PRESS RELEASE

Limoges, July 31, 2020

2020 first-half release

Group mobilized for all stakeholders

Performance shows good resistance in a very deteriorated environment

Organic change in sales -15.2%
Adjusted operating margin 17.5%
Many measures to adapt to consequences of the crisis
Solid financial position

Continued deployment of the Legrand model in a still uncertain environment

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

*"**Group mobilized for all stakeholders***

Against a backdrop of an unprecedented health and economic crisis, Legrand mobilized for all of its stakeholders. Protecting employees and partners was a key priority. We also actively supported our customers in pursuing their business – one example being the decision to keep almost all of our logistics and production centers open.

In a spirit of responsibility given the efforts the crisis requires, Legrand has made a balanced appeal to all stakeholders – management, employees, partners, shareholders, civil society and government authorities.

Performance shows good resistance in a very deteriorated environment

In the first half of 2020, Legrand recorded a -12.2% fall in sales, primarily due to an organic decline (-15.2%) that was particularly marked in the second quarter across our main markets. This decline was partly offset by an increase in the scope of consolidation (+3.6%), while the exchange-rate effect was limited (-0.1%).

Against this backdrop, adjusted operating margin stood at 17.5%, i.e., a limited 3-point decrease from the first half of 2019. This good resistance reflects in particular the immediate roll-out of initiatives, some one-off, to protect Group profitability.

Legrand has also a solid financial position, as seen in particular in the high level of available cash.

Continued deployment of the Legrand model in a still uncertain environment

The outlook for the global health situation and the world economy remains particularly unpredictable. In this context, and subject to a favorable trend in the global health situation, net sales in the second half of the year should see a sequential improvement compared with the second quarter.

Given this environment, Legrand is continuing to actively deploy its model, building on the fundamentals that underpin the Group's value-creating strategy. This means extending and promoting products that are perfectly positioned to meet the major changes the building industry is facing; innovating; adopting initiatives to optimize our performance; and pursuing disciplined growth through acquisitions while confirming our responsible commitments, in particular an accelerated fight against global warming."

Group mobilized for all stakeholders

Amid the current unprecedented health crisis arising from the Covid-19 epidemic, Legrand has adopted a responsible approach towards all of its stakeholders, focusing on key priorities that include:

- protecting employees and partners by moving very early on to deploy the most stringent health protocols possible throughout the Group, and by adapting its work methods (widespread use of teleworking, digitalization of customer relations, and more);

- actively supporting customers in pursuing their business, which is an essential part of keeping the economy running smoothly. For example, Legrand kept nearly all of its logistics and production centers open, applying optimum health measures, to keep supply chains operating and to pursue with no disruption its customer support and service operations wherever it operates.

Legrand also continued to show solidarity to local communities by helping fight the impact of the health crisis. This has involved many initiatives[1] (from donating equipment to helping produce ventilators, supporting communities that are the most exposed, and more).

The Group also committed to assisting the most vulnerable members of society by creating a solidarity fund dedicated to nursing homes for the elderly, such as EHPADs in France. Beneficiaries included 228 institutions and 15,000 of their staff members.

Finally, in a spirit of responsibility given the efforts the crisis requires, Legrand has made a balanced appeal to all stakeholders – management, employees, partners, shareholders, civil society and government authorities[2].

[1] For more information, readers are invited to consult the press release issued April 9, 2020.
[2] For more information, readers are invited to consult the press release issued May 7, 2020.

Performance shows good resistance in a very deteriorated environment

Key figures

Consolidated data (€ millions)(1)	1st half 2019	1st half 2020	Change
Sales	3,226.8	2,832.6	-12.2%
Adjusted operating profit	662.6	496.9	-25.0%
As % of sales	*20.5%*	*17.5%* *17.1% before acquisitions(2)*	
Operating profit	619.6	449.8	-27.4%
As % of sales	*19.2%*	*15.9%*	
Net profit attributable to the Group	415.3	285.7	-31.2%
As % of sales	*12.9%*	*10.1%*	
Normalized free cash flow	514.5	469.7	-8.7%
As % of sales	*15.9%*	*16.6%*	
Free cash flow	375.4	258.9	-31.0%
As % of sales	*11.6%*	*9.1%*	
Net financial debt at June 30	3,023.2	3,109.1	+2.8%

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

Consolidated sales

Sales totaled €2,832.6 million, down -12.2% from the first half of 2019.
The organic change in sales was -15.2% in the first half of 2020, with declines in both mature countries (-14.3%) and in new economies (-17.8%).
The impact of the broader scope of consolidation was +3.6%. Based on acquisitions made in 2019 and 2020, and their likely consolidation dates, the full-year impact should be around +3% in 2020.
The exchange-rate effect was slightly negative at -0.1% over the period. Applying average exchange rates observed in June 2020 to the last six months of the year, the theoretical impact on sales of exchange-rate fluctuations should come to around -1.5% for 2020 as a whole.

