



LEGRAND
UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
SEPTEMBER 30, 2018

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Consolidated key figures

<i>(in € millions)</i>	9 months 2018	9 months 2017
Net sales	4,437.4	3,988.3
Adjusted operating profit ⁽¹⁾	907.9	814.9
<i>As % of net sales</i>	20.5%	20.4%
	<i>20.4% before acquisitions*</i>	
Operating profit	854.3	776.3
<i>As % of net sales</i>	19.3%	19.5%
Net profit attributable to the Group	574.5	474.3
<i>As % of net sales</i>	12.9%	11.9%
Normalized ⁽²⁾ free cash flow ⁽³⁾	673.9	541.5
<i>As % of net sales</i>	15.2%	13.6%
Free cash flow ⁽³⁾	441.6	415.0
<i>As % of net sales</i>	10.0%	10.4%
Net financial debt at September 30 ⁽⁴⁾	2,260.1	2,284.1

*At 2017 scope of consolidation.

(1) *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.*

(2) *Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's 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.*

(3) *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.*

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

The reconciliation of consolidated key figures with the financial statements is available in the appendices to the first nine months 2018 results press release.

Consolidated statement of income

<i>(in € millions)</i>	9 months ended	
	September 30, 2018	September 30, 2017
Net sales	4,437.4	3,988.3
Operating expenses		
Cost of sales	(2,108.3)	(1,864.1)
Administrative and selling expenses	(1,202.6)	(1,097.5)
Research and development costs	(205.2)	(178.3)
Other operating income (expenses)	(67.0)	(72.1)
Operating profit	854.3	776.3
Financial expenses	(59.7)	(68.0)
Financial income	8.7	10.9
Exchange gains (losses)	7.0	(6.3)
Financial profit (loss)	(44.0)	(63.4)
Profit before tax	810.3	712.9
Income tax expense	(235.0)	(235.0)
Share of profits (losses) of equity-accounted entities	(0.3)	(2.1)
Profit for the period	575.0	475.8
Of which:		
- Net income excluding minority interests	574.5	474.3
- Minority interests	0.5	1.5
Basic earnings per share (<i>euros</i>)	2.152	1.781
Diluted earnings per share (<i>euros</i>)	2.133	1.764

Statement of comprehensive income

<i>(in € millions)</i>	9 months ended	
	September 30, 2018	September 30, 2017
Profit for the period	575.0	475.8
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation reserves	(12.5)	(268.8)
Income tax relating to components of other comprehensive income	5.6	(13.7)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses after deferred taxes	2.6	3.6
Other	0.0	0.0
Comprehensive income for the period	570.7	196.9
Of which:		
- Comprehensive income attributable to the Group	570.3	195.6
- Minority interests	0.4	1.3

Consolidated balance sheet

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
ASSETS		
Non-current assets		
Intangible assets	2,313.9	2,294.0
Goodwill	3,988.9	3,930.3
Property, plant and equipment	603.9	622.4
Investments in equity-accounted entities	16.8	15.5
Other investments	19.7	19.6
Other non-current assets	16.8	10.0
Deferred tax assets	113.4	104.0
Total non-current assets	7,073.4	6,995.8
Current assets		
Inventories (Note 4)	855.7	747.4
Trade receivables (Note 5)	712.0	624.9
Income tax receivables	75.5	48.0
Other current assets	186.3	184.1
Other current financial assets	3.7	1.1
Cash and cash equivalents	785.5	823.0
Total current assets	2,618.7	2,428.5
Total assets	9,692.1	9,424.3

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 6)	1,069.9	1,067.2
Retained earnings	3,874.1	3,644.6
Translation reserves	(585.6)	(573.2)
Equity attributable to equity holders of Legrand	4,358.4	4,138.6
Minority interests	2.9	9.5
Total equity	4,361.3	4,148.1
Non-current liabilities		
Long-term provisions	135.7	148.6
Provisions for post-employment benefits	153.8	153.6
Long-term borrowings (Note 7)	2,882.7	2,457.1
Other non-current liabilities	0.1	0.0
Deferred tax liabilities	659.8	621.1
Total non-current liabilities	3,832.1	3,380.4
Current liabilities		
Trade payables	621.6	612.9
Income tax payables	66.3	37.7
Short-term provisions	79.3	75.3
Other current liabilities	567.9	583.7
Short-term borrowings (Note 7)	162.9	585.4
Other current financial liabilities	0.7	0.8
Total current liabilities	1,498.7	1,895.8
Total equity and liabilities	9,692.1	9,424.3

