# 2019 FULL YEAR RESULTS

FEBRUARY 13, 2020

# AGENDA

# 1 HIGHLIGHTS

# HIGHLIGHTS (1/2)

## 2019 ACHIEVEMENTS

- **Total growth in sales +10%**
- **Integrated performance fully in line with targets(1)**
  - Organic growth in sales: +2.6%
  - Adjusted operating margin before acquisitions(2): 20.4%
  - Achievement rate of CSR roadmap(3): 113%
- **Strong value creation**
  - Net profit attributable to the Group: +8%
  - Normalized free cash flow: +13%
- **Strengthening profitable growth profile**
  - Continued deployment of Eliot program
  - Innovation-driven enrichment of product offering
  - Three acquisitions made in 2019
  - Ongoing momentum for improving performance

1. For a complete wording of 2019 targets, readers are invited to refer to the press release dated February 14, 2019.
2. At 2018 scope of consolidation.
3. Achievement rate of CSR 2019-2021 roadmap in 2019.

# HIGHLIGHTS (2/2)

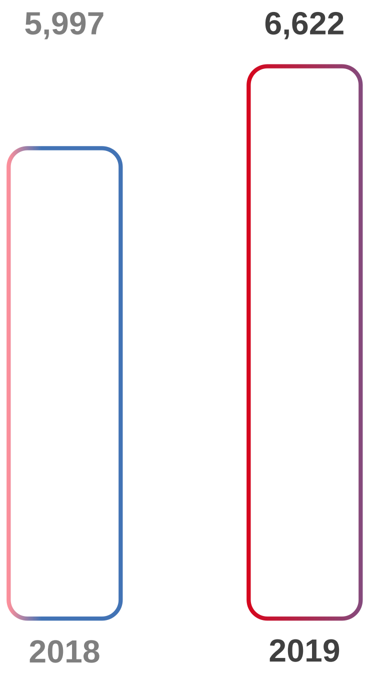
## SOLID INTEGRATED PERFORMANCE OVER 2 YEARS IN LINE WITH VALUE-CREATING MEDIUM-TERM MODEL

| | 2018 | 2019 | Average over 2 years |
|---|---|---|---|
| **Increase in net sales** | +8.6% | +10.4% | **+9.5%** |
| **Adjusted operating margin** | 20.2% | 20.0% (20.4% excl. acquisitions) | **20.1%** |
| **Basic earnings per share** | +23.2% | +8.2% | **+15.7%** |
| **Normalized free cash flow on sales** | 14.9% | 15.2% | **15.1%** |
| **CSR roadmap achievement rate** | 122% | 113% | **118%** |

# 2 NET SALES

# 2019 CHANGE IN NET SALES

**€ millions**




- **Organic growth: +2.6%**
- **External growth: +5.3%(1)**
- **FX effect: +2.2%(2)**

Total growth

**+10.4%**

1. Based on acquisitions completed in 2019 and their likely date of consolidation, the impact of the change in scope of consolidation should reach around +1% for full-year 2020.
2. Applying average exchange rates for January 2020, the full-year 2020 impact on sales of changes in currency rates should be about +0.5%.

# 2019 ORGANIC CHANGE IN NET SALES (1/3)

## EUROPE (39.9% OF TOTAL GROUP SALES)

- +3.3% organic growth.
- In Europe’s mature countries, sales rose organically by +2.9% in 2019. The trend was driven by good showings in Italy – that reported strong performances in energy distribution, user interfaces, and connected products such as video door entry systems, Smarther thermostats, and the Living Now with Netatmo range – as well as in the United Kingdom, in the Benelux[1], in Switzerland and in Southern Europe[2]. Sales rose in France from 2018, driven by the positive response to new connected products including emergency lighting and user interfaces with the Mosaic line launched in 2019 and the dooxie range introduced earlier.
- In Europe’s new economies, 2019 sales rose +6.0% at constant scope of consolidation and exchange rates, with Eastern Europe turning in a particularly solid showing.
- The very sustained growth in sales recorded in Europe in the fourth quarter alone compared with 2018 (+5.1%), benefitted in part from one-off factors, particularly in Turkey and in Eastern Europe, and sets a demanding basis for comparison for 2020.

1. Benelux: Belgium + the Netherlands + Luxembourg.
2. Southern Europe: Spain + Greece + Portugal.

# 2019 ORGANIC CHANGE IN NET SALES (2/3)
# NORTH AND CENTRAL AMERICA (38.6% OF TOTAL GROUP SALES)

- +2.5% organic growth.

- This good showing was driven by the United States, where sales rose +2.9% with solid growth in user interfaces, cable management, and busways for data centers, rounded out by rising sales in lighting commands and solutions.

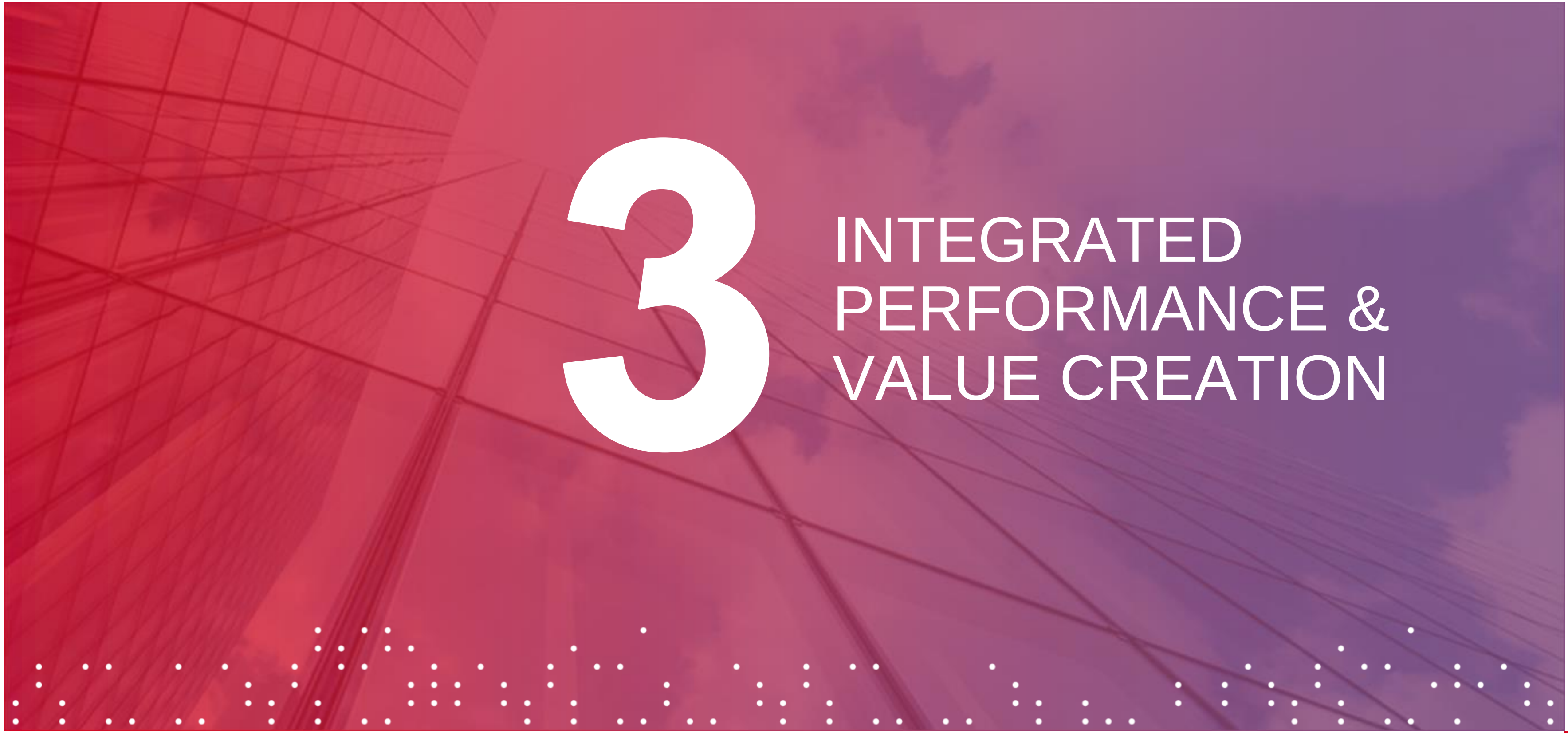
- Sales also rose in Canada, and retreated in Mexico.

