PRESS RELEASE

Limoges, November 5, 2020

Release for the first nine months of 2020

Good showings in the third quarter

Sales stabilize compared with the third quarter of 2019

Rebound in adjusted operating margin and free cash flow

First nine months: solid performances in an unprecedented crisis environment

Organic change in sales: -10%

Adjusted operating margin: 18.7%

Free cash flow: 13.8% of sales

Continued deployment of the Legrand model

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

"Good showings in the third quarter

Over the third quarter, in a persistently degraded context and thanks to our teams' full mobilization, many commercial initiatives, and efficient adaptation measures, Legrand recorded – compared with the third quarter of 2019 – good showings, with stable organic growth, an adjusted operating margin before acquisitions[1] of 21.6% of sales, up +1.4 points, and free cash flow increasing a steep +22%.

First nine months: solid performances in an unprecedented crisis environment

In the first nine months of the year, Group sales were down -8% from September 30, 2019. The organic trend in sales was -10%. The adjusted operating margin stood at 18.7%, a limited -1.7-point decline from September 30, 2019, with the ratio of free cash flow to sales steady at 13.8%.

Together, these showings demonstrated once again how solid Legrand's fundamentals are.

Continued deployment of the Legrand model

Since the beginning of the year, Legrand has actively pursued its initiatives, in particular structural ones, to preserve and sustain its growth model.

The Group has thus adapted its cost base and structure while continuing a sustained innovation effort, in particular through the Eliot program, with 5% of sales dedicated to R&D.

Legrand has also pursued its very dynamic program for the launch of innovative products. These include products designed to improve energy efficiency, connectivity, safety and comfort in buildings, along with offers aimed specifically at data centers, the office of tomorrow, remote working, and healthcare buildings."

[1] At 2019 scope of consolidation.

Anticipated trends for the fourth quarter of 2020

Taking into account a persistently difficult and very uncertain environment – due in particular to new health measures in a number of markets – and given the demanding basis for comparison recorded in the fourth quarter of 2019[1], Legrand anticipates an organic decrease in sales in the fourth quarter of 2020.

The Group is confident in its ability to keep developing its market share and will continue to actively protect its adjusted operating margin.

Finally, Legrand is resolutely deploying its CSR roadmap.

[1] For more information, readers are invited to consult the press release issued February 13, 2020.

Good showings in the third quarter
First nine months: solid performances in an unprecedented crisis environment

Key figures

Consolidated data (€ millions)(1)	9 months 2019	9 months 2020	Change
Sales	4,888.9	4,493.9	-8.1%
Adjusted operating profit	998.5	841.4	-15.7%
As % of sales	*20.4%*	*18.7%* *18.8% before acquisitions(2)*	
Operating profit	931.3	770.5	-17.3%
As % of sales	*19.0%*	*17.1%*	
Net profit attributable to the Group	625.0	493.3	-21.1%
As % of sales	*12.8%*	*11.0%*	
Normalized free cash flow	757.0	773.4	+2.2%
As % of sales	*15.5%*	*17.2%*	
Free cash flow	671.6	620.8	-7.6%
As % of sales	*13.7%*	*13.8%*	
Net financial debt at September 30	2,769.1	2,730.2	-1.4%

(1) See appendices to this press release for definitions and indicator reconciliation tables.
(2) At 2019 scope of consolidation.

Consolidated sales

Sales totaled €4,493.9 million, down -8.1% from September 30, 2019.

The organic change in sales was -10.0% in the first nine months of 2020, with declines in both mature countries (-9.5%) and in new economies (-11.4%).

The impact of the broader scope of consolidation was +3.7%. Based on acquisitions made in 2019 and 2020, and their likely consolidation dates, the full-year impact should be around +3.5% in 2020.

The exchange-rate effect was negative at -1.5% over the period to September 30, 2020. Applying average exchange rates observed in October 2020 to the last three months of the year, the theoretical impact on sales of exchange-rate fluctuations should come to about -2.5% for 2020 as a whole.

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

	9 months 2020 / 9 months 2019	3rd quarter 2020 / 3rd quarter 2019
Europe	-10.5%	+3.6%
North and Central America	-8.0%	-2.6%
Rest of the world	-13.1%	+0.3%
Total	**-10.0%**	**+0.1%**

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

- **Europe** (38.5% of Group sales): in the first nine months of 2020, sales in Europe were down -10.5% at constant scope of consolidation and exchange rates.

In mature European countries, sales declined by -13.1% compared with September 30, 2019. While strict lockdown measures took a toll in the second quarter (-31.8%), sales then rose +2.2% in the third quarter alone, buoyed in particular by the resumption of projects suspended and the success of many commercial initiatives. Marked quarterly declines were recorded in the United Kingdom and the Netherlands, due in part to a demanding basis of comparison.

