

Limoges, May 4, 2023

2023 first-quarter results

Legrand reports solid first quarter, with sales up 9.0% and very robust growth in results and cash generation

Sales: +9.0% including +7.4% organic growth

Adjusted operating margin: 22.2% of sales

Rise in net earnings per share: +28.1%

Free cash flow: €331.5 million, 15.4% of sales

2023 full-year targets unchanged

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

"Legrand delivered very strong results in the first quarter, with growth in both sales and earnings, and solid cash generation as well.

This good start of the year confirms the relevance of our growth model, powered by innovation, investment in faster expanding segments such as energy efficiency, connected products and datacenters (each reported robust growth on the quarter) – and bolt-on acquisitions.

It also demonstrates the Group's resilience power in an uncertain, ever-changing environment, notably marked by weaknesses on residential markets in several geographies, with adjusted operating margin at 22.2% (22.6% before acquisitions and Russia), free cash flow at a robust €331.5 million, net profit representing 15.4% of sales, and net earnings per share up 28.1% for the quarter."

2023 full-year targets unchanged¹

In 2023, the Group is pursuing its profitable and responsible development laid out in its strategic roadmap². Taking into account the world's current macroeconomic outlook, with confidence in its model for creating integrated value, and excluding impacts linked to the Group's disengagement from Russia³, Legrand has set the following full-year targets for 2023:

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

¹ For more information, see Legrand press release dated February 9, 2023.

² For more information, see Legrand press releases dated September 22, 2021 and March 29, 2022.

³ For more information, see Legrand press release dated January 25, 2023.



Financial performance at March 31, 2023
Key figures

Consolidated data (€ millions)⁽¹⁾	1st quarter 2022	1st quarter 2023	Change
Sales	1,972.3	2,149.6	+9.0%
Adjusted operating profit	401.2	477.2	+18.9%
<i>As % of sales</i>	20.3%	22.2% <i>22.6% before acquisitions and Russia⁽²⁾</i>	
Operating profit	377.6	450.4	+19.3%
<i>As % of sales</i>	19.1%	21.0%	
Net profit attributable to the Group	258.3	330.5	+28.0%
<i>As % of sales</i>	13.1%	15.4%	
Normalized free cash flow	318.1	389.3	+22.4%
<i>As % of sales</i>	16.1%	18.1%	
Free cash flow	44.4	331.5	+646.6%
<i>As % of sales</i>	2.3%	15.4%	
Net financial debt at March 31	2,637.8	2,305.0	-12.6%

(1) See appendices to this press release for definitions and indicator reconciliation tables.

(2) At 2022 scope of consolidation, excluding Russia and related impacts.

Consolidated sales

In the first quarter of 2023, sales rose a total of +9.0% from the same period of 2022 to reach €2,149.6 million.

Organic growth in sales was +7.4% for the quarter, including +5.6% in mature countries and +12.9% in new economies.

The impact of broader scope of consolidation was +0.9%, including +1.3% linked to acquisitions and -0.4% to the net impact of the Group's disengagement from Russia. Based on acquisitions made and their likely dates of consolidation, their overall impact should be close to +1.5% full year, excluding the impact of disengagement from Russia.

The exchange-rate effect on sales in the first quarter of 2023 was +0.6%. Based on average exchange rates in April 2023, the full-year effect should be close to -3.0% in 2023.

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

	1st quarter 2023 / 1st quarter 2022
Europe	+10.7%
North and Central America	+3.5%
Rest of the world	+7.9%
Total	+7.4%

These changes are analyzed below by geographical region:

- **Europe** (43.8% of Group revenue): growth at constant scope of consolidation and exchange rates was +10.7% in the first quarter of 2023.

Despite weaknesses in residential markets, Europe's mature countries (36.9% of Group revenue) reported sales up +8.7% organically, with double-digit gains in many countries including Italy, Spain, Germany and the UK, and solid resilience in France, the Netherlands and Scandinavia.

Sales in Europe's new economies were up +24.0%, with strong rises in countries including Turkey.

- **North and Central America** (37.7% of Group revenue): sales increased +3.5% from the first quarter of 2022 at constant scope of consolidation and exchange rates.

In the United States alone (34.3% of Group revenue), sales rose +2.8%. This reflects the combined impact of a double-digit decline in residential business offset by a marked surge in sales to datacenters and a slight rise in sales for non-residential applications, in an overall stagnant market.

Sales also rose sharply in both Canada and Mexico.

- **Rest of the world** (18.5% of Group revenue): sales marked an organic rise of +7.9% in the first quarter of 2023.

In Asia-Pacific (11.9% of Group revenue), the rise in sales was +9.7%. This reflects in particular a very significant increase in India and a slight rise in China.

In Africa and the Middle East (3.4% of Group revenue), sales were up +12.5%, linked to successful commercial initiatives in many countries.

