PRESS RELEASE

Limoges, July 30, 2019

Solid performances in first-half 2019

Sales: +8.0%

Adjusted operating profit: +6.0%

Net profit attributable to the Group: +6.5%

Normalized free cash: +10.0%

Ongoing initiatives for development and operational optimization

2019 targets confirmed

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

"Solid performances in first-half 2019

Sales rose +8.0% in the first half of 2019, driven by organic growth of +2.2%, the increased scope of consolidation for +3.5%, and a favorable exchange-rate effect for +2.2%.

Adjusted operating profit grew +6.0% and adjusted operating margin before acquisitions (at 2018 scope of consolidation) stood at 20.9% of sales, equal to the first half of 2018. After taking acquisitions into account, adjusted operating margin for the first six months of the year came to 20.5% of sales.

Over the same period, net profit attributable to the Group rose +6.5% and normalized free cash flow was up +10.0%.

These solid performances recorded in the first half illustrate once again the quality of Legrand's business model and the Group's ability to create value over the long term.

Ongoing initiatives for development and operational optimization

Innovation momentum remained sustained with the launch of connected ranges for user interfaces, home systems, and emergency lighting, as well as innovative solutions for energy distribution and digital infrastructure.

Legrand is also pursuing its strategy of external growth with the acquisition in April 2019 of Universal Electric Corporation, the undisputed US leader in busways for datacenters. More generally, the Group has successfully initiated the docking of recently acquired companies, which have reported very encouraging performances.

Moreover, after achieving the 2020 targets set for its Eliot program as early as 2018 – and building on its acquisition of Netatmo – Legrand has accelerated the development of its digital offering, and announced ambitious[1] new targets on June 12, 2019:

- *double-digit average annual organic growth in sales of connected products from 2018 to 2022[2]; and*
- *over one billion euros in sales generated by connected products in 2022, excluding acquisitions and exchange-rate effects.*

Legrand is also pursuing initiatives aimed at strengthening its operational performance, in particular through the gradual roll-out of its "Legrand Way[3]" program to new sites, and through targeted optimization of its industrial footprint."

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[1] Excluding any major economic slowdown.

[2] Based on 2018 sales of €690m including sales of Netatmo and Shenzhen Clever Electronic for 12 months.

[3] Legrand's best practice implementation program.

2019 targets confirmed

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

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

Key figures

Consolidated data (€ millions)[1]	**1st half 2018**	**1st half 2019**	**Change**
Sales	2,986.8	3,226.8	+8.0%
Adjusted operating profit	625.1	662.6	+6.0%
As % of sales	*20.9%*	*20.5%[2]* *20.9%[2] before acquisitions[3]*	
Operating profit	589.4	619.6	+5.1%
As % of sales	*19.7%*	*19.2%[2]*	
Net profit attributable to the Group	390.0	415.3	+6.5%
As % of sales	*13.1%*	*12.9%[4]*	
Normalized free cash flow	467.7	514.5	+10.0%
As % of sales	*15.7%*	*15.9%[5]*	
Free cash flow	231.0	375.4	+62.5%
As % of sales	*7.7%*	*11.6%[5]*	
Net financial debt at June 30	2,393.9	3,023.2[6]	+26.3%

(1) See appendices to this press release for definitions and reconciliation tables of indicators.
(2) Including a favorable impact of around +0.1 points linked to implementation of the IFRS 16 standard.
(3) At 2018 scope of consolidation.
(4) Implementation of the IFRS 16 standard does not have a significant impact on net profit attributable to the Group.
(5) Including a favorable impact of around +1.0 point linked to implementation of the IFRS 16 standard.
(6) Including €307.7 million in lease financial liabilities (implementation of the IFRS 16 standard since January 1, 2019).

Financial performance at June 30, 2019

Consolidated sales

Sales were up +8.0% in the first half of 2019 compared with the first half of 2018, and stood at €3,226.8 million.

Driven by good showings in both mature countries (+2.3%) and new economies (+1.9%), organic growth in sales came to +2.2% in the first half of 2019.

More specifically, organic growth in the second quarter alone stood at +1.5%, driven by a sustained rise in sales in mature countries (+2.6%) that was partially offset by a one-off drop in new economies' sales (-1.2%). This decline was due primarily to a particularly demanding basis of comparison in Turkey and in India as well as to a sharp retreat in business in the Middle East.

The impact on sales of the broader scope of consolidation was +3.5%. Based on acquisitions completed in 2018 and 2019 and their likely dates of consolidation, this effect should reach around +5% in 2019.