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

	1st half 2020 / 1st half 2019	2nd quarter 2020 / 2nd quarter 2019
Europe	-16.7%	-28.2%
North and Central America	-11.2%	-17.5%
Rest of the world	-19.9%	-22.4%
Total	**-15.2%**	**-22.8%**

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

- **Europe** (39.7% of Group sales): in the first-half of 2020, sales in Europe were down -16.7% at constant scope of consolidation and exchange rates.

In mature European countries, sales declined by -19.7% in the first half of 2020, including -31.8% in the second quarter alone. Business was down in almost all countries due to the impact of the health crisis, compounded by one-off factors relating to destocking by distributors. The decline was more marked in France, Italy and Spain, i.e., the hardest hit markets by the pandemic. Sales in these countries fell -23% in the first half, compared with a -9% decline in other mature European countries.

In Europe's new economies, sales were up +2.2% at constant scope of consolidation and exchange rates compared with the first half of 2019, including -5.2% in the second quarter alone. Sales recorded a slight decline in Eastern Europe compared to the first half of 2019 and rose in Turkey, buoyed by ongoing projects initiated before the start of the pandemic.

In this deteriorated context, the offerings of the Eliot program, but also the ones linked to assisted living, datacenters and DIY stores showed good resistance in a number of countries.

- **North and Central America** (41.4% of Group sales): sales declined by -11.2% at constant scope of consolidation and exchange rates in the first half of 2020.

In the United States, sales were down -10.1% compared with the first half of 2019, including a -15.6% drop in the second quarter. Over the first six months, an increase in sales of products for datacenters, including busways and PDUs, was not enough to offset declining sales observed in other ranges.

Sales fell more markedly in Canada and Mexico.

- **Rest of the world** (18.9% of Group sales): sales were down -19.9% from the first half of 2019 at constant scope of consolidation and exchange rates.

Sales retreated -16.9% in Asia-Pacific in the first half of 2020, with decreases in most countries, including China and India, and a slight rise in Australia. In the second quarter alone, sales were down -13.7%, with contrasts from one market to another that included business halved in India and a marked rise in China.

In South America, net sales fell by -29.3% at constant scope of consolidation and exchange rates, with a -47.8% drop in the second quarter, as a worsening in the epidemic took a heavy toll in the main countries.

Sales were down -19.0% in Africa and the Middle East in the first half, including -25.2% in the second quarter alone. Compared with the first half of 2019, sales were down in Africa, where the 2019 basis for comparison was particularly demanding in many countries, and in the Middle East due to the strained health and geopolitical environment.

Adjusted operating profit and margin

Adjusted operating profit for the first half of 2020 came to €496.9 million, or 17.5% of sales, down -25.0% from the first half of 2019.

Adjusted operating margin before acquisitions (at 2019 scope of consolidation) was 17.1% of sales. Coming against a steep and sudden decline in business volumes, this limited decrease from the first half of 2019 reflects the Group's quick action in implementing crisis adaptation measures.

More specifically, this trend resulted from:

- efficient management of sales and purchase prices;

- a significant adjustment in production costs and in administrative and selling expenses, with a double-digit decline at constant scope of consolidation and exchange rates compared with the first half of 2019, due partly to one-off initiatives; and

- an increase in other income and expenses, in particular restructuring costs, which totaled €40 million[1] over the first half, reflecting roll-out of structural adaptation measures.

Net profit attributable to the Group

In the first half of 2020, net profit attributable to the Group was down -31.2% from the first half of 2019, i.e., -€129.6 million, mainly reflecting:

- a decrease in operating profit (-€170 million);

- an unfavorable trend (-€10 million) in net financial expenses and the foreign-exchange result; and

- a decrease in the absolute value of corporate income tax (+€50 million) due to the fall in profit before tax, while the corporate income tax rate was almost unchanged at 28.5%.

Cash generation and balance sheet structure

Cash flow from operations came to 15.7% of sales in the first half of 2020, down -2.5 points from the first half of 2019.

Normalized free cash flow retreated -8.7% to 16.6% of sales. Working capital requirement stood at 10.7% of sales at June 30, 2020[2], -0.5 points lower than at June 30, 2019.

The balance sheet structure remained very solid at June 30, 2020. This included:

- cash and cash equivalents of €2.7 billion; and
- net debt of €3.1 billion – representing an EBITDA[3] ratio of 2.2, i.e., very close to the figure at June 30, 2019 – and whose maturity was extended by the successful issue of a new bond[4], reflecting investor confidence in the Group's model.

[1] Excluding 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.
[4] For more information, readers are invited to consult the press release issued May 12, 2020.

Continued deployment of the Legrand model in a still uncertain environment

Environment remains uncertain

The outlook for the global health situation and the world economy remains particularly unpredictable. In this context, and subject to a favorable trend in the global health situation, net sales in the second half of the year should see a sequential improvement compared with the second quarter.

Continued deployment of development model

Against this backdrop, Legrand is continuing to actively deploy its model by:

- extending and promoting its product catalog, including items driven by structural trends linked to society, the environment and technologies. This is the case in particular for offerings linked to or targeting:

  - energy efficiency in non-residential buildings (UPS systems, transformers, Digital Lighting Management offerings, etc.) as well as residential spaces (smart electrical panels, intelligent thermostats, lighting control systems, etc.);
  - data centers (smart PDUs, busways, structured cabling, cable racks, etc.);
  - the office of tomorrow and teleworking (desk grommets, power and data distribution, cameras used in video-conferencing and screen mounts);
  - assisted living and home comfort (connected user interfaces, audio/video door entry systems, air quality control systems, security cameras, personal alarm systems, light pathways, sockets for easy unplugging, etc.); and
  - healthcare buildings (headboard ducts, medical call systems, antibacterial lighting solutions, etc.).

