PRESS RELEASE

Limoges, July 31, 2018

2018 first-half results:

Double-digit growth in key indicators

Sales: +11.8%

Adjusted operating profit: +14.4%

Net profit attributable to the Group: +23.3%

Normalized free cash flow: +25.3%

Numerous innovation and growth initiatives

New product launches

Deployment of Eliot and international programs

Ongoing acquisition-driven growth

CSR achievements

2018 targets fully confirmed[1]

Benoît Coquart, Legrand Chief Executive Officer, commented:

*"**Double-digit growth in key indicators***

Sales for the first six months of the year rose +11.8% from the first half of 2017, driven by solid organic growth (+5.2%) and the increase in scope of consolidation (+13.6%), partially offset by an unfavorable exchange-rate effect (-6.5%). Excluding this foreign-exchange effect, Group sales were up +19.5%.

Sustained by the positive overall economy in the first half and by favorable one-off effects that drove business in several countries, these good showings resulted from the Group's numerous growth initiatives.

Adjusted operating profit rose +14.4% over the first six months of the year, reflecting a +0.5 points improvement in adjusted operating margin. At the same time, net profit attributable to the Group and normalized free cash flow were up by +23.3% and +25.3%, respectively.

This double-digit rise in key financial indicators illustrates the Group's capacity to deliver profitable growth and thus to create value.

Numerous innovation and growth initiatives

Legrand's innovation momentum continued with successful launches of new ranges that included user interfaces, with six new connected offerings; smart UPS systems; digital infrastructures, in particular for Audio-Video applications; energy distribution; and cable management.

[1] 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.

The development of Eliot and recently launched international programs, such as LCS3 high-performance structured cabling, has also continued at a sustained pace. In addition, Legrand has pursued the deployment of the product offerings of its recent acquisitions outside their home countries.

External growth was also active, with bolt-on[1] small- and mid-size acquisitions in digital infrastructures, UPS, and electrical equipment for DIY[2] activities. A total of four transactions have been announced since the beginning of the year.

Finally, Legrand remains totally committed to creating sustainable value for all of its stakeholders. The targets for reducing greenhouse gas emissions that the Group set itself to hold global warming to +2°C were indeed approved by the Science Based Targets initiative, making Legrand one of the first CAC 40 companies to qualify."

2018 targets fully confirmed[3]

Taking into account both its very good performance in the first half (partly benefiting from one-off items), but also an uncertain environment, Legrand fully confirms its 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.

[1] Companies that complement Legrand's activities.
[2] DIY = Do-It-Yourself.
[3] 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 half 2017	1st half 2018	Change
Sales	2,671.6	2,986.8	+11.8%
Adjusted operating profit	546.3	625.1	+14.4%
As % of sales	*20.4%*	*20.9%* *21.1% before acquisitions(2)*	
Operating profit	520.2	589.4	+13.3%
As % of sales	*19.5%*	*19.7%*	
Net profit attributable to the Group	316.2	390.0	+23.3%
As % of sales	*11.8%*	*13.1%*	
Normalized free cash flow	373.3	467.7	+25.3%
As % of sales	*14.0%*	*15.7%*	
Free cash flow	227.8	231.0	+1.4%
As % of sales	*8.5%*	*7.7%*	
Net financial debt at June 30	1,431.9	2,393.9	+67.2%

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

Financial performance at June 30, 2018

Consolidated sales

In the first half of 2018, sales came to €2,986.8 million, up a total +11.8% from the first half of 2017.

Organic growth stood at +5.2%, driven by solid performances in mature countries (+4.1%) and a robust rise in sales in new economies (+8.1%). These good showings were underpinned by favorable one-off effects, in particular in Italy, in a number of Eastern European countries, and in Turkey.

The impact of the broader scope of consolidation was +13.6% in the first half of 2018. Based on acquisitions announced and their likely consolidation dates, this impact should come to around +7.5% for full-year 2018.