In Europe's new economies, 9-month sales for 2020 were up +5.1% at constant scope of consolidation and exchange rates, with a +10.8% rise for the third quarter alone. Sales to September also showed sustained growth in Turkey and were up slightly in Eastern Europe.

Moreover, figures for the fourth quarter of 2019 will be a demanding basis of comparison for the fourth-quarter 2020 in this area.

- **North and Central America** (42.3% of Group sales): sales were down by -8.0% from September 30, 2019, at constant scope of consolidation and exchange rates.

In the United States, sales declined -6.8% compared with the first nine months of 2019, including -1.5% for the third quarter alone. Compared with September 30, 2019, the steep rise in sales of products for datacenters – including busways and PDUs – and the strong performance of residential business, in particular user interfaces and AV infrastructure solutions, was not enough to offset retreats in other areas.

Canada and Mexico both reported steep declines in sales.

- **Rest of the world** (19.2% of Group sales): sales were down -13.1% from the first nine months of 2019 at constant scope of consolidation and exchange rates.

In Asia-Pacific, sales retreated -10.4% from September 30, 2019. This trend reflects marked declines in many countries due to the consequences of the health crisis, including in India. On the other hand, there was a limited fall in China and a rise in Australia. In the third quarter alone, sales rose +1.9%, driven in particular by good showings in China and Australia which offset declines elsewhere, including India.

In South America, sales were down in many countries at September 30, 2020, declining -19.8% at constant scope of consolidation and exchange rates, and rose slightly by +0.8% in the third quarter alone.

In Africa and the Middle East, sales were down -14.8% in the first nine months of 2020 and fell -6.3% in the third quarter alone.

Adjusted operating profit and margin

Adjusted operating profit totaled €841.4 million over the first nine months of the year, down -15.7% from the same period of 2019. Adjusted operating margin thus represented 18.7% of sales.

The adjusted operating margin before acquisitions (at 2019 scope of consolidation) stood at 21.6% of sales in the third quarter – +1.4 points higher than in the third quarter of 2019 – and at 18.8% of sales in the first nine months of 2020, down only -1.6 points from September 30, 2019.

Against the backdrop of a steep decline in sales volumes, this good resistance in profitability reflects the effectiveness of measures taken in response to the crisis.

Legrand pursued efforts aimed at:

- balanced management of sales and purchase prices;
- a marked reduction – in part temporary – in production costs and in administrative and selling expenses; and
- structural adaptations to its organization, with in particular €55 million[1] in restructuring costs in the first nine months of the year.

Net profit attributable to the Group

In the first nine months of 2020, net profit attributable to the Group was down -€131.7 million (-21%) from the first nine months of 2019, mainly reflecting:

- a decrease in operating profit (-€161 million);
- an unfavorable trend (-€16 million) in net financial expenses and the foreign-exchange result; and
- a decrease in the absolute value of corporate income tax (-€45 million) due to the fall in profit before tax, while the corporate income tax rate – 29% – rose slightly.

Cash generation and balance sheet structure

Cash flow from operations came to €780.6 million, i.e., 17.4% of sales in the first nine months of 2020, down -0.6 points from September 30, 2019.

Normalized free cash flow rose +2.2% to 17.2% of sales.

Working capital requirement stood at 9.0% of sales[2] at September 30, 2020, improving -1.4 points from one year earlier and the ratio of free cash flow to sales was stable at 13.8%.

The balance sheet structure remained solid with, in particular, a net debt to EBITDA[3] ratio of 1.9, i.e., equivalent to the figure at September 30, 2019.

[1] Excluding net gains on building disposals recorded over the period.
[2] Based on sales for the last 12 months.
[3] Based on EBITDA for the last 12 months.

Continued deployment of the Legrand model

Legrand is actively pursuing initiatives, in particular structural moves to preserve and sustain its development model.

As such, and while continuing to dock recently acquired companies, the Group is adapting its cost basis and organization, for example, by (i) adjusting its cost base to trends in business, (ii) streamlining its industrial and supply chain footprint, and (iii) digitizing its back office and front office.

Since the beginning of the year, Legrand has also maintained a robust innovation drive, particularly through the Eliot program, with 5% of sales dedicated to R&D at the end of September. Legrand has also pursued its very dynamic program for the launch of new products, including for:

- **energy efficiency in buildings**: Smarther with Netatmo connected thermostats and Drivia with Netatmo smart electric panels in Europe, along with new energy meters sold worldwide under the Legrand and IME brands;
- **digital and power flows in datacenters**: Linkeo Data Center cabinets, Cablofil cable management accessories, and cassettes under the LCS3 program;
- **safety**: Uraone connected emergency lighting systems in France, along with new Kenall lines in North America for use in mission-critical buildings such as hospitals;
- **new work modes:** Luxul products to enhance residential digital networks (Epic Mesh and PoE[1] switches), plus Modpower modular power solutions for offices, in North-American markets;
- **comfort**: new Galion, Niloé Sélection and Nobile user interfaces launched in the Middle East, Poland and Chile, as well as Nuvo’s P5000 Pro-Series home audio systems, and Edge Acoustic architectural lighting systems for commercial buildings from Pinnacle in North America;
- lastly, **connected user interface lines**, now available in 41 countries – eight more than at year-end 2019.

