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PRESS RELEASE

Limoges, November 8, 2023

Release for the first nine months of 2023

In a building market in retreat,
Legrand recorded solid results
and specifies its annual targets

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Solid financial performance

Sales: +2.5%, i.e. +5.8% excluding exchange rates and Russia

Adjusted operating margin: 21.6% of sales

Rise in net earnings per share: +15.9%

Free cash flow: €1,214 million, 19.2% of sales

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Dynamic external growth in buoyant segments

Acquisition of ZPE Systems in datacenters
4 acquisitions announced in 2023

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2023 full-year targets specified

Sales growth (excl. FX and Russia): around +5%
Adjusted operating margin: 20.5% to 21.0% of sales
before acquisitions and Russia

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

"The first nine months of the year have confirmed trends observed in the first half, with an overall building market in retreat. Despite this unfavorable context, Legrand has recorded very strong results with revenue up +2.5%, driven by organic growth of +3.7%. The Group's financial indicators are very robust, with adjusted operating margin at 21.6% of sales, free cash flow of 1,214 million euros, net profit at 14.9% of sales, and net earnings per share up +15.9%.

We are actively pursuing the implementation of our growth strategy, as evidenced by the strength of our faster expanding segments (energy efficiency solutions, connected products, and datacenters) and continued acquisitions including today's announcement of ZPE Systems in the United States, on top of the 3 operations announced since the beginning of the year.

Given the uncertain economic outlook, and driven by the unwavering and determined engagement of our teams, Legrand will deploy initiatives to both seize any growth opportunities on its markets and optimize its cost structures."

2023 full-year targets specified[1]

In 2023, the Group is pursuing the profitable and responsible development laid out in its strategic roadmap.

Taking into account achievements reported in the first nine months of the year and the world's current short-term macroeconomic outlook, Legrand has now set the following full-year targets for 2023:

- sales growth at constant exchange rates and excluding Russia impacts[2] of around +5% (vs +5% and +8% previously), including an organic growth of between +2.5% and +3.5% and a scope of consolidation effect linked to acquisitions of close to +2%;
- an adjusted operating margin between 20.5% to 21.0% of sales before acquisitions, at 2022 scope of consolidation, and excluding Russia and related impacts (vs around 20.5% previously);
- at least 100% CSR achievement rate for the second year of its 2022-2024 roadmap.

[1] For more information, see Legrand press releases dated February 9, May 4 and July 31, 2023.
[2] For more information, see Legrand press releases dated January 25 and October 12, 2023.

Financial performance at September 30, 2023

Key figures

Consolidated data (€ millions)[1]		9 months 2022	9 months 2023	Change
Sales		6,153.7	6,307.3	+2.5%
Adjusted operating profit		1,240.3	1,363.5	+9.9%
	As % of sales	*20.2%*	*21.6%* *21.9% before acquisitions and Russia*[2]	
Operating profit		1,164.7	1,273.8	+9.4%
	As % of sales	*18.9%*	*20.2%*	
Net profit attributable to the Group		811.7	937.2	+15.5%
	As % of sales	*13.2%*	*14.9%*	
Normalized free cash flow		1,000.0	1,112.9	+11.3%
	As % of sales	*16.3%*	*17.6%*	
Free cash flow		616.9	1,1214.1	+96.8%
	As % of sales	*10.0%*	*19.2%*	
Net financial debt at September 30		2,660.0	2,153.7	-19.0%

(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 nine months of 2023, sales rose a total of +2.5% from the same period of 2022, reaching €6,307.3 million.

Organic growth in sales was +3.7% over the period, including +1.9% in mature countries and +9.0% in new economies. In a building market in retreat, these figures point to resilience buoyed by the faster expanding segments, by pricing power, and by the Group's robust commercial performance.

The impact of broader scope of consolidation was +1.3%, including +2.1% from acquisitions and -0.7% reflecting the net impact of the Group's disengagement from Russia. Based on acquisitions made and their likely dates of consolidation, as well as the effective sale of the Group's Russian activities at October 4, 2023, the overall impact should be close to +1% full year, of which close to +2% linked to acquisitions and -1% to the impact of disengagement from Russia.

The exchange-rate effect on sales in the nine months of 2023 was -2.4%. Based on the average exchange rates in October 2023 alone, the full-year exchange-rate effect on sales should be close to -3 % in 2023.