The exchange-rate effect on sales was -6.5% in the first six months of the year, due primarily to the euro's rise. On this basis and applying average exchange rates for June 2018 to the last six months of the year, the full-year exchange-rate effect would come to around -3.5%.

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

	1st half 2018 / 1st half 2017	2nd quarter 2018 / 2nd quarter 2017
France	+2.0%	+1.4%
Italy	+6.3%	+6.4%
Rest of Europe	+11.3%	+13.3%
North and Central America	+3.8%	+5.8%
Rest of the world	+5.0%	+6.7%
Total	**+5.2%**	**+6.5%**

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

- **France** (16.0% of Group sales): at constant scope of consolidation and exchange rates, sales rose +2.0% in the first half of 2018.

This performance was driven by good showings in solutions for energy distribution, user interfaces and home systems.

More specifically, recently launched offerings benefited from a good response, including the connected user interfaces Céliane with Netatmo and dooxie.

- **Italy** (10.0% of Group sales): organic growth in sales stood at +6.3% in Italy in the first half of 2018.

The increase in sales was strong, still driven by connected products of the Eliot program including the Classe 300X door entry system and the Smarther intelligent thermostat. Moreover, the first-half performance benefited from one-off effects including, in the second quarter alone, the inventory build-up of the Living Now new user interface range. This connected range, which features very innovative design and incorporates the latest functions developed by the Group, can be managed by the "Home + Control" app or by a voice assistant.

- **Rest of Europe** (17.3% of Group sales): at constant scope of consolidation and exchange rates, sales rose +11.3% in the first half of 2018.

Buoyed by commercial initiatives and favorable one-off effects in the first half, sales growth was very sustained in many new economies, including Eastern Europe (for example in Russia, Romania and Hungary) and Turkey. Sales also rose strongly in a number of mature countries, such as Spain, Germany, the Netherlands and Greece.

In the United Kingdom, sales grew very slightly.

- **North and Central America** (35.0% of Group sales): at constant scope of consolidation and exchange rates, sales were up +3.8% from the first half of 2017.

The region's good performance was driven by solid achievements in the United States in wire-mesh cable management, lighting controls, intelligent PDUs, and Audio-Video infrastructures and power systems, with Milestone in particular recording healthy growth in sales.

In Mexico, sales were down in the first half of 2018, reflecting a high basis for comparison.

- **Rest of the World** (21.7% of Group sales): organic growth was +5.0% from the first half of 2017.

Numerous countries in the area reported very good showings, in particular India and China, but also South Korea, Australia, Peru, Algeria and Egypt.

Over the period, business continued to decline in Brazil and Colombia.

Adjusted operating profit and margin

Adjusted operating profit stood at €625.1 million, up +14.4%, reflecting the Group's capacity to deliver profitable growth and create value.

As a result of good operating performances and the adjustment of Group selling prices to inflation in raw material and components, adjusted operating margin before acquisitions (at 2017 scope of consolidation) reached 21.1% of sales in the first half of 2018, an 0.7 point rise from the first half of 2017. When acquisitions are taken into account, adjusted operating margin stood at 20.9% of sales.

Net profit attributable to the Group

In the first half of 2018, net profit attributable to the Group stood at €390.0 million, up +23.3% from the first half of 2017. This €73.8 million rise reflects:

- a solid operating performance, with a €69.2 million improvement in operating profit;
- a €2.2 million decline in net financial expense;
- a €9.9 million favorable change in the foreign-exchange result;
- a €1.4 million improvement in the result of equity-accounted entities;
- a €1.2 million decline in profit attributable to minority interests;

partially offset by:

- a €10.1 million rise in the absolute value of income tax, coming from the increase in Group profit. In the first half of 2018, the tax rate was nonetheless 3 points lower than in the first half of 2017, and stood at 30.0%, reflecting mainly, as announced[1], the reduction in corporate profit tax in the United States.