- Note that in 2020, the Group will not be pursuing a US retail contract that no longer meets Legrand's profitability criteria; this is expected to have a negative impact on 2020 sales in North and Central America of around -2% of 2019 sales.

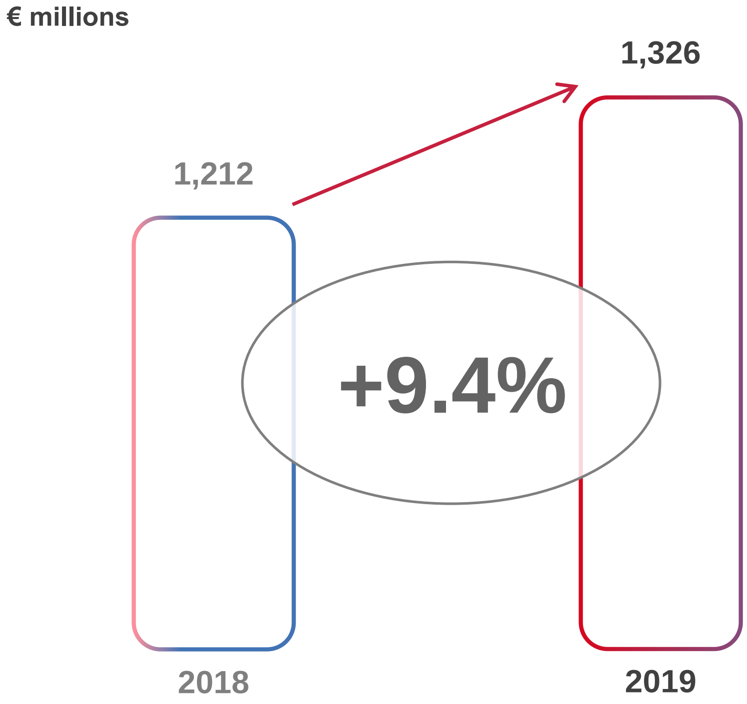
# 2019 ORGANIC CHANGE IN NET SALES (3/3)

## REST OF THE WORLD (21.5% OF TOTAL GROUP SALES)

- +1.4% organic growth.
- In Asia-Pacific, sales were up +2.4% from 2018, reflecting in particular a sustained increase in India and China. Australia saw a decline in business, as did certain countries in Southeast Asia.
- In South America, organic growth in sales came to +0.4% in 2019, with sales nearly unchanged in Brazil and mixed trends for the rest of the area.
- In Africa and the Middle East, sales retreated by -0.5%. Strong growth recorded in many African countries including Egypt and Algeria was offset by a marked decline in the Middle East reflecting the region’s difficult geopolitical and economic environment.
- 2020 should remain marked by the uncertain political and economic environment in several regions.


3
INTEGRATED PERFORMANCE & VALUE CREATION

# 2019 ADJUSTED OPERATING PROFIT



# 2019 ADJUSTED OPERATING MARGIN

| | | |
|---|---|---|
| **2018** | **Adjusted operating margin** | **20.2%** |
| | • Rising US tariffs, which were fully offset<br>• Efficient management of pricing<br>• Good operating performance<br>• Solid control of administrative and selling expenses | +0.2 pts |
| **2019** | **Adjusted operating margin before acquisitions**[1] | **20.4%**[2] |
| | • Impact of acquisitions | -0.4 pts[3] |
| **2019** | **Adjusted operating margin** | **20.0%**[2] |

1. At 2018 scope of consolidation.
2. Including a favorable impact of around +0.1 points linked to implementation of IFRS 16 standard.
3. As announced. Readers are invited to refer to the press release dated February 14, 2019 for more details.

# 2019 NET PROFIT ATTRIBUTABLE TO THE GROUP

- Rise in operating profit (+€98m)
- Unfavorable change (-€16m) in net financial expenses[1] and FX result
- Increase in corporate tax (-€17m)[2]

Net profit attributable to the Group:

**€835m**

up

**+8.2%**

1. Due primarily to implementation of the IFRS 16 standard for an impact of -€10m.
2. In absolute value. Coming from the increase in Group profit before tax, partially offset by the favorable impact of a one-off reduction in the corporate tax rate from 28.1% in 2018 to 27.5%.

# 2019 FREE CASH FLOW[1] GENERATION

- Cash flow from operations stood at 18.4%[2] of sales in 2019, i.e. a rise of +11.0%
- Working capital requirement came to 8.1% of sales at December 31, 2019, down 1.1 points from December 31, 2018, primarily due to a particularly favorable trend in operating working capital requirement that was partially offset by the consolidation of recent acquisitions
- Exceeding €1bn, free cash flow represented 15.8%[2] of Group sales, marking a sharp rise in 2019 – nearly +40% – from 2018

Normalized free cash flow:

**€1,010m**

up

**+13.0%**

1. For more details on the reconciliation of free cash flow with normalized free cash flow, readers are invited to consult page 68.
2. Including a favorable impact of around +1.0 point linked to implementation of the IFRS 16 standard.