In South America (3.2% of Group revenue), sales edged down -2.7% reflecting worsening economic conditions, particularly in Brazil.

Adjusted operating profit and margin

Adjusted operating profit for the first quarter of 2023 stood at €477.2 million, up +18.9% from the first three months of 2022. This corresponds to an adjusted operating margin equal to 22.2% of sales for the period.

Before acquisitions (at 2022 scope of consolidation) and excluding Russia, adjusted operating margin for the first quarter of 2023 was of 22.6% of sales, up 2.3 points from the first quarter of 2022.

The impact of acquisitions and of Russia on adjusted operating margin on the first three months of 2023 were respectively -0.2 points and -0.2 points.

During the first quarter of 2023, the high profitability is driven by the gross margin reflecting firm control of expenses and sales prices in a persistently inflationary environment.

Value creation and solid balance sheet

Net profit attributable to the Group came to €330.5 million, up +28.0% from the first quarter of 2022 and equal to 15.4% of sales. This rise was due primarily to an increase in operating profit, the positive impact of financial and exchange-rate results, and corporate income tax rate of 26.0%, down slightly from the first quarter of 2022.

Net earnings per share stood at €1.24, for a rise of 28.1% from the first quarter of 2022.

Free cash flow came to 15.4% of sales over the period at a total of €331.5 million. This includes continued strengthened coverage of inventories that is expected to gradually return to normal. Normalized free cash flow was up +22.4% at 18.1% of sales.

The ratio of net debt to EBITDA¹ stood at 1.2 on March 31, 2023. Legrand Group has a cash position of €2,498.6 million and the maturity of gross debt - above 90% in fixed-rate instruments - is 4.4 years.

¹ Based on EBITDA for the past 12 months.

Combined General Meeting of Shareholders on May 31, 2023

Changes to the Board of Directors¹

On the proposal of the Nomination and Governance Committee and following the approval of the Board of Directors, the nominations of **Valerie Chort** and **Clare Scherrer** as Independent Directors will be put to shareholders at the annual Combined Ordinary and Extraordinary General Meeting of Shareholders to be held on May 31, 2023.

- **Valerie Chort**, a Canadian national, would bring to the Group her extensive expertise in strategy and CSR, drawing on her experience as head of Royal Bank of Canada's CSR strategy and following an earlier role in risk management and climate issues at Deloitte.
- **Clare Scherrer**, Chief Financial Officer at Smiths Group PLC, is an American and British national known for her expertise in financial markets and industry through her career at Goldman Sachs as Co-Head, Global Industrials Investment Banking.

Following these appointments the Board of Directors, with 83% independent Directors, 42% women and seven nationalities represented, would continue to reflect the industry's best practices.

Proposed changes to the composition of Board Committees are set out in chapter 6.1.3.1 of the universal registration document - [Legrand URD 2022 ENGLISH \(legrandgroup.com\)](https://www.legrandgroup.com/legrand-urd-2022-english).

Proposed dividend

As announced on February 9, 2023, Legrand's Board of Directors will ask the General Meeting of Shareholders to be held on May 31, 2023 to approve the payment of a dividend of €1.90 per share in respect of 2022. This represents a rise of +15.2% from 2021 and a payout ratio of nearly 50%, in line with the Group's medium-term targets. The ex-dividend date is June 2, 2023, with payment² on June 6, 2023.

¹ Subject to the approval of the General Meeting of shareholders to be held on May 31, 2023.

² This distribution will be made in full out of distributable income.

The Board adopted consolidated financial statements for first-quarter 2023 at its meeting on May 3, 2023. These consolidated financial statements, a presentation of 2023 first-quarter results, and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- General Meeting of Shareholders: **May 31, 2023**
- Ex-dividend date: **June 2, 2023**
- Dividend payment: **June 6, 2023**
- 2023 first-half results: **July 31, 2023**
“Quiet period¹” starts July 1, 2023
- 2023 nine-month results: **November 8, 2023**
“Quiet period¹” starts October 9, 2023

ABOUT LEGRAND

Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for commercial, industrial and residential markets makes it a benchmark for customers worldwide. The Group harnesses technological and societal trends with lasting impacts on buildings with the purpose of improving life by transforming the spaces where people live, work and meet with electrical, digital infrastructures and connected solutions that are simple, innovative and sustainable. Drawing on an approach that involves all teams and stakeholders, Legrand is pursuing its strategy of profitable and responsible growth driven by acquisitions and innovation, with a steady flow of new offerings—including products with enhanced value in use (faster expanding segments: datacenters, connected offerings and energy efficiency programs). Legrand reported sales of €8.3 billion in 2022. The company is listed on Euronext Paris and is notably a component stock of the CAC 40, CAC 40 ESG and CAC SBT 1.5 indexes. (code ISIN FR0010307819).