- maintaining its drive to develop new products, including preserving levels of investment in R&D, particularly the ones for connected solutions under the Eliot program;

- pursuing disciplined growth through acquisitions and working actively to dock newly acquired companies, while maintaining close contacts with small and medium-sized companies that are leaders in their markets and that could potentially join the Group when conditions are right;

- deploying many structural initiatives designed to adjust its cost base and strengthen the efficiency and agility of its organization, in particular by digitizing processes and customer relations;

- confirming its responsible commitments to the demanding objectives set out in the fourth CSR roadmap. Here, Legrand is:

  - accelerating its fight against global warming[1] with commitments for 2022, 2030 and 2050, aiming in particular for carbon neutrality by eliminating the Group's net greenhouse gas emissions. Legrand is now aligning with the most ambitious target of the Paris Agreement (limiting the increase in the planet's temperature to 1.5° above pre-industrial levels); and
  - continuing initiatives to promote diversity at the workplace[2] and exemplary governance[3].

Legrand's demanding and recognized approach to CSR qualified the Group to join the Euronext ESG 80 Index in 2020

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[1] For more information, readers are referred to the press release issued July 2, 2020.

[2] For more information, readers are referred to the news items published on www.legrandgroup.com on March 9, 2020 and on February 13, 2020.

[3] For more information, readers are referred to the press release issued February 28, 2020.

The consolidated financial statements for the first half of 2020 that were subject of a limited review by the Group's auditors were adopted by the Board of Directors at its meeting on July 30, 2020. These consolidated financial statements, a presentation of 2020 first-half results and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2020 nine-month results: **November 5, 2020**
  "Quiet period[1]" starts October 6, 2020
- 2020 annual results: **February 11, 2021**
  "Quiet period[1]" starts January 12, 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 close to €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 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	H1 2019	H1 2020
Trade receivables	853.1	731.1
Inventories	918.5	879.7
Other current assets	220.4	224.9
Income tax receivables	35.1	60.5
Short-term deferred taxes assets/(liabilities)	85.5	90.8
Trade payables	(642.0)	(549.1)
Other current liabilities	(630.5)	(612.9)
Income tax payables	(42.3)	(41.5)
Short-term provisions	(98.8)	(119.7)
Working capital required	**699.0**	**663.8**

Calculation of net financial debt

In € millions	H1 2019	H1 2020
Short-term borrowings	613.2	1,625.6
Long-term borrowings	3,559.0	4,154.7
Cash and cash equivalents	(1,149.0)	(2,671.2)
Net financial debt	**3,023.2**	**3,109.1**

Reconciliation of adjusted operating profit with profit for the period

In € millions	H1 2019	H1 2020
Profit for the period	**416.1**	**285.8**
Share of profits (losses) of equity-accounted entities	0.9	0.9
Income tax expense	164.0	114.3
Exchange (gains) / losses	0.3	6.5
Financial income	(6.5)	(3.6)
Financial expense	44.8	45.9
Operating profit	**619.6**	**449.8**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	43.0	47.1
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**662.6**	**496.9**

Reconciliation of EBITDA with profit for the period

In € millions	H1 2019	H1 2020
Profit for the period	**416.1**	**285.8**
Share of profits (losses) of equity-accounted entities	0.9	0.9
Income tax expense	164.0	114.3
Exchange (gains) / losses	0.3	6.5
Financial income	(6.5)	(3.6)
Financial expense	44.8	45.9
Operating profit	**619.6**	**449.8**
Depreciation and impairment of tangible assets	88.2	92.4
Amortization and impairment of intangible assets (including capitalized development costs)	60.4	65.1
Impairment of goodwill	0.0	0.0
EBITDA	**768.2**	**607.3**

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

In € millions	H1 2019	H1 2020
Profit for the period	**416.1**	**285.8**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	149.8	159.1
Changes in other non-current assets and liabilities and long-term deferred taxes	23.5	34.0
Unrealized exchange (gains)/losses	(1.1)	(15.7)
(Gains)/losses on sales of assets, net	(2.0)	(15.9)
Other adjustments	0.6	(1.6)
Cash flow from operations	**586.9**	**445.7**
Decrease (Increase) in working capital requirement	(145.9)	(161.6)
Net cash provided from operating activities	**441.0**	**284.1**
Capital expenditure (including capitalized development costs)	(71.7)	(46.0)
Net proceeds from sales of fixed and financial assets	6.1	20.8
Free cash flow	**375.4**	**258.9**
Increase (Decrease) in working capital requirement	145.9	161.6
(Increase) Decrease in normalized working capital requirement	(6.8)	49.2
Normalized free cash flow	**514.5**	**469.7**

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	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 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.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.

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.