# NON FINANCIAL PERFORMANCE (1/4)

## LONG-TERM COMMITMENT TO CSR

**2004**

**Creation of a Sustainable Development function**

**2004-2010**

**1st Roadmap**

- Joined the Global Compact
- Added to the FTSEE4GOOD index (2007)

**2011-2013**

**2nd Roadmap**

- Accreditation for Responsible Supplier Relations
- Launch of the Group's compliance program

**2014-2018**

**3rd Roadmap**

- Certification by an external auditor from 2015
- Integration of CSR criteria in long-term compensation
- 122% achievement rate

**2019-2021**

**4th Roadmap**

- Organized around three focal areas—Business ecosystem, People and Environment
- Ten key challenges contributing to the UN's Sustainable Development Goals

**2030**

**3 targets for 2030**

- 80% of total products revenue sustainable by design and/or by usage
- 1/3 of key positions held by women & Gender-balanced workforce
- Reduce carbon emissions by 30% for scope 1 & 2 emissions

# NON FINANCIAL PERFORMANCE (2/4)
## 2019 CSR ACHIEVEMENTS

2019-2021 CSR roadmap achievement rate

**113%**

| | |
|---|---|
| BUSINESS ECOSYSTEM | 123% |
| PEOPLE | 108% |
| ENVIRONMENT | 108% |

2019 achievements ahead of its roadmap, demonstrating Legrand's commitment to CSR.

# NON FINANCIAL PERFORMANCE (3/4)
## BUSINESS ECOSYSTEM, PEOPLE

Electriciens sans frontières
l'énergie du développement



Pursued involvement to develop and restore **access to water and electricity** with NGO “Electriciens sans Frontières”, notably following natural disasters

Release of **“diversity and inclusion”** policy structured around five areas: Gender diversity, Inclusion of disabled workers, Intergenerational collaboration, Social and cultural diversity, Inclusion of LGBT+ people

Ongoing progress in employees’ **Health & Safety** achievements, raising by +27% average hours of training per employee and reducing significantly the frequency rate of accidents

# NON FINANCIAL PERFORMANCE (4/4)
## ENVIRONMENT, CORPORATE

PEP eco PASS PORT


Reassertion of climate commitment during the **French Business Climate Pledge** notably by targeting a reduction by 30% in $CO_2$ emissions by 2030 and by providing customers with Product Environmental Profiles (PEP)

Over 2.4 million tons of **$CO_2$ emissions avoided** through Group's energy-efficient solutions, i.e., outperforming the target for the year (2.2 million tons)

**Group governance awarded**
2019 Website Transparency Award
2019 Annual General Meeting Awards

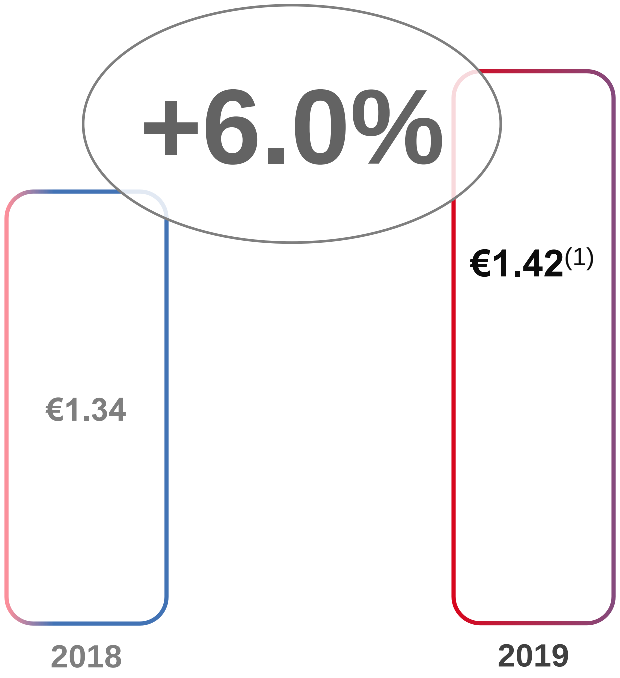
**CSR in Financing**
Introduction of CSR performance criterion for syndicated loan

# 2019 INTEGRATED PERFORMANCE FULLY IN LINE WITH TARGETS

| Metrics | February 2019 Targets announced | 2019 Achievements | |
|---|---|---|---|
| Organic growth | 0% to +4% | **+2.6%** | ✓ |
| Adjusted operating margin before acquisitions(1) | 19.9%(2) to 20.7%(2) of sales | **20.4%**(3) of sales | ✓ |
| CSR roadmap achievement rate | | **113%** | ✓ |

1. At 2018 scope of consolidation.
2. After an estimated favorable impact of around +0.1 points linked to the implementation of IFRS 16 standard from January 1, 2019 on.
3. Including a favorable impact of around +0.1 points linked to implementation of IFRS 16 standard.

# PROPOSED 2019 DIVIDEND PER SHARE




1. Subject to the approval of shareholders at the General Meeting on May 27, 2020 and payable on June 3, 2020. This dividend will be paid in full out of distributable income.

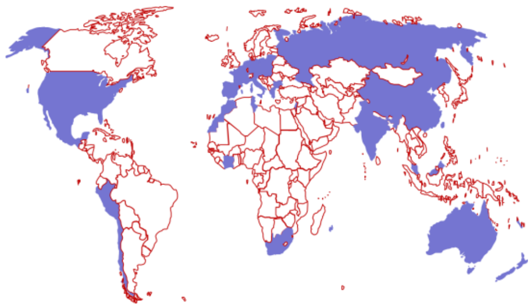
# 4 STRENGTHENING PROFITABLE GROWTH PROFILE

# STRENGTHENING PROFITABLE GROWTH PROFILE

- Continued deployment of Eliot program
- Innovation-driven enrichment of product offering
- Three acquisitions made in 2019
- Ongoing momentum for improving performance

# CONTINUED DEPLOYMENT OF ELIOT PROGRAM (1/3)
## PURSUED INCREASED ACCESS TO CONNECTIVITY

### Reinforcing worldwide reach



User interface connected ranges deployed in 28 new countries in 2019

### Ongoing new launches

Many new connected products launched, increasing reach to innovative functionalities in all buildings

### Enriching the experience


Enhanced IoT integrated experience through additional functionalities, accessible notably with the Home + Control app

# CONTINUED DEPLOYMENT OF ELIOT PROGRAM (2/3)

## NETATMO’S DOCKING RIGHT ON TRACK

### Pursuit of strong growth path

2019 organic growth in sales, about

**+20%**

**R&D: team of nearly 170 at the end of 2019**

### Continued fruitful innovation synergies


Drivia with Netatmo

Smart Door Lock & Keys

**A stream of new products presented at the 2020 CES in innovative fields**

# CONTINUED DEPLOYMENT OF ELIOT PROGRAM (3/3)

## ACHIEVEMENTS IN LINE WITH TARGETS[1]

| Metrics | 2019 achievements | 2022 organic growth targets[2] |
|---|---|---|
| Organic growth in sales of connected products | **+10%** from 2018 | Double-digit CAGR[3] from 2018 to 2022 |
| Total sales of connected products | **€819[4] million** **+29%** from 2018 | More than €1 billion sales in 2022 |

1. For more information on these targets, readers are invited to refer to the press release of June 12, 2019.
2. Excluding any major economic slowdown.
3. CAGR: Compound Annual Growth Rate.
4. Sales at 2019 perimeter and exchange rates.