The exchange-rate effect was favorable at +2.2% over the period. Applying average exchange rates in June 2019 to the second half and taking into account the exchange-rate effect for the first half of 2019, the full-year 2019 impact on sales of changes in currency rates should be around +1.5%.

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

	1st half 2019 / 1st half 2018	2nd quarter 2019 / 2nd quarter 2018
Europe	+2.3%	+2.4%
North and Central America	+2.3%	+2.3%
Rest of the world	+1.6%	-1.4%
Total	**+2.2%**	**+1.5%**

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

- **Europe** (41.9% of Group sales): Organic growth in sales in Europe was +2.3% in the first half of 2019.

In mature countries of Europe, sales grew +2.4% over the period, driven by good showings in Italy, linked in particular to the success of connected offerings, as well as in Germany, Belgium, and Southern Europe[1]. In France, sales were stable in the first half, as an increase in sales in the second quarter—driven in particular by the launch of new offerings in user interfaces with the Mosaic range and in connected emergency lighting—compensated for the retreat in sales in the first quarter.

Fueled by sustained growth in sales in Eastern Europe, sales in Europe's new economies rose +2.0% at constant scope of consolidation and exchange rates compared with the first half of 2018. In the second quarter alone, sales in Europe's new economies retreated due to a steep decline in sales in Turkey that stemmed, as announced, from a particularly high basis of comparison.

- **North and Central America** (37.0% of Group sales): Sales rose +2.3% from the first half of 2018 at constant scope of consolidation and exchange rates.

In the United States, sales were up +3.0% in the first half of 2019, driven in particular by good showings in cable management systems, user interfaces, and lighting management solutions.

At the same time, sales retreated from the first half of 2018 in Mexico and Canada.

- **Rest of the world** (21.1% of Group sales): sales rose +1.6% at constant scope of consolidation and exchange rates in the first half of 2019.

Sales were up +1.9% in Asia-Pacific from the first half of 2018, driven by good showings in China as well as in India, where sales nonetheless declined in the second quarter alone, due to a very demanding basis of comparison.

In Latin America, the +3.3% rise in sales was driven by an increase in revenues in Brazil and Peru, partially offset by a decrease in sales in Colombia.

Sales retreated -1.6% in Africa and the Middle East. In Africa, many countries recorded sustained growth in sales, including Algeria and Egypt. In a sluggish economic environment, business dropped sharply in the Middle East.

[1] Southern Europe: Spain + Greece + Portugal.

Adjusted operating profit and margin

In the first half of 2019, adjusted operating profit reached €662.6 million, rising +6.0%.

Adjusted operating margin before acquisitions (at 2018 scope of consolidation) came to 20.9% of sales, stable when compared with the adjusted operating margin recorded in the first half of 2018. The decline in gross margin, due mainly to the rise in raw material and component prices, was thus compensated by good control of administrative and commercial costs.

The rise in US customs duties was furthermore fully offset by ongoing pricing and adaptation initiatives.

After acquisitions, adjusted operating margin stood at 20.5%.

Net profit attributable to the Group

In the first half, net profit attributable to the Group increased +6.5%. This €25.3 million rise from the first half of 2018 mainly reflects:

- an increase in operating profit (+€30.2 million);
- an unfavorable change in net financial expense (including the implementation of the IFRS 16 standard) and foreign-exchange results (-€6.7 million); and
- a decline of nearly 2 points – to around 28% – in the corporate tax rate due to one-off items (+€3.3 million).

Cash generation

Cash flow from operations increased +8.1% to represent 18.2% of sales in the first half of 2019.

Normalized free cash flow rose +10.0% in the first half of 2019 to total €514.5 million or 15.9% of sales.

Working capital requirement came to 11.2% of sales[1] at June 30, 2019, up 0.9 points from June 30, 2018, mainly stemming from the consolidation of recent acquisitions.

Free cash flow for the first six months of 2019 was solid at 11.6% of Group sales.

Ongoing initiatives for development and operational optimization

Launch of many new product offerings

Legrand continued to innovate actively and rolled out a host of new products in the first half, including:

- user interface solutions such as Mosaic in France, Radiant Graphite in the United States, Lyncus in India, and Rivia in Vietnam, along with the Valena Next connected range in Europe;
- the Classe 100X connected video door entry system in Italy;
- new lighting systems including a connected emergency lighting unit in France and new architectural and mission-critical lighting fixtures in the United States;
- products for digital infrastructures including LCS3 program's fiber cassettes and Power over ethernet switches as well as Milestone's Parallax Stratos 1.0 projection screen;
- The Trimod MCS range of UPS solutions; and
- Reach Digital connected residential alarms designed for assisted living.