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

	9 months 2023 / 9 months 2022	3rd quarter 2023 / 3rd quarter 2022
Europe	+7.1%	+7.6%
North and Central America	-0.9%	-3.2%
Rest of the world	+6.2%	+2.5%
Total	**+3.7%**	**+1.8%**

These changes are analyzed below by geographical region:

- **Europe** (41.9% of Group revenue): growth at constant scope of consolidation and exchange rates was a solid +7.1% in the first nine months of 2023, with the third quarter alone delivering +7.6%, driven by strong growth in energy efficiency solutions, datacenters and connected products despite a residential market that retreated in most geographies.

In Europe's mature countries (35.8% of Group revenue), sales rose organically by +5.6% in the first nine months of 2023, including +6.7% in the third quarter alone, with strong growth during the first nine months in several countries: Italy, Spain, and Germany; good resilience in France, the United Kingdom, the Netherlands, and Belgium.
Sales in Europe's new economies rose +17.3% in the first nine months of 2023. In the third quarter alone, sales grew +13.6%, buoyed by a strong rise in Turkey in particular.

- **North and Central America** (38.9% of Group revenue): sales decreased -0.9% from the first nine months of 2022 at constant scope of consolidation and exchange rates.

In the United States (35.4% of Group revenue), sales declined -1.6% in the first nine months of the year, including -3.9% in the third quarter alone. In the first nine months of the year, a period that saw building markets lose ground overall, this reflected a fall in offers targeting both residential and non-residential applications, trends that were offset in part by double-digit growth in sales to datacenters.

Over the first nine months, sales rose sharply in Canada and decreased slightly in Mexico.

- **Rest of the world** (19.2% of Group revenue): sales marked an organic rise of +6.2% in the first nine months of 2023.

In Asia-Pacific (12.6% of Group revenue), sales rose +7.4% in the first nine months of the year and +3.7% in the third quarter alone. Over nine months, this good momentum reflects very sustained growth in India and stability in China.

In Africa and the Middle East (3.5% of Group revenue), sales were up +10.9% in the first nine months of the year and +3.7% in the third quarter. Over nine months, sales trends were upbeat both in Africa and in the Middle East.

In South America (3.1% of Group revenue), in a deteriorated economic environment, sales were down -3.1% in the first nine months of the year, linked in particular to Brazil, and declined -3.4% in the third quarter alone.

Adjusted operating profit and margin

Adjusted operating profit for the first nine months of 2023 stood at €1,363.5 million, up +9.9% from the first nine months of 2022. This corresponds to an adjusted operating margin equal to 21.6% of sales for the period.

Before acquisitions (at 2022 scope of consolidation) and excluding Russia, adjusted operating margin for the first nine months of 2023 stood at 21.9% of sales, up +1.7 points from the corresponding period of 2022.

The impacts of acquisitions and of Russia on adjusted operating margin in the first nine months of 2023 were respectively -0.2 points and -0.1 points.

Over this period, the high profitability level demonstrates once again Legrand's strong resilience in a building market environment in retreat.

Solid value creation and balance sheet

Net profit attributable to the Group came to €937.2 million, up +15.5% from the first nine months of 2023 and equal to 14.9% of sales. This rise was due primarily to an increase in operating profit, the positive impact of financial results, and a corporate income tax rate of 26.0%.

Net earnings per share stood at €3.53, for a rise of 15.9% from the first nine months of 2022.

Free cash flow came to 19.2% of sales over the period, to total €1,214.1 million, in a context of continued strengthened coverage of inventories that is expected to gradually return to normal. Normalized free cash flow was up +11.3% at 17.6% of sales.

The ratio of net debt to EBITDA[1] stood at 1.1 on September 30, 2023. Legrand Group's cash position stood at €3.2 billion, and the maturity of gross debt was 4.4 years, with over 90% in fixed-rate instruments.

Impacts of the sale of Legrand's Russian activities

Following its decision to disengage from Russia as communicated on January 25, 2023, and after examining various options, Legrand announced the sale of its Russian operations to a local industrial player, effective October 4, 2023[2]. Following this divestiture, Legrand no longer has any operations in the Russian market.

The impacts related to the sale of Group operations in Russia will be recorded in the fourth quarter of 2023. These net impacts in 2023 are estimated to be a loss of around €45 million on net income and a positive cash impact of around €15 million.

Dynamic external growth in buoyant segments

After the announcements earlier this year of acquisitions including **Clamper** in Brazil, **Encelium** in the United States, and **Teknica** in Chile, Legrand has pursued its strategic roadmap by announcing the acquisition of **ZPE Systems, Inc.** in the United States[3].