# INNOVATION-DRIVEN ENRICHMENT OF PRODUCT OFFERING

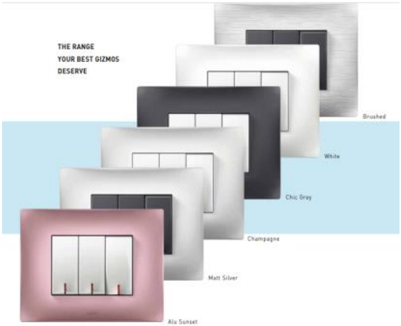
## SAMPLE OF NEW PRODUCTS LAUNCHED IN 2019 (1/4)

Valena Next with Netatmo
Spain & Belgium

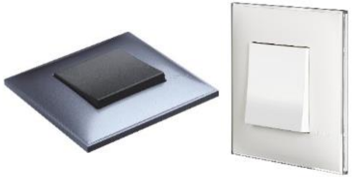

Mosaic
France


Plexo with Netatmo
Europe


Radiant furniture for hospitality
North America



Lyncus
India


Classia
Europe


Adorne Graphite
North America


Clip On multi-outlet
extension sockets
Europe

Rivia
Vietnam

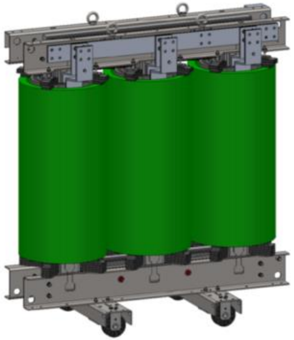

Belanko S
South East Asia


Reach Digital At-Home
alarm units
United Kingdom

# INNOVATION-DRIVEN ENRICHMENT OF PRODUCT OFFERING

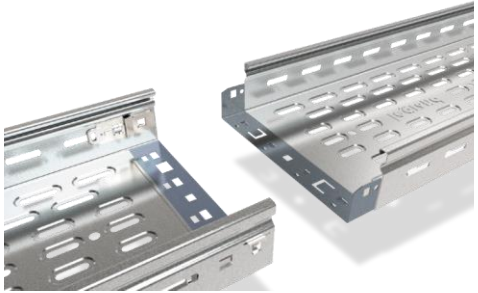
## SAMPLE OF NEW PRODUCTS LAUNCHED IN 2019 (2/4)

Trimod MCS UPS
Worldwide



CRT Tier 2
Highly energy-efficient transformer
Europe

Connected emergency lighting
France



P31 solutions
for cable management
Europe

DRX 125 / 250 HP
molded case circuit breaker
Asia

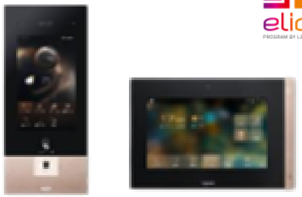
XCP-S Aluminium and
Copper busbars
Worldwide


RX3 C-curve
miniature circuit breaker
India

Universal floor boxes
World

# INNOVATION-DRIVEN ENRICHMENT OF PRODUCT OFFERING

## SAMPLE OF NEW PRODUCTS LAUNCHED IN 2019 (3/4)



Connected door entry system
with facial recognition
China

Classe 100x
Connected video door entry system
Europe

Kenall's MedMaster MedSlot Series
lighting for critical environments
North America


Pinnacle's EDGE 2 & 4
architectural lighting
North America

Natural lighting management
QMotion QzHub3
North America

Finelite's HP-4 Circle
architectural lighting
North America


Pinnacle's Cove LED
architectural lighting
North America

Sanus Advanced full-motion
North America

# INNOVATION-DRIVEN ENRICHMENT OF PRODUCT OFFERING

## SAMPLE OF NEW PRODUCTS LAUNCHED IN 2019 (4/4)

Power over ethernet switches
Worldwide

LCS3
10'' patch panel &
area distribution box
Worldwide

Kontour KXC
Monitor arms
North America

Parallax Stratos 1.0
screen
North America

Pre-equipped
fiber cassettes
Worldwide

UHD Fiber cassettes
Worldwide

LCS3 Zero U solutions
Worldwide


AV mini-bridge
North America

On-Q Enhanced WiFi Ready
Enclosures
North America

# INNOVATION-DRIVEN ENRICHMENT OF PRODUCT OFFERING

## ONGOING INVESTMENTS IN INNOVATION[1]

Share of R&D investments
on sales

**4.8%**

Pursuit of innovation strategy for continuous product catalogue enrichment

1. 2019 data.

# THREE ACQUISITIONS MADE IN 2019
## BUOYANT ACQUISITION MOMENTUM

legrand®

**UNIVERSAL ELECTRIC CORPORATION**

- Undisputed #1 in the United States in busways for data centers
- Solutions that have long been known for their quality as well as their ease of installation and use, and that are sold under the Starline brand – a true benchmark for the market
- Annual sales of around $175 million

**JOBO 尊宝智控**

- Chinese leader in connected hotel-room management solutions (lighting, air temperature, etc.)
- Annual sales of over €10 million

**CONNECTRAC®**

- Innovative US company specializing in over-floor power and data distribution
- Solutions for new construction and renovation of commercial buildings
- Annual sales of around $20 million

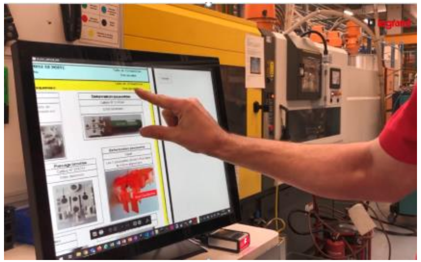
Based on acquisitions completed in 2019 and their likely dates of consolidation, the impact of the change in scope of consolidation for full-year 2020 should reach around +1% of sales

# ONGOING MOMENTUM FOR IMPROVING PERFORMANCE

## Legrand Way[1] deployment

- Continuous roll-out of the Group best practices program:
  - Successfully applied at industrial sites (increase in deployment ratio of **+2 pts** in 2019 from 2018, on track with ambitions)
  - **Active expansion** to all functions, and in particular product development

## Digitalization of organization



- Front office: **numerous initiatives** for **digital marketing**, notably through web campaigns, and **marketing automation** to all customers
- Back office: ongoing deployment of **Factory 4.0** tools with numerous initiatives (POCs[2])
  - **70** already effective (vs. 51 in 2018)
  - **40** currently being tested

## Optimizing industrial footprint

- **Rationalization** of the configuration and the number of production sites in Russia, Spain, China, India, Saudi Arabia and Brazil
- Reduction in Group carbon emissions in 2019 from 2018 : **-6%**

1. Program dedicated to the implementation of best practices throughout the Group, covering in particular the management of operational performance, new-product development, rules for health and safety, and quality.
2. POC: Proof of Concept.

# 5 2020 TARGETS

# 2020 TARGETS

In 2020, Legrand will pursue its strategy of profitable and sustainable growth.

Based on current macroeconomic projections, which are uncertain on the whole for 2020, and excluding any major changes in the economic environment(1), Legrand has set as targets, on the one hand organic evolution in sales in 2020 of between -1% and +3%, and on the other hand adjusted operating margin before acquisitions (at 2019 scope of operations) of between 19.6% and 20.4% of sales.