Cash generation

Cash flow from operations rose by +20.9% to stand at €543.1 million, or 18.2% of first-half sales.

Normalized free cash flow was thus up +25.3% in the first half of 2018, and reached €467.7 million, or 15.7% of sales.

Taking into account the usual mechanical change in working capital requirement in the first half – which remains well in hand at around 10% of sales[2] at June 30, 2018 – free cash flow stood at €231.0 million.

Numerous innovation and growth initiatives

New product launches

Legrand has continued initiatives aimed at fueling its growth through innovation. Since the beginning of the year, the Group has thus successfully launched many new products, in particular under its Eliot program. These included:

- user interfaces, notably connected ones: Céliane with Netatmo and dooxie in France, Living Now in Italy, Yiyuan in China, Valena Life and Allure in Greece as well as Arteor Animation and Niloe Step;
- digital infrastructure devices – Milestone's TiLED Series and Impact Series screen mounts, Infinium optic enclosures, and Radiant wireless chargers;
- energy distribution solutions that included Practibox S distribution cabinets, XL3N 630 power enclosures, and the DX3 Stop Arc circuit breakers;
- the Keor Mod and Keor SP smart UPS;
- new Logix universal modular floor boxes; and
- the connected mobile power socket.

[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 sales in the last 12 months. From 2012 to 2017, working capital requirement at June 30 represented on average 10% of sales of the last twelve months.

Deployment of Eliot and international programs

Fueled by innovation and the success of multiple commercial initiatives, Eliot's development is continuing to gain ground in many countries. Recently launched international programs are also being rolled out at a fast pace, including LCS3 high-performance structured cabling solutions as well as Keor T Evo and Daker+ UPS systems.

Finally, and more generally, Legrand continues to promote the product offerings of recent acquisitions outside their home countries, examples being Finelite's architectural lighting solutions, Solarfective's natural lighting management systems, and Raritan's PDUs.

External growth operations

Legrand has actively pursued its acquisition-driven growth, announcing four new small- and mid-size bolt-on[1] acquisitions since the beginning of the year:

- purchase[2] of Shenzhen Clever Electronic, Ltd., the Chinese leader in intelligent PDUs for datacenters. This rounds out Legrand's existing product offering in a high added-value segment where the Group is already number one in the United States with its Raritan and Server Technology brands. Shenzhen Clever Electronic, Ltd. has annual sales of around €24 million and nearly 360 employees;
- acquisition of a majority stake[3] in Debflex, a French front-runner in electrical equipment for DIY[4] activities that is known for the quality and design of its products. Debflex has sales of around €35 million and a workforce of some 120;
- joint-venture agreement with Modulan, the German specialist in custom cabinets for datacenters. Modulan has sales of some €8 million and around 40 employees; and
- acquisition of Gemnet, a UPS specialist based in Dubai with sales of some €4 million and around 35 employees.

CSR achievements

Legrand remains fully committed to creating lasting value through the targets defined in its third CSR roadmap, which covers 2014-2018.

Moreover, Group targets that call for reducing its greenhouse gas emissions by 2030 have been approved by the Science Based Targets initiative. These targets were set under the Paris Climate Agreement and are aimed at holding global warming to 2°C; they reflect Legrand's goal of achieving a lasting reduction in the impact of its business on the planet.

Legrand's acknowledged CSR approach also led this year to the Group being:

- ranked one of Corporate Knights' "Global 100" for the fourth year running. This ranking recognizes the 100 companies working most actively for sustainable development on a global scale; and
- among the leading companies in the CAC40 "Positivity Index", produced by Positive Planet, which measures businesses' capacity to create value over time for all stakeholders.

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[1] Companies that complement Legrand's activities.
[2] Legrand has already acquired a majority stake in Shenzhen Clever Electronic, Co., Ltd. and, subject to standard conditions precedent, will raise its stake to 100% in the coming months.
[3] Acquisition, subject to conditions precedent, of 100% of the capital of R. Finances SAS, the majority shareholder of Debflex S.A., a company listed on Euronext Access Paris (ISIN FR0010776658). Subject to the conclusion and the realization of this acquisition, Legrand intends to acquire the remaining capital of Debflex in a second stage.
[4] DIY = Do-It-Yourself.