ZPE Systems is a leading American specialist in secure serial console servers and services routers that enable remote access and management of network IT equipment from datacenters to the edge.
ZPE Systems offers critical solutions and services to deliver infrastructure resilience and security for customers' business-critical infrastructure. Edge computing, artificial intelligence and operational technology will require more complex datacenters and edge infrastructure with intelligent IT needs to be built in disparate remote geographies. This makes remote management and operation a critical requirement. ZPE Systems is well positioned to address this need through high performance automation infrastructure solutions. This acquisition allows Legrand to enter a promising new segment, highly complementary to its existing offerings for datacenters (PDU, busways, cabinets and racks, fiber and copper cabling systems, KVM and more), whose strong growth is expected to accelerate further with the development of artificial intelligence and associated needs.
Based in Fremont, California, ZPE Systems employs over 140 people, reporting annual sales of more than $80 million.

Each of the 4 acquisitions announced this year strengthens the Group's leadership positions in faster expanding segments.

[1] Based on EBITDA for the past 12 months.
[2] For more information, see note 2 and note 9 to the consolidated financial statements for the first nine months of 2023.
[3] Subject to standard conditions precedent.

The consolidated financial statements for the first nine months of 2023, a presentation, and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2023 annual results: **February 15, 2024**
  "Quiet period[1]" starts January 16, 2024
- 2023 first-quarter results: **May 3, 2024**
  "Quiet period[1]" starts April 3, 2024
- General Meeting of Shareholders: **May 29, 2024**

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).
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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 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	9M 2022	9M 2023
Trade receivables	1,032.4	1,015.2
Inventories	1,550.0	1,305.1
Other current assets	275.6	291.1
Income tax receivables	138.7	152.7
Short-term deferred taxes assets/(liabilities)	112.9	109.1
Trade payables	(878.1)	(885.2)
Other current liabilities	(818.3)	(846.0)
Income tax payables	(77.2)	(79.1)
Short-term provisions	(128.1)	(147.0)
Working capital required	**1,207.9**	**915.9**

Calculation of net financial debt

In € millions	9M 2022	9M 2023
Short-term borrowings	416.1	1,187.1
Long-term borrowings	4,467.6	4,138.8
Cash and cash equivalents	(2,223.7)	(3,172.2)
Net financial debt	**2,660.0**	**2,153.7**

Reconciliation of adjusted operating profit with profit for the period

In € millions	9M 2022	9M 2023
Profit for the period	**812.0**	**937.5**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	300.4	329.8
Exchange (gains) / losses	(2.0)	(0.4)
Financial income	(9.3)	(59.1)
Financial expense	63.6	66.0
Operating profit	**1,164.7**	**1,273.8**
(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	75.6	89.7
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**1,240.3**	**1,363.5**

Reconciliation of EBITDA with profit for the period

In € millions	9M 2022	9M 2023
Profit for the period	**812.0**	**937.5**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	300.4	329.8
Exchange (gains) / losses	(2.0)	(0.4)
Financial income	(9.3)	(59.1)
Financial expense	63.6	66.0
Operating profit	**1,164.7**	**1,273.8**
Depreciation and impairment of tangible assets (including right-of-use assets)	147.7	148.3
Amortization and impairment of intangible assets (including capitalized development costs)	99.3	109.2
Impairment of goodwill	0.0	0.0
EBITDA	**1,411.7**	**1,531.3**

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

In € millions	9M 2022	9M 2023
Profit for the period	**812.0**	**937.5**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	249.7	260.3
Changes in other non-current assets and liabilities and long-term deferred Taxes	92.5	51.6
Unrealized exchange (gains)/losses	2.4	16.3
(Gains)/losses on sales of assets, net	0.1	1.4
Other adjustments	(0.9)	0.2
Cash flow from operations	**1,155.8**	**1,267.3**
Decrease (Increase) in working capital requirement	(438.5)	79.5
Net cash provided from operating activities	**717.3**	**1,346.8**
Capital expenditure (including capitalized development costs)	(102.8)	(133.7)
Net proceeds from sales of fixed and financial assets	2.4	1.0
Free cash flow	**616.9**	**1,214.1**
Increase (Decrease) in working capital requirement	438.5	(79.5)
(Increase) Decrease in normalized working capital requirement	(55.4)	(21.7)
Normalized free cash flow	**1,000.0**	**1,112.9**

Scope of consolidation

2022	Q1	H1	9M	Full-year
Full consolidation method				
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	6 months	9 months	12 months
A. & H. Meyer	Balance sheet only	6 months	9 months	12 months
Power Control	Balance sheet only	Balance sheet only	9 months	12 months
Encelium	Balance sheet only	6 months	9 months	12 months
Clamper	Balance sheet only	Balance sheet only	Balance sheet only	To be determined
Teknica			Balance sheet only	To be determined
ZPE Systems				To be determined

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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).

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