Legrand will also pursue its strategy of value-creating acquisitions and, subject to finalization of opportunities currently under discussion, intends to aim for a total increase of at least +4% in scope of consolidation on sales in 2020.

Legrand will moreover actively continue to deploy its demanding CSR roadmap for 2019-2021.

1. Possibly linked to developments in the world health outlook.

# 6 APPENDICES

# GLOSSARY

- **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** are electric power distribution systems based on metal busbars.
- **Cash flow from operations** is defined as net cash from operating activities excluding changes in working capital requirement.
- **CSR** stands for Corporate Social Responsibility.
- **EBITDA** is defined as operating profit plus depreciation and impairment of tangible and of 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** 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** stands for Keyboard, Video and Mouse.
- **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** 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** is defined as the change in sales at constant structure (scope of consolidation) and exchange rates.
- **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** stands for Power Distribution Unit.
- **UPS** stands for Uninterruptible Power Supply.
- **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.

# ACQUISITION OF UNIVERSAL ELECTRIC CORPORATION

legrand®

UNIVERSAL ELECTRIC CORPORATION

- Undisputed #1 in the United States in busways for data centers
- Solutions that have long been known for their quality as well as their ease of installation and use, and that are sold under the Starline brand – a true benchmark for the market
- Annual sales of around $175 million
- More than 450 employees

- Legrand is pursuing its development in the buoyant digital infrastructures market, sustained by the ongoing increase in data flows around the world
- The Group is strengthening its leading positions in offerings for datacenters in the United States (including PDUs, pre-terminated solutions and cable management)

# ACQUISITION OF JOBO SMARTECH

JOBO
尊宝智控

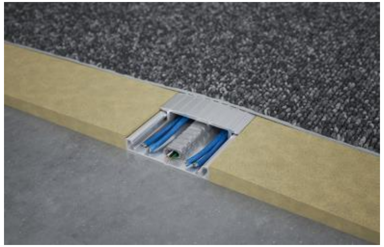
- Chinese leader in connected hotel-room management solutions (lighting, air temperature, etc.)
- Located in Huizhou
- Annual sales of over €10 million
- Around 250 employees

Jobo Smartech's ranges ideally round out those of Legrand in China's dynamic hotel segment

# ACQUISITION OF CONNECTRAC

CONNECTRAC

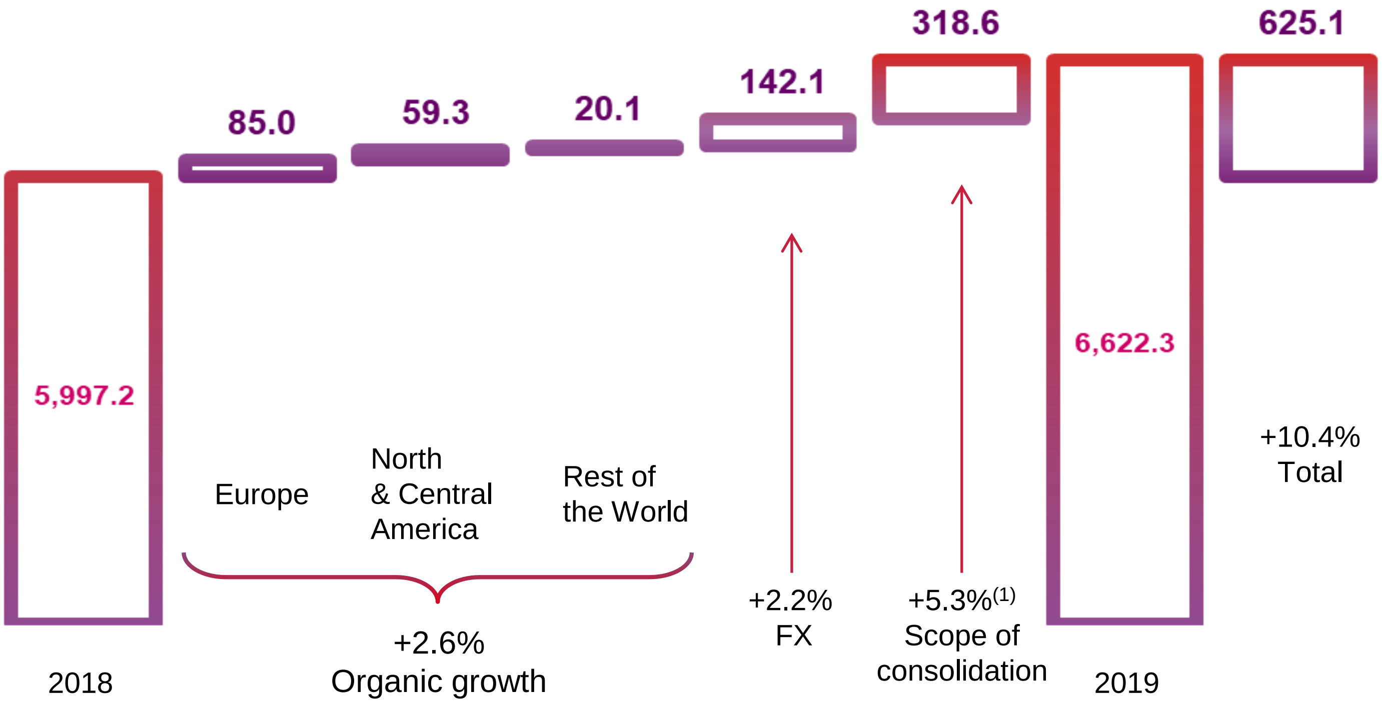
- Innovative US company specializing in over-floor power and data distribution
- Solutions for new construction and renovation of commercial buildings
- Based in Dallas (Texas)
- Annual sales of around $20 million
- Around 75 employees



Strengthens Legrand's world leadership in cable management

# CHANGE IN NET SALES

Breakdown of change in 2019 net sales by destination (€m)




1. Due to the consolidation of Modulan, Gemnet, Shenzhen Clever Electronic, Kenall, Debflex, Netatmo, Trical and Universal Electric Corporation.