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[1] PoE: Power over Ethernet.

The consolidated financial statements for the first nine months of 2020 were adopted by the Board of Directors at its meeting on November 4, 2020. These consolidated financial statements, a presentation of 2020 first nine months results and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2020 annual results: **February 11, 2021**
  "Quiet period[1]" starts January 12, 2021
- 2021 first-quarter results: **May 6, 2021**
  "Quiet period[1]" starts April 6, 2021
- General Meeting of Shareholders: **May 26, 2021**

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 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 over €6.6 billion in 2019. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 and Euronext ESG 80 indexes. (code ISIN FR0010307819).*

https://www.legrandgroup.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.legrandgroup.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.

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.

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 2019	9M 2020
Trade receivables	767.8	755.6
Inventories	945.2	825.0
Other current assets	217.8	211.9
Income tax receivables	43.0	56.9
Short-term deferred taxes assets/(liabilities)	95.7	98.0
Trade payables	(624.7)	(587.0)
Other current liabilities	(625.8)	(641.6)
Income tax payables	(50.5)	(38.7)
Short-term provisions	(95.8)	(121.5)
Working capital required	**672.7**	**558.6**

Calculation of net financial debt

In € millions	9M 2019	9M 2020
Short-term borrowings	626.1	1,322.1
Long-term borrowings	3,592.3	4,110.9
Cash and cash equivalents	(1,449.3)	(2,702.8)
Net financial debt	**2,769.1**	**2,730.2**

Reconciliation of adjusted operating profit with profit for the period

In € millions	9M 2019	9M 2020
Profit for the period	**625.8**	**493.6**
Share of profits (losses) of equity-accounted entities	1.3	1.7
Income tax expense	246.9	202.1
Exchange (gains) / losses	(0.9)	8.2
Financial income	(9.5)	(4.8)
Financial expense	67.7	69.7
Operating profit	**931.3**	**770.5**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	67.2	70.9
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**998.5**	**841.4**

Reconciliation of EBITDA with profit for the period

In € millions	**9M 2019**	**9M 2020**
Profit for the period	**625.8**	**493.6**
Share of profits (losses) of equity-accounted entities	1.3	1.7
Income tax expense	246.9	202.1
Exchange (gains) / losses	(0.9)	8.2
Financial income	(9.5)	(4.8)
Financial expense	67.7	69.7
Operating profit	**931.3**	**770.5**
Depreciation and impairment of tangible assets	133.6	139.3
Amortization and impairment of intangible assets (including capitalized development costs)	87.2	98.6
Impairment of goodwill	0.0	0.0
EBITDA	**1,152.1**	**1,008.4**

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

In € millions	**9M 2019**	**9M 2020**
Profit for the period	**625.8**	**493.6**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	222.8	240.4
Changes in other non-current assets and liabilities and long-term deferred taxes	28.4	76.7
Unrealized exchange (gains)/losses	(1.9)	(15.0)
(Gains)/losses on sales of assets, net	3.2	(14.4)
Other adjustments	1.2	(0.7)
Cash flow from operations	**879.5**	**780.6**
Decrease (Increase) in working capital requirement	(96.6)	(103.2)
Net cash provided from operating activities	**782.9**	**677.4**
Capital expenditure (including capitalized development costs)	(117.8)	(77.3)
Net proceeds from sales of fixed and financial assets	6.5	20.7
Free cash flow	**671.6**	**620.8**
Increase (Decrease) in working capital requirement	96.6	103.2
(Increase) Decrease in normalized working capital requirement	(11.2)	49.4
Normalized free cash flow	**757.0**	**773.4**

Scope of consolidation

2019	Q1	H1	9M	Full year
Full consolidation method				
Debflex	Balance sheet only	6 months	9 months	12 months
Netatmo	Balance sheet only	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
Connectrac				Balance sheet only
Jobo Smartech				Balance sheet only

2020	Q1	H1	9M	Full year
Full consolidation method				
Debflex	3 months	6 months	9 months	12 months
Netatmo	3 months	6 months	9 months	12 months
Trical	3 months	6 months	9 months	12 months
Universal Electric Corporation	3 months	6 months	9 months	12 months
Connectrac	3 months	6 months	9 months	12 months
Jobo Smartech	Balance sheet only	6 months	9 months	12 months
Focal Point	Balance sheet only	Balance sheet only	7 months	10 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 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).

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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This press release does not constitute an offer to sell, or a solicitation of an offer to buy Legrand shares in any jurisdiction.