Consolidated statement of cash flows

<i>(in € millions)</i>	9 months ended	
	September 30, 2018	September 30, 2017
Profit for the period	575.0	475.8
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets	74.1	71.2
– Amortization and impairment of intangible assets	58.4	37.2
– Amortization and impairment of capitalized development costs	19.4	21.5
– Amortization of financial expenses	1.9	1.2
– Impairment of goodwill	0.0	0.0
– Changes in long-term deferred taxes	25.5	12.5
– Changes in other non-current assets and liabilities	29.0	27.0
– Unrealized exchange (gains)/losses	3.0	9.2
– Share of (profits) losses of equity-accounted entities	0.3	2.1
– Other adjustments	0.4	(0.2)
– Net (gains)/losses on sales of assets	2.8	(1.4)
Changes in working capital requirement:		
– Inventories (Note 4)	(125.3)	(69.5)
– Trade receivables (Note 5)	(99.3)	(90.9)
– Trade payables	13.7	4.3
– Other operating assets and liabilities	(41.5)	18.1
Net cash from operating activities	537.4	518.1
– Net proceeds from sales of fixed and financial assets	4.7	2.8
– Capital expenditure	(75.3)	(80.6)
– Capitalized development costs	(25.2)	(25.3)
– Changes in non-current financial assets and liabilities	(0.5)	2.9
– Acquisitions of subsidiaries, net of cash acquired	(87.7)	(1,417.2)
Net cash from investing activities	(184.0)	(1,517.4)
– Proceeds from issues of share capital and premium (Note 6)	12.8	16.2
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 6)	(38.8)	(1.7)
– Dividends paid to equity holders of Legrand	(336.8)	(317.1)
– Dividends paid by Legrand subsidiaries	(0.2)	(0.2)
– Proceeds from long term financing	404.7	1,002.7
– Repayment of long term financing (Note 7)	(400.0)	(304.6)
– Debt issuance costs	(3.7)	(6.4)
– Net sales (buybacks) of marketable securities	0.0	0.0
– Increase (reduction) in short term financing	16.2	436.6
– Acquisitions of ownership interests with no gain of control	(39.9)	0.0
Net cash from financing activities	(385.7)	825.5
Translation net change in cash and cash equivalents	(5.2)	(62.9)
Increase (decrease) in cash and cash equivalents	(37.5)	(236.7)
Cash and cash equivalents at the beginning of the period	823.0	940.1
Cash and cash equivalents at the end of the period	785.5	703.4
Items included in cash flows:		
– Interest paid* during the period	71.4	79.7
– Income taxes paid during the period	189.2	176.6

* Interest paid is included in the net cash from operating activities.

Note 1 - Introduction

This unaudited consolidated financial information of Legrand is presented for the nine months ended September 30, 2018. This unaudited consolidated financial information should be read in conjunction with consolidated financial statements for the year ended December 31, 2017 such as established in the Registration Document deposited under visa no D.18-0292 with the French Financial Markets Authority (AMF) on April 6, 2018.

All the amounts are presented in millions of euros unless otherwise indicated. Some totals may include rounding differences.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption from January 1, 2017.

None of the IFRS standards issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

Applying IFRS 15 and IFRS 9 had no material impact on the Group's financial statements as of January 1, 2018. There is no need to restate the 2017 comparative period.

Note 2 – Significant transactions and events for the period

Apart from the points mentioned in this document, no significant transactions or events are to be reported over the period.

Note 3 - Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2017 were as follows:

2017	March 31	June 30	September 30	December 31
Full consolidation method				
OCL	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
AFCO Systems		Balance sheet only	5 months' profit	8 months' profit
Finelite		Balance sheet only	4 months' profit	7 months' profit
Milestone			Balance sheet only	5 months' profit
Server Technology				Balance sheet only
Equity method				
Borri		Balance sheet only	Balance sheet only	8 months' profit

2018	March 31	June 30	September 30
Full consolidation method			
OCL	3 months' profit	6 months' profit	9 months' profit
AFCO Systems	3 months' profit	6 months' profit	9 months' profit
Finelite	3 months' profit	6 months' profit	9 months' profit
Milestone	3 months' profit	6 months' profit	9 months' profit
Server Technology	3 months' profit	6 months' profit	9 months' profit
Modulan	Balance sheet only	Balance sheet only	6 months' profit
GemNet		Balance sheet only	Balance sheet only
Shenzhen Clever Electronic			Balance sheet only
Equity method			
Borri	3 months' profit	6 months' profit	9 months' profit

The main acquisitions carried out in the first nine months of 2018 were as follows:

- the Group acquired Modulan, specialized in custom-made cabinet systems for data centers in Germany. The Group acquired 65% with an option to take full control from January 2021. Modulan reports annual sales of about €8 million;
- the Group acquired GemNet, a UPS specialist in United Arab Emirates. GemNet reports annual sales of approximately €4 million; and
- the Group acquired Shenzhen Clever Electronic, a Chinese leader in intelligent PDUs for data centers. Shenzhen Clever Electronic reports annual sales of around €24 million.