# 2019 – NET SALES BY DESTINATION[1]

| In € millions | 2018 | 2019 | **Total Change** | Scope of Consolidation | **Like-for-Like Growth** | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **2,466.3** | **2,639.3** | **7.0%** | 3.7% | **3.3%** | -0.2% |
| North and Central America | **2,175.1** | **2,559.2** | **17.7%** | 9.0% | **2.5%** | 5.4% |
| Rest of the World | **1,355.8** | **1,423.8** | **5.0%** | 2.3% | **1.4%** | 1.2% |
| **Total** | **5,997.2** | **6,622.3** | **10.4%** | **5.3%** | **2.6%** | **2.2%** |

1. Market where sales are recorded.

# 2019 FIRST QUARTER – NET SALES BY DESTINATION[(1)]

| In € millions | Q1 2018 | Q1 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **643.0** | **652.3** | **1.4%** | 0.4% | **2.3%** | -1.2% |
| North and Central America | **493.6** | **567.1** | **14.9%** | 4.0% | **2.4%** | 8.0% |
| Rest of the World | **308.6** | **330.6** | **7.1%** | 1.8% | **4.9%** | 0.3% |
| **Total** | **1,445.2** | **1,550.0** | **7.3%** | **1.9%** | **2.9%** | **2.3%** |

1. Market where sales are recorded.

# 2019 SECOND QUARTER – NET SALES BY DESTINATION[1]

| In € millions | Q2 2018 | Q2 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **648.6** | **701.4** | **8.1%** | 6.1% | **2.4%** | -0.4% |
| North and Central America | **552.4** | **625.7** | **13.3%** | 4.4% | **2.3%** | 6.1% |
| Rest of the World | **340.6** | **349.7** | **2.7%** | 3.4% | **-1.4%** | 0.7% |
| **Total** | **1,541.6** | **1,676.8** | **8.8%** | **4.9%** | **1.5%** | **2.1%** |

1. Market where sales are recorded.

# 2019 THIRD QUARTER – NET SALES BY DESTINATION[1]

| In € millions | Q3 2018 | Q3 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **556.0** | **599.8** | **7.9%** | 3.5% | **3.6%** | 0.6% |
| North and Central America | **568.7** | **711.2** | **25.1%** | 15.9% | **3.0%** | 4.7% |
| Rest of the World | **325.9** | **351.1** | **7.7%** | 4.9% | **0.3%** | 2.4% |
| **Total** | **1,450.6** | **1,662.1** | **14.6%** | **8.7%** | **2.6%** | **2.7%** |

1. Market where sales are recorded.

# 2019 FOURTH QUARTER – NET SALES BY DESTINATION(1)

| In € millions | Q4 2018 | Q4 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **618.7** | **685.8** | **10.8%** | 5.0% | **5.1%** | 0.5% |
| North and Central America | **560.4** | **655.2** | **16.9%** | 10.7% | **2.3%** | 3.2% |
| Rest of the World | **380.7** | **392.4** | **3.1%** | -0.4% | **2.3%** | 1.2% |
| **Total** | **1,559.8** | **1,733.4** | **11.1%** | **5.7%** | **3.4%** | **1.7%** |

1. Market where sales are recorded.

# 2019 – NET SALES BY ORIGIN(1)

| In € millions | 2018 | 2019 | **Total Change** | Scope of Consolidation | **Like-for-Like Growth** | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **2,589.5** | **2,758.0** | **6.5%** | 3.6% | **3.0%** | -0.2% |
| North and Central America | **2,223.2** | **2,602.9** | **17.1%** | 9.1% | **1.9%** | 5.4% |
| Rest of the World | **1,184.5** | **1,261.4** | **6.5%** | 2.0% | **3.1%** | 1.2% |
| **Total** | **5,997.2** | **6,622.3** | **10.4%** | **5.3%** | **2.6%** | **2.2%** |

1. Zone of origin of the product sold.

# 2019 FIRST QUARTER – NET SALES BY ORIGIN(1)

| In € millions | Q1 2018 | Q1 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **669.3** | **677.0** | **1.2%** | 0.2% | **2.2%** | -1.3% |
| North and Central America | **504.6** | **578.0** | **14.5%** | 3.8% | **2.2%** | 8.0% |
| Rest of the World | **271.3** | **295.0** | **8.7%** | 2.5% | **5.8%** | 0.3% |
| **Total** | **1,445.2** | **1,550.0** | **7.3%** | **1.9%** | **2.9%** | **2.3%** |

1. Zone of origin of the product sold.

# 2019 SECOND QUARTER – NET SALES BY ORIGIN[(1)]

| In € millions | Q2 2018 | Q2 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **680.5** | **731.4** | **7.5%** | 5.8% | **2.1%** | -0.5% |
| North and Central America | **565.2** | **633.6** | **12.1%** | 4.1% | **1.5%** | 6.1% |
| Rest of the World | **295.9** | **311.8** | **5.4%** | 4.3% | **0.3%** | 0.7% |
| **Total** | **1,541.6** | **1,676.8** | **8.8%** | **4.9%** | **1.5%** | **2.1%** |

1. Zone of origin of the product sold.

# 2019 THIRD QUARTER – NET SALES BY ORIGIN[1]

| In € millions | Q3 2018 | Q3 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **583.4** | **625.5** | **7.2%** | 3.4% | **3.1%** | 0.6% |
| North and Central America | **580.3** | **723.4** | **24.7%** | 16.7% | **2.0%** | 4.7% |
| Rest of the World | **286.9** | **313.2** | **9.2%** | 3.3% | **3.0%** | 2.6% |
| **Total** | **1,450.6** | **1,662.1** | **14.6%** | **8.7%** | **2.6%** | **2.7%** |

1. Zone of origin of the product sold.

# 2019 FOURTH QUARTER – NET SALES BY ORIGIN[(1)]

| In € millions | Q4 2018 | Q4 2019 | Total Change | Scope of Consolidation | Like-for-Like Growth | Currency Effect |
|---|---|---|---|---|---|---|
| Europe | **656.3** | **724.1** | **10.3%** | 5.0% | **4.7%** | 0.4% |
| North and Central America | **573.1** | **667.9** | **16.5%** | 10.8% | **1.9%** | 3.2% |
| Rest of the World | **330.4** | **341.4** | **3.3%** | -1.5% | **3.6%** | 1.3% |
| **Total** | **1,559.8** | **1,733.4** | **11.1%** | **5.7%** | **3.4%** | **1.7%** |

1. Zone of origin of the product sold.

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# 2019 – P&L

| In € millions | 2018 | 2019 | % change |
|---|---|---|---|
| **Net sales** | **5,997.2** | **6,622.3** | **+10.4%** |
| Gross profit | 3,127.5 | 3,437.8 | +9.9% |
| *as % of sales* | *52.1%* | *51.9%* | |
| **Adjusted operating profit[1]** | **1,212.1** | **1,326.1** | **+9.4%** |
| ***as % of sales*** | ***20.2%*** | ***20.0%*[2]** | |
| Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions | (73.1) | (88.7) | |
| Operating profit | 1,139.0 | 1,237.4 | +8.6% |
| *as % of sales* | *19.0%* | *18.7%* | |
| Financial income (costs) | (67.1) | (79.2) | |
| Exchange gains (losses) | 2.2 | (2.0) | |
| Income tax expense | (301.3) | (318.3) | |
| Share of profits (losses) of equity-accounted entities | (0.4) | (1.8) | |
| Profit | 772.4 | 836.1 | +8.2% |
| **Net profit attributable to the Group** | **771.7** | **834.8** | **+8.2%** |

1. 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 (€73.1 million in 2018 and €88.7 million in 2019) and, where applicable, for impairment of goodwill (€0 in 2018 and 2019).
2. 20.4% excluding acquisitions (at 2018 scope of consolidation).