<https://www.legrandgroup.com>

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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 (i) amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions, (ii) assets impairment in Russia and, (iii) where applicable, for impairment of goodwill.

Busways: electric power distribution systems based on metal busbars.

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

CSR: Corporate Social Responsibility.

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

ESG: Environmental, Societal and Governance.

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

KVM: Keyboard, Video and Mouse.

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

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

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

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

PDU: Power Distribution Units.

UPS: Uninterruptible Power Supply.

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

Calculation of working capital requirement

In € millions	Q1 2022	Q1 2023
Trade receivables	1,020.9	1,105.0
Inventories	1,345.0	1,349.9
Other current assets	258.0	293.2
Income tax receivables	98.5	122.1
Short-term deferred taxes assets/(liabilities)	98.4	110.0
Trade payables	(863.2)	(891.5)
Other current liabilities	(768.7)	(815.6)
Income tax payables	(68.0)	(111.4)
Short-term provisions	(149.1)	(150.7)
Working capital required	971.8	1,011.0

Calculation of net financial debt

In € millions	Q1 2022	Q1 2023
Short-term borrowings	836.4	806.0
Long-term borrowings	4,579.9	3,997.6
Cash and cash equivalents	(2,778.5)	(2,498.6)
Net financial debt	2,637.8	2,305.0

Reconciliation of adjusted operating profit with profit for the period

In € millions	Q1 2022	Q1 2023
Profit for the period	258.5	330.4
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	95.7	115.8
Exchange (gains) / losses	1.0	0.2
Financial income	(2.0)	(22.2)
Financial expense	24.4	26.2
Operating profit	377.6	450.4
(i) Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions, (ii) assets impairment in Russia	23.6	26.8
Impairment of goodwill	0.0	0.0
Adjusted operating profit	401.2	477.2

Reconciliation of EBITDA with profit for the period

In € millions	Q1 2022	Q1 2023
Profit for the period	258.5	330.4
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	95.7	115.8
Exchange (gains) / losses	1.0	0.2
Financial income	(2.0)	(22.2)
Financial expense	24.4	26.2
Operating profit	377.6	450.4
Depreciation and impairment of tangible assets (including right-of-use assets)	47.0	48.3
Amortization and impairment of intangible assets (including capitalized development costs)	31.8	33.9
Impairment of goodwill	0.0	0.0
EBITDA	456.4	532.6

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

In € millions	Q1 2022	Q1 2023
Profit for the period	258.5	330.4
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	79.8	83.0
Changes in other non-current assets and liabilities and long-term deferred Taxes	23.4	19.5
Unrealized exchange (gains)/losses	0.6	3.2
(Gains)/losses on sales of assets, net	0.3	-0.2
Other adjustments	0.1	-1.3
Cash flow from operations	362.7	434.6
Decrease (Increase) in working capital requirement	(292.3)	(71.5)
Net cash provided from operating activities	70.4	363.1
Capital expenditure (including capitalized development costs)	(26.4)	(31.8)
Net proceeds from sales of fixed and financial assets	0.4	0.2
Free cash flow	44.4	331.5
Increase (Decrease) in working capital requirement	292.3	71.5
(Increase) Decrease in normalized working capital requirement	(18.6)	(13.7)
Normalized free cash flow	318.1	389.3

Scope of consolidation

2022	Q1	H1	9M	Full-year
Full consolidation method				
Champion One	3 months	6 months	9 months	12 months
Compose	3 months	6 months	9 months	12 months
Ecotap	3 months	6 months	9 months	12 months
Ensto Building Systems	3 months	6 months	9 months	12 months
Geiger	Balance sheet only	6 months	9 months	12 months
Emos	Balance sheet only	Balance sheet only	Balance sheet only	9 months
Usystems		Balance sheet only	Balance sheet only	7 months
Voltadis			Balance sheet only	Balance sheet only
A. & H. Meyer			Balance sheet only	Balance sheet only
Power Control			Balance sheet only	Balance sheet only
Encelium				Balance sheet only

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

Disclaimer

This press release may contain forward-looking statements which are not historical data. Although Legrand considers these statements to be based on reasonable assumptions at the time of publication of this release, they are subject to various risks and uncertainties that could cause actual results to differ from those expressed or implied herein.

Details on risks are provided in the most recent version of Legrand Universal Registration Document filed with the Autorité des marchés financiers (Financial Markets Authority, AMF), which is available on-line on the websites of both AMF (www.amf-france.org) and Legrand (www.legrandgroup.com).

Investors and holders of Legrand securities are reminded that no forward-looking statement contained in this press release is or should be construed as a promise or a guarantee of actual results, which are liable to differ significantly. Therefore, such statements should be used with caution, taking into account their inherent uncertainty.

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