Legrand's solutions are known for their reliability, quality and innovative design, and won many awards in the first half of the year, among them:

- an *Innovation Award* for the Living Now connected user interface range that embeds Alexa, at the Las Vegas CES 2019;

[1] Based on sales in the last twelve months.

- three *IF Design Awards* for Living Now (user interfaces), Practibox (energy distribution) and Keor Mod (UPS systems) ranges; and
- a *Deutscher Rechenzentrumspreis*[1] in Germany, recognizing Legrand's integration of innovative functions – which provide in particular greater energy efficiency in datacenters – in its PDUs.

External growth

Legrand also pursued its strategy of growth through acquisitions. In April 2019, the Group purchased Universal Electric Corporation, the undisputed US leader in busways for datacenters, whose offering—sold mainly under the Starline brand—has long been known for its quality and ease of installation.

This move strengthened Legrand's positions in the promising datacenters market in the United States, where it already holds front-runner positions in fields including PDUs, pre-terminated solutions, and cable management systems.

Legrand also successfully initiated first stages in docking its most recent acquisitions, whose first-half performances are very encouraging.

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

Accelerating deployment of digital offering

On the occasion of an Investor Day held in Paris on June 12, Legrand reviewed the success of its IoT strategy, which allowed to achieve its 2020 targets for the Eliot program as early as 2018. On this basis, and building on Netatmo's expertise and know-how, the Group is now stepping up deployment of connectivity throughout its product offering and has set ambitious[2] new targets for Eliot:

- double-digit average annual organic growth in sales of connected products from 2018 to 2022[3]; and
- over one billion euros in sales generated by connected products in 2022, excluding acquisitions and exchange-rate effects.

Legrand also intends to continue its development in digital infrastructure, a business fueled in particular by growth in the number of connected products and that accounted for 20% of 2018 sales.

More specifically, Legrand will continue to strengthen its positions in datacenters, a segment that already accounted for nearly 10%[4] of Group's sales in 2018.

Ongoing strengthening of performance

Legrand is also pursuing its strategy aimed at ongoing improvement in its performance, including:

- active roll-out of its Legrand Way[5] program to new sites, while extending it to R&D and product marketing at Group level, and
- targeted optimization of its industrial footprint, in countries including Spain, Turkey, Russia, China and Saudi Arabia.

More generally, these initiatives are part of an approach to operational excellence that is designed to strengthen the Group's profitable and sustainable business model.

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[1] Award for datacenter players in Germany.
[2] Excluding any major economic slowdown.
[3] Based on 2018 sales of €690m including sales of Netatmo and Shenzhen Clever Electronic for 12 months.
[4] 2018 proforma figures, including 12 months of sales of acquisitions made in 2018 and of Universal Electric Corporation.
[5] Legrand's best practice implementation program.

The consolidated financial statements for the first half of 2019 that were subject of a limited review by the Group's auditors were adopted by the Board of Directors at its meeting on July 29, 2019. These consolidated financial statements, a presentation of 2019 first-half results and the related teleconference (live and replay) are available at www.legrand.com.

KEY FINANCIAL DATES:

- 2019 nine-month results: **November 7, 2019**
  "Quiet period[1]" starts October 8, 2019
- 2019 annual results: **February 13, 2020**
  "Quiet period[1]" starts January 14, 2020
- General Meeting of Shareholders: **May 27, 2020**

ABOUT LEGRAND

Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for commercial, industrial and residential markets makes it a benchmark for customers worldwide. Drawing on an approach that involves all teams and stakeholders, Legrand is pursuing its strategy of profitable and sustainable growth driven by acquisitions and innovation, with a steady flow of new offerings—including Eliot connected products with enhanced value in use. Legrand reported sales of close to €6 billion in 2018. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 index.*
(code ISIN FR0010307819)
https://www.legrand.com

**Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the group's innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.*
https://www.legrand.com/EN/eliot-program_13238.html

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[1] Period of time when all communication is suspended in the run-up to publication of results.

Appendices

Glossary

Adjusted operating profit: Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Busways: electric power distribution systems based on metal busbars.

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

CSR: Corporate Social Responsibility.

EBITDA: EBITDA is defined as operating profit plus depreciation and impairment of tangible and of right of use assets, amortization and impairment of intangible assets (including capitalized development costs), reversal of inventory step-up and impairment of goodwill.

Free cash flow: Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

KVM: Keyboard, Video and Mouse.