# 2019 FIRST QUARTER – P&L

| In € millions | Q1 2018 | Q1 2019 | % change |
|---|---|---|---|
| **Net sales** | **1,445.2** | **1,550.0** | **+7.3%** |
| Gross profit | 767.9 | 804.3 | +4.7% |
| *as % of sales* | *53.1%* | *51.9%* | |
| **Adjusted operating profit(1)** | **290.4** | **305.2** | **+5.1%** |
| ***as % of sales*** | ***20.1%*** | ***19.7%(2)*** | |
| Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions | (18.8) | (19.3) | |
| Operating profit | 271.6 | 285.9 | +5.3% |
| *as % of sales* | *18.8%* | *18.4%* | |
| Financial income (costs) | (18.7) | (18.8) | |
| Exchange gains (losses) | (1.2) | (0.8) | |
| Income tax expense | (75.6) | (75.2) | |
| Share of profits (losses) of equity-accounted entities | (0.2) | (0.3) | |
| Profit | 175.9 | 190.8 | +8.5% |
| **Net profit attributable to the Group** | **175.3** | **190.4** | **+8.6%** |

1. 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 (€18.8 million in Q1 2018 and €19.3 million in Q1 2019) and, where applicable, for impairment of goodwill (€0 in Q1 2018 and Q1 2019).
2. 19.8% excluding acquisitions (at 2018 scope of consolidation).

# 2019 SECOND QUARTER – P&L

| In € millions | Q2 2018 | Q2 2019 | % change |
|---|---|---|---|
| **Net sales** | **1,541.6** | **1,676.8** | **+8.8%** |
| Gross profit | 813.3 | 879.1 | +8.1% |
| *as % of sales* | *52.8%* | *52.4%* | |
| **Adjusted operating profit[(1)]** | **334.7** | **357.4** | **+6.8%** |
| ***as % of sales*** | ***21.7%*** | ***21.3%[(2)]*** | |
| Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions | (16.9) | (23.7) | |
| Operating profit | 317.8 | 333.7 | +5.0% |
| *as % of sales* | *20.6%* | *19.9%* | |
| Financial income (costs) | (16.5) | (19.5) | |
| Exchange gains (losses) | 4.5 | 0.5 | |
| Income tax expense | (91.7) | (88.8) | |
| Share of profits (losses) of equity-accounted entities | 0.1 | (0.6) | |
| Profit | 214.2 | 225.3 | +5.2% |
| **Net profit attributable to the Group** | **214.7** | **224.9** | **+4.8%** |

1. 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 (€16.9 million in Q2 2018 and €23.7 million in Q2 2019) and, where applicable, for impairment of goodwill (€0 in Q2 2018 and Q2 2019).
2. 22.0% excluding acquisitions (at 2018 scope of consolidation).

# 2019 THIRD QUARTER – P&L

| In € millions | Q3 2018 | Q3 2019 | % change |
|---|---|---|---|
| **Net sales** | **1,450.6** | **1,662.1** | **+14.6%** |
| Gross profit | 747.9 | 860.1 | +15.0% |
| *as % of sales* | *51.6%* | *51.7%* | |
| **Adjusted operating profit(1)** | **282.8** | **335.9** | **+18.8%** |
| ***as % of sales*** | ***19.5%*** | ***20.2%(2)*** | |
| Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions | (17.9) | (24.2) | |
| Operating profit | 264.9 | 311.7 | +17.7% |
| *as % of sales* | *18.3%* | *18.8%* | |
| Financial income (costs) | (15.8) | (19.9) | |
| Exchange gains (losses) | 3.7 | 1.2 | |
| Income tax expense | (67.7) | (82.9) | |
| Share of profits (losses) of equity-accounted entities | (0.2) | (0.4) | |
| Profit | 184.9 | 209.7 | +13.4% |
| **Net profit attributable to the Group** | **184.5** | **209.7** | **+13.7%** |

1. 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 (€17.9 million in Q3 2018 and €24.2 million in Q3 2019) and, where applicable, for impairment of goodwill (€0 in Q3 2018 and Q3 2019).
2. 20.5% excluding acquisitions (at 2018 scope of consolidation).

# 2019 FOURTH QUARTER – P&L

| In € millions | Q4 2018 | Q4 2019 | % change |
|---|---|---|---|
| **Net sales** | **1,559.8** | **1,733.4** | **+11.1%** |
| Gross profit | 798.4 | 894.3 | +12.0% |
| *as % of sales* | *51.2%* | *51.6%* | |
| **Adjusted operating profit[1]** | **304.2** | **327.6** | **+7.7%** |
| ***as % of sales*** | ***19.5%*** | ***18.9%[2]*** | |
| Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions | (19.5) | (21.5) | |
| Operating profit | 284.7 | 306.1 | +7.5% |
| *as % of sales* | *18.3%* | *17.7%* | |
| Financial income (costs) | (16.1) | (21.0) | |
| Exchange gains (losses) | (4.8) | (2.9) | |
| Income tax expense | (66.3) | (71.4) | |
| Share of profits (losses) of equity-accounted entities | (0.1) | (0.5) | |
| Profit | 197.4 | 210.3 | +6.5% |
| **Net profit attributable to the Group** | **197.2** | **209.8** | **+6.4%** |

1. 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 (€19.5 million in Q4 2018 and €21.5 million in Q4 2019) and, where applicable, for impairment of goodwill (€0 in Q4 2018 and Q4 2019).
2. 19.5% excluding acquisitions (at 2018 scope of consolidation).

# 2019 – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| 2019 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **2,758.0** | **2,602.9** | **1,261.4** | **6,622.3** |
| Cost of sales | (1,230.4) | (1,254.9) | (699.2) | (3,184.5) |
| Administrative and selling expenses, R&D costs | (883.5) | (860.5) | (332.4) | (2,076.4) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (12.5) | (63.4) | (12.8) | (88.7) |
| **Adjusted operating profit before other operating income (expense)** | **656.6** | **550.9** | **242.6** | **1,450.1** |
| ***as % of sales*** | ***23.8%*** | ***21.2%*** | ***19.2%*** | ***21.9%*** |
| Other operating income (expense) | (71.3) | (40.3) | (12.4) | (124.0) [(1)] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **585.3** | **510.6** | **230.2** | **1,326.1** |
| ***as % of sales*** | ***21.2%*** | ***19.6%*** | ***18.2%*** | ***20.0%*** |

1. Restructuring (€30.9m) and other miscellaneous items (€93.1m).

# 2018 – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| 2018 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **2,589.5** | **2,223.2** | **1,184.5** | **5,997.2** |
| Cost of sales | (1,137.1) | (1,069.6) | (663.0) | (2,869.7) |
| Administrative and selling expenses, R&D costs | (822.8) | (746.4) | (314.1) | (1,883.3) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (6.1) | (53.6) | (11.2) | (70.9) |
| **Adjusted operating profit before other operating income (expense)** | **635.7** | **460.8** | **218.6** | **1,315.1** |
| ***as % of sales*** | ***24.5%*** | ***20.7%*** | ***18.5%*** | ***21.9%*** |
| Other operating income (expense) | (40.6) | (29.5) | (35.1) | (105.2) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | (2.2) | 0.0 | 0.0 | (2.2) |
| **Adjusted operating profit** | **597.3** | **431.3** | **183.5** | **1,212.1** |
| ***as % of sales*** | ***23.1%*** | ***19.4%*** | ***15.5%*** | ***20.2%*** |

