adjusted as it does not reflect an underlying performance. For more information and reconciliations, readers are invited to consult pages 14, 15 and 20 of the press release for 2017 annual results published on February 8, 2018.

The Legrand Board of Directors adopted consolidated financial statements for first-quarter 2018 at its meeting on May 2, 2018. These consolidated financial statements, a presentation of 2018 first-quarter results and the related teleconference (live and replay) are available at www.legrand.com.

KEY FINANCIAL DATES:

- General Meeting of Shareholders: **May 30, 2018**
- Ex-dividend date: **June 1, 2018**
- Dividend payment: **June 5, 2018**
- 2018 first-half results: **July 31, 2018**
  "Quiet period[1]" starts July 1, 2018
- 2018 nine-month results: **November 8, 2018**
  "Quiet period[1]" starts October 8, 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 €5.5 billion in 2017. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 index.*
(code ISIN FR0010307819)
http://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.*
www.legrand.com/en/group/eliot-legrands-connected-objects-program

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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 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.

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), reversal of inventory step-up 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.

UPS

Uninterruptible Power Supply

Calculation of working capital requirement

In € millions	Q1 2017	Q1 2018
Trade receivables	652.9	731.6
Inventories	712.2	780.6
Other current assets	167.5	179.7
Income tax receivables	32.6	56.5
Short-term deferred taxes assets/(liabilities)	91.1	89.1
Trade payables	(583.5)	(613.1)
Other current liabilities	(523.1)	(556.1)
Income tax payables	(52.7)	(74.7)
Short-term provisions	(85.2)	(87.0)
Working capital required	**411.8**	**506.6**

Calculation of net financial debt

In € millions	Q1 2017	Q1 2018
Short-term borrowings	450.8	131.4
Long-term borrowings	1,146.9	2,857.9
Cash and cash equivalents	(702.8)	(819.9)
Net financial debt	**894.9**	**2,169.4**

Reconciliation of adjusted operating profit with profit for the period

In € millions	Q1 2017	Q1 2018
Profit for the period	**149.8**	**175.9**
Share of profits (losses) of equity-accounted entities	0,8	0.2
Income tax expense	74.1	75.6
Exchange (gains) / losses	2.0	1.2
Financial income	(2.9)	(2.8)
Financial expense	23.1	21.5
Operating profit	**246.9**	**271.6**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	12.6	18.8
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**259.5**	**290.4**

Reconciliation of EBITDA with profit for the period

In € millions	Q1 2017	Q1 2018
Profit for the period	**149.8**	**175.9**
Share of profits (losses) of equity-accounted entities	0.8	0.2
Income tax expense	74.1	75.6
Exchange (gains) / losses	2,0	1.2
Financial income	(2.9)	(2.8)
Financial expense	23.1	21.5
Operating profit	**246.9**	**271.6**
Depreciation and impairment of tangible assets	23.5	24.9
Amortization and impairment of intangible assets (including capitalized development costs) and reversal of Milestone inventory step-up	19.2	28.1
Impairment of goodwill	0.0	0.0
EBITDA	**289.6**	**324.6**

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

In € millions	Q1 2017	Q1 2018
Profit for the period	**149.8**	**175.9**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	43.1	53.6
Changes in other non-current assets and liabilities and long-term deferred taxes	17.6	16.8
Unrealized exchange (gains)/losses	6.6	2.5
(Gains)/losses on sales of assets, net	(0.5)	0.0
Other adjustments	0.7	0.2
Cash flow from operations	**217.3**	**249.0**
Decrease (Increase) in working capital requirement	(103.6)	(154.9)
Net cash provided from operating activities	**113.7**	**94.1**
Capital expenditure (including capitalized development costs)	(32.6)	(28.3)
Net proceeds from sales of fixed and financial assets	2.0	4.0
Free cash flow	**83.1**	**69.8**
Increase (Decrease) in working capital requirement	103.6	154.9
(Increase) Decrease in normalized working capital requirement	(5.9)	(5.3)
Normalized free cash flow	**180.8**	**219.4**

Scope of consolidation

2017	Q1	H1	9M	Full year
Full consolidation method				
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
Milestone			Balance sheet only	5 months
Server technology				Balance sheet only
Equity method				
Borri		Balance sheet only	Balance sheet only	8 months

2018	Q1	H1	9M	Full year
Full consolidation method				
OCL	3 months	6 months	9 months	12 months
AFCO Systems Group	3 months	6 months	9 months	12 months
Finelite	3 months	6 months	9 months	12 months
Milestone	3 months	6 months	9 months	12 months
Server Technology	3 months	6 months	9 months	12 months
Modulan	Balance sheet only	Balance sheet only	To be determined	To be determined
Equity method				
Borri	3 months	6 months	9 months	12 months

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.