Net financial debt: Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

Normalized free cash flow: Normalized free cash flow is defined as the sum of net cash from operating activities—based on a normalized working capital requirement representing 10% of the last 12 months' sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered—and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

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

Payout: Payout is defined as the ratio between the proposed dividend per share for a given year, divided by the net profit attributable to the Group per share of the same year, calculated on the basis of the average number of ordinary shares at December 31 of that year, excluding shares held in treasury.

PDU: Power Distribution Units.

UPS: Uninterruptible Power Supply.

Working capital requirement: Working capital requirement is defined as the sum of trade receivables, inventories, other current assets, income tax receivables and short-term deferred tax assets, less the sum of trade payables, other current liabilities, income tax payables, short-term provisions and short-term deferred tax liabilities.

Calculation of working capital requirement

In € millions	H1 2018	H1 2019
Trade receivables	793.3	853.1
Inventories	827.3	918.5
Other current assets	194.6	220.4
Income tax receivables	61.9	35.1
Short-term deferred taxes assets/(liabilities)	87.9	85.5
Trade payables	(660.6)	(642.0)
Other current liabilities	(580.5)	(630.5)
Income tax payables	(44.9)	(42.3)
Short-term provisions	(77.2)	(98.8)
Working capital required	**601.8**	**699.0**

Calculation of net financial debt

In € millions	H1 2018	H1 2019
Short-term borrowings	137.6	613.2
Long-term borrowings	2,880.5	3,559.0
Cash and cash equivalents	(624.2)	(1,149.0)
Net financial debt	**2,393.9**	**3,023.2**

Reconciliation of adjusted operating profit with profit for the period

In € millions	H1 2018	H1 2019
Profit for the period	**390.1**	**416.1**
Share of profits (losses) of equity-accounted entities	0.1	0.9
Income tax expense	167.3	164.0
Exchange (gains) / losses	(3.3)	0.3
Financial income	(5.5)	(6.5)
Financial expense	40.7	44.8
Operating profit	**589.4**	**619.6**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	35.7	43.0
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**625.1**	**662.6**

Reconciliation of EBITDA with profit for the period

In € millions	H1 2018	H1 2019
Profit for the period	**390.1**	**416.1**
Share of profits (losses) of equity-accounted entities	0.1	0.9
Income tax expense	167.3	164.0
Exchange (gains) / losses	(3.3)	0.3
Financial income	(5.5)	(6.5)
Financial expense	40.7	44.8
Operating profit	**589.4**	**619.6**
Depreciation and impairment of tangible and of right of use assets	48.9	88.2
Amortization and impairment of intangible assets (including capitalized development costs)	53.9	60.4
Impairment of goodwill	0,0	0.0
EBITDA	**692.2**	**768.2**

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

In € millions	H1 2018	H1 2019
Profit for the period	**390.1**	**416.1**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	104.0	149.8
Changes in other non-current assets and liabilities and long-term deferred taxes	46.6	23.5
Unrealized exchange (gains)/losses	1.8	(1.1)
(Gains)/losses on sales of assets, net	0.2	(2.0)
Other adjustments	0.4	0.6
Cash flow from operations	**543.1**	**586.9**
Decrease (Increase) in working capital requirement	(251.2)	(145.9)
Net cash provided from operating activities	**291.9**	**441.0**
Capital expenditure (including capitalized development costs)	(65.5)	(71.7)
Net proceeds from sales of fixed and financial assets	4.6	6.1
Free cash flow	**231.0**	**375.4**
Increase (Decrease) in working capital requirement	251.2	145.9
(Increase) Decrease in normalized working capital requirement	(14.5)	(6.8)
Normalized free cash flow	**467.7**	**514.5**

Scope of consolidation

2018	Q1	H1	9M	Full year
Full consolidation method				
Modulan	Balance sheet only	Balance sheet only	6 months	9 months
Gemnet		Balance sheet only	Balance sheet only	7 months
Shenzhen Clever Electronic			Balance sheet only	6 months
Debflex				Balance sheet only
Netatmo				Balance sheet only
Kenall				Balance sheet only
Trical				Balance sheet only

2019	Q1	H1	9M	Full year
Full consolidation method				
Modulan	3 months	6 months	9 months	12 months
Gemnet	3 months	6 months	9 months	12 months
Shenzhen Clever Electronic	3 months	6 months	9 months	12 months
Debflex	Balance sheet only	6 months	9 months	12 months
Netatmo	Balance sheet only	6 months	9 months	12 months
Kenall	3 months	6 months	9 months	12 months
Trical	Balance sheet only	6 months	9 months	12 months
Universal Electric Corporation		Balance sheet only	6 months	9 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.

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.