In addition, the Group announced, subject to conditions precedent, the acquisition of Debflex, a French frontrunner in electrical equipment for DIY activities. Debflex reports annual sales of approximately €35 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €87.7 million in the first nine months of 2018 (plus €39.9 million for acquisitions of ownership interests without gain of control), versus €1,417.2 million in the first nine months of 2017 (plus €0.0 million for acquisitions of ownership interests without gain of control).

Note 4 - Inventories

Inventories are as follows:

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
Purchased raw materials and components	339.1	289.7
Sub-assemblies, work in progress	98.2	87.4
Finished products	540.2	491.0
Gross value at the end of the period	977.5	868.1
Impairment	(121.8)	(120.7)
Net value at the end of the period	855.7	747.4

Note 5 - Trade receivables

Trade receivables are as follows:

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
Trade receivables	791.3	703.9
Impairment	(79.3)	(79.0)
Net value at the end of the period	712.0	624.9

Note 6 - Share capital

Share capital as of September 30, 2018 amounted to €1,069,887,252 represented by 267,471,813 ordinary shares with a par value of €4 each, for 267,471,813 theoretical voting rights and 266,806,685 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of September 30, 2018, the Group held 665,128 shares in treasury, versus 45,128 shares as of December 31, 2017, i.e. 620,000 additional shares corresponding to:

- the net acquisition of 550,000 shares outside of the liquidity contract;
- the net purchase of 70,000 shares under the liquidity contract (Note 6.2.2).

As of September 30, 2018, among the 665,128 shares held in treasury by the Group, 555,128 shares have been allocated according to the allocation objectives described in Note 6.2.1, and 110,000 shares are held under the liquidity contract.

6.1 Changes in share capital

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2017	266,805,751	4	1,067,223,004	799,689,420
Exercise of options under the 2008 plan	263,189	4	1,052,756	4,264,978
Exercise of options under the 2009 plan	132,278	4	529,112	1,171,874
Exercise of options under the 2010 plan	270,595	4	1,082,380	4,708,507
Repayment of paid-in capital*				(88,886,788)
As of September 30, 2018	267,471,813	4	1,069,887,252	720,947,991

*Portion of dividends distributed in June 2018 deducted from the premium account.

In the first nine months of 2018, 666,062 shares were issued under the 2008 to 2010 stock option plans, resulting in a capital increase representing a total amount of €12.8 million (premiums included).

6.2 Share buybacks and transactions under the liquidity contract

As of September 30, 2018, the Group held 665,128 shares in treasury (45,128 as of December 31, 2017, out of which 5,128 under the share buyback program and 40,000 under the liquidity contract) which can be detailed as follows:

6.2.1 Share buybacks

As of September 30, 2018, the Group held 555,128 shares, acquired at a total cost of €35.3 million. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (5,128 shares purchased at a cost of €0.2 million); and
- for cancellation of 550,000 shares acquired at a cost of €35.1 million.

6.2.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Group to the liquidity contract.

As of September 30, 2018, the Group held 110,000 shares under this contract, purchased at a total cost of €6.9 million.

During the first nine months of 2018, transactions under the liquidity contract led to a cash outflow of €3.7 million corresponding to net purchases of 70,000 shares.

Note 7 - Long-term and short-term borrowings

7.1 Long-term borrowings

Long-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
Bonds	2,500.0	2,100.0
Yankee bonds	336.1	324.4
Other borrowings	62.8	47.2
Long-term borrowings excluding debt issuance costs	2,898.9	2,471.6
Debt issuance costs	(16.2)	(14.5)
Total	2,882.7	2,457.1

7.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	September 30, 2018	December 31, 2017
Bonds	0.0	400.0
Negotiable commercial paper	100.0	120.0
Other borrowings	62.9	65.4
Total	162.9	585.4

7.3 Changes in long-term and short-term borrowings

Changes in long-term and short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	September 30, 2018	Cash flows	Variations not impacting cash flows				December 31, 2017
			Acquisitions	Reclassifications	Translation adjustments	Other	
Long-term borrowings	2,882.7	405.8	0.0	(4.5)	11.6	12.7	2,457.1
Short-term borrowings	162.9	(388.6)	0.0	4.5	(0.2)	(38.2)	585.4
Gross financial debt	3,045.6	17.2	0.0	0.0	11.4	(25.5)	3,042.5

Note 8 - Segment information

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.

Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which are allocated for internal reporting purposes into five operating segments:

- France;
- Italy;
- Rest of Europe, mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey, and the United Kingdom;
- North and Central America, including Canada, Mexico, the United States, and Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

These operating segments are allocated in three geographical segments: Europe, North and Central America, and Rest of the world, each being under the responsibility of a segment manager who is directly accountable to the chief operating decision maker of the Group.

The economic models of subsidiaries within these segments are quite similar. Indeed, their sales are made up of electrical and digital building infrastructure products in particular to electrical installers mainly through third-party distributors.

9 months ended September 30, 2018

<i>(in € millions)</i>	Geographical segments					Total
	Europe			North and central America	Rest of the world	
	France	Italy	Rest of Europe			
Net sales to third parties	754.2	442.3	736.7	1,650.1	854.1	4,437.4
Cost of sales	(284.1)	(146.4)	(407.1)	(796.1)	(474.6)	(2,108.3)
Administrative and selling expenses, R&D costs	(309.4)	(124.7)	(185.0)	(557.7)	(231.0)	(1,407.8)
Other operating income (expenses)	(20.9)	(2.4)	(7.3)	(16.9)	(19.5)	(67.0)
Operating profit	139.8	168.8	137.3	279.4	129.0	854.3
- of which acquisition-related amortization, expenses and income						
· accounted for in administrative and selling expenses, R&D costs	(0.6)	(0.2)	(3.9)	(39.1)	(7.6)	(51.4)
· accounted for in other operating income (expenses)	0.0	0.0	(2.2)	0.0	0.0	(2.2)
- of which goodwill impairment						0.0
Adjusted operating profit	140.4	169.0	143.4	318.5	136.6	907.9
- of which depreciation expense	(19.9)	(12.9)	(10.8)	(13.9)	(17.6)	(75.1)
- of which amortization expense	(2.6)	(2.9)	(0.4)	(2.1)	(0.6)	(8.6)
- of which amortization of development costs	(11.5)	(5.9)	(1.4)	0.0	(0.6)	(19.4)
- of which restructuring costs	(4.0)	(0.5)	(0.9)	(0.1)	(2.9)	(8.4)
Capital expenditure	(24.1)	(14.3)	(14.6)	(9.8)	(12.5)	(75.3)
Capitalized development costs	(15.3)	(6.6)	(1.7)	0.0	(1.6)	(25.2)
Net tangible assets	181.8	118.3	87.5	100.1	116.2	603.9
Total current assets	584.4	159.4	381.6	731.5	761.8	2,618.7
Total current liabilities	434.7	219.2	145.4	299.6	399.8	1,498.7

9 months ended September 30, 2017

	Geographical segments					Total
	Europe			North and central America	Rest of the world	
	France	Italy	Rest of Europe			
<i>(in € millions)</i>						
Net sales to third parties	747.2	418.3	675.3	1,268.9	878.6	3,988.3
Cost of sales	(277.3)	(141.9)	(377.8)	(589.9)	(477.2)	(1,864.1)
Administrative and selling expenses, R&D costs	(297.7)	(119.4)	(173.0)	(441.9)	(243.8)	(1,275.8)
Other operating income (expenses)	(18.8)	(2.5)	(10.0)	(14.9)	(25.9)	(72.1)
Operating profit	153.4	154.5	114.5	222.2	131.7	776.3
- of which acquisition-related amortization, expenses and income						
· accounted for in administrative and selling expenses, R&D costs	(3.6)	(0.2)	(3.1)	(21.7)	(9.3)	(37.9)
· accounted for in other operating income (expenses)	0.0	0.0	(0.7)	0.0	0.0	(0.7)
- of which goodwill impairment						0.0
Adjusted operating profit	157.0	154.7	118.3	243.9	141.0	814.9
- of which depreciation expense	(19.4)	(12.8)	(11.0)	(9.9)	(17.6)	(70.7)
- of which amortization expense	(2.2)	(2.5)	(0.5)	(1.7)	(0.8)	(7.7)
- of which amortization of development costs	(14.6)	(5.3)	(1.1)	0.0	(0.5)	(21.5)
- of which restructuring costs	(5.8)	(0.1)	1.4	(0.1)	(2.4)	(7.0)
Capital expenditure	(22.2)	(13.6)	(16.1)	(14.6)	(14.1)	(80.6)
Capitalized development costs	(15.6)	(6.0)	(1.8)	0.0	(1.9)	(25.3)
Net tangible assets	173.3	114.9	83.9	105.8	125.3	603.2
Total current assets	432.9	149.0	362.1	745.0	683.6	2,372.6
Total current liabilities	1,202.5	207.3	169.7	256.7	375.8	2,212.0

Note 9 - Subsequent events

No significant events occurred between September 30, 2018 and the date when the consolidated financial statements were prepared.