The consolidated financial statements for the first half of 2018 that were the subject of a limited review by the Group's auditors were adopted by the Board at its meeting on July 30, 2018. These consolidated financial statements, a presentation of 2018 first-half results and the related teleconference (live and replay) are available at www.legrand.com*.*

KEY FINANCIAL DATES:

- 2018 nine-month results: **November 8, 2018**
  "Quiet period[1]" starts October 8, 2018
- 2018 annual results: **February 14, 2019**
  "Quiet period[1]" starts January 15, 2019
- General Meeting of Shareholders: **May 29, 2019**

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

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.

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 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.

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 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.

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 2017	H1 2018
Trade receivables	645.8	793.3
Inventories	704.5	827.3
Other current assets	168.8	194.6
Income tax receivables	25.1	61.9
Short-term deferred taxes assets/(liabilities)	84.8	87.9
Trade payables	(586.0)	(660.6)
Other current liabilities	(509.0)	(580.5)
Income tax payables	(43.0)	(44.9)
Short-term provisions	(74.9)	(77.2)
Working capital required	**416.1**	**601.8**

Calculation of net financial debt

In € millions	H1 2017	H1 2018
Short-term borrowings	958.7	137.6
Long-term borrowings	1,095.0	2,880.5
Cash and cash equivalents	(621.8)	(624.2)
Net financial debt	**1,431.9**	**2,393.9**

Reconciliation of adjusted operating profit with profit for the period

In € millions	H1 2017	H1 2018
Profit for the period	**317.5**	**390.1**
Share of profits (losses) of equity-accounted entities	1.5	0.1
Income tax expense	157.2	167.3
Exchange (gains) / losses	6.6	(3.3)
Financial income	(7.3)	(5.5)
Financial expense	44.7	40.7
Operating profit	**520.2**	**589.4**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	26.1	35.7
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**546.3**	**625.1**

Reconciliation of EBITDA with profit for the period

In € millions	H1 2017	H1 2018
Profit for the period	**317.5**	**390.1**
Share of profits (losses) of equity-accounted entities	1.5	0.1
Income tax expense	157.2	167.3
Exchange (gains) / losses	6.6	(3.3)
Financial income	(7.3)	(5.5)
Financial expense	44.7	40.7
Operating profit	**520.2**	**589.4**
Depreciation and impairment of tangible assets	47.7	48.9
Amortization and impairment of intangible assets (including capitalized development costs) and reversal of Milestone inventory step-up	41.0	53.9
Impairment of goodwill	0.0	0.0
EBITDA	**608.9**	**692.2**

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

In € millions	H1 2017	H1 2018
Profit for the period	**317.5**	**390.1**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	89.4	104.0
Changes in other non-current assets and liabilities and long-term deferred taxes	28.2	46.6
Unrealized exchange (gains)/losses	13.8	1.8
(Gains)/losses on sales of assets, net	(0.8)	0.2
Other adjustments	1.3	0.4
Cash flow from operations	**449.4**	**543.1**
Decrease (Increase) in working capital requirement	(153.7)	(251.2)
Net cash provided from operating activities	**295.7**	**291.9**
Capital expenditure (including capitalized development costs)	(70.6)	(65.5)
Net proceeds from sales of fixed and financial assets	2.7	4.6
Free cash flow	**227.8**	**231.0**
Increase (Decrease) in working capital requirement	153.7	251.2
(Increase) Decrease in normalized working capital requirement	(8.2)	(14.5)
Normalized free cash flow	**373.3**	**467.7**

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
		Balance sheet only	To be determined	To be determined
Shenzhen Clever Electronic			Balance sheet only	To be determined
Debflex			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.

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.