1. Restructuring (€27.9m) and other miscellaneous items (€77.3m).

# 2019 FIRST QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q1 2019 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **677.0** | **578.0** | **295.0** | **1,550.0** |
| Cost of sales | (299.8) | (278.7) | (167.2) | (745.7) |
| Administrative and selling expenses, R&D costs | (220.7) | (199.1) | (77.3) | (497.1) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (2.0) | (15.0) | (2.3) | (19.3) |
| **Adjusted operating profit before other operating income (expense)** | **158.5** | **115.2** | **52.8** | **326.5** |
| ***as % of sales*** | ***23.4%*** | ***19.9%*** | ***17.9%*** | ***21.1%*** |
| Other operating income (expense) | (7.5) | (11.0) | (2.8) | (21.3) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **151.0** | **104.2** | **50.0** | **305.2** |
| ***as % of sales*** | ***22.3%*** | ***18.0%*** | ***16.9%*** | ***19.7%*** |

1. Restructuring (€3.3m) and other miscellaneous items (€18.0m).

# 2018 FIRST QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q1 2018 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **669.3** | **504.6** | **271.3** | **1,445.2** |
| Cost of sales | (285.3) | (244.6) | (147.4) | (677.3) |
| Administrative and selling expenses, R&D costs | (219.4) | (177.0) | (74.5) | (470.9) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (2.3) | (11.7) | (2.6) | (16.6) |
| **Adjusted operating profit before other operating income (expense)** | **166.9** | **94.7** | **52.0** | **313.6** |
| ***as % of sales*** | ***24.9%*** | ***18.8%*** | ***19.2%*** | ***21.7%*** |
| Other operating income (expense) | (14.9) | (4.2) | (6.3) | (25.4) (1) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | (2.2) | 0.0 | 0.0 | (2.2) |
| **Adjusted operating profit** | **154.2** | **90.5** | **45.7** | **290.4** |
| ***as % of sales*** | ***23.0%*** | ***17.9%*** | ***16.8%*** | ***20.1%*** |

1. Restructuring (€1.5m) and other miscellaneous items (€23.9m).

# 2019 SECOND QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q2 2019 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **731.4** | **633.6** | **311.8** | **1,676.8** |
| Cost of sales | (319.9) | (304.4) | (173.4) | (797.7) |
| Administrative and selling expenses, R&D costs | (229.3) | (208.5) | (84.8) | (522.6) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (4.2) | (14.5) | (5.0) | (23.7) |
| **Adjusted operating profit before other operating income (expense)** | **186.4** | **135.2** | **58.6** | **380.2** |
| ***as % of sales*** | ***25.5%*** | ***21.3%*** | ***18.8%*** | ***22.7%*** |
| Other operating income (expense) | (8.5) | (9.3) | (5.0) | (22.8) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **177.9** | **125.9** | **53.6** | **357.4** |
| ***as % of sales*** | ***24.3%*** | ***19.9%*** | ***17.2%*** | ***21.3%*** |

1. Restructuring (€7.5m) and other miscellaneous items (€15.3m).

# 2018 SECOND QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q2 2018 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **680.5** | **565.2** | **295.9** | **1,541.6** |
| Cost of sales | (293.7) | (268.7) | (165.9) | (728.3) |
| Administrative and selling expenses, R&D costs | (207.4) | (191.9) | (78.9) | (478.2) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (0.6) | (13.8) | (2.5) | (16.9) |
| **Adjusted operating profit before other operating income (expense)** | **180.0** | **118.4** | **53.6** | **352.0** |
| ***as % of sales*** | ***26.5%*** | ***20.9%*** | ***18.1%*** | ***22.8%*** |
| Other operating income (expense) | (2.6) | (5.5) | (9.2) | (17.3) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **177.4** | **112.9** | **44.4** | **334.7** |
| ***as % of sales*** | ***26.1%*** | ***20.0%*** | ***15.0%*** | ***21.7%*** |

1. Restructuring (€2.6m) and other miscellaneous items (€14.7m).

# 2019 THIRD QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q3 2019<br>(in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **625.5** | **723.4** | **313.2** | **1,662.1** |
| Cost of sales | (277.0) | (350.2) | (174.8) | (802.0) |
| Administrative and selling expenses, R&D costs | (210.3) | (232.6) | (84.2) | (527.1) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (3.8) | (17.9) | (2.5) | (24.2) |
| **Adjusted operating profit before other operating income (expense)** | **142.0** | **158.5** | **56.7** | **357.2** |
| ***as % of sales*** | ***22.7%*** | ***21.9%*** | ***18.1%*** | ***21.5%*** |
| Other operating income (expense) | (11.2) | (10.0) | (0.1) | (21.3) [(1)] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **130.8** | **148.5** | **56.6** | **335.9** |
| ***as % of sales*** | ***20.9%*** | ***20.5%*** | ***18.1%*** | ***20.2%*** |

1. Restructuring (€7.1m) and other miscellaneous items (€14.2m).

# 2018 THIRD QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q3 2018 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **583.4** | **580.3** | **286.9** | **1,450.6** |
| Cost of sales | (258.6) | (282.8) | (161.3) | (702.7) |
| Administrative and selling expenses, R&D costs | (192.3) | (188.8) | (77.6) | (458.7) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (1.8) | (13.6) | (2.5) | (17.9) |
| **Adjusted operating profit before other operating income (expense)** | **134.3** | **122.3** | **50.5** | **307.1** |
| ***as % of sales*** | ***23.0%*** | ***21.1%*** | ***17.6%*** | ***21.2%*** |
| Other operating income (expense) | (13.1) | (7.2) | (4.0) | (24.3) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **121.2** | **115.1** | **46.5** | **282.8** |
| ***as % of sales*** | ***20.8%*** | ***19.8%*** | ***16.2%*** | ***19.5%*** |

1. Restructuring (€4.3m) and other miscellaneous items (€20.0m).

# 2019 FOURTH QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q4 2019 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **724.1** | **667.9** | **341.4** | **1,733.4** |
| Cost of sales | (333.7) | (321.6) | (183.8) | (839.1) |
| Administrative and selling expenses, R&D costs | (223.2) | (220.3) | (86.1) | (529.6) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (2.5) | (16.0) | (3.0) | (21.5) |
| **Adjusted operating profit before other operating income (expense)** | **169.7** | **142.0** | **74.5** | **386.2** |
| ***as % of sales*** | ***23.4%*** | ***21.3%*** | ***21.8%*** | ***22.3%*** |
| Other operating income (expense) | (44.1) | (10.0) | (4.5) | (58.6) [1] |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **125.6** | **132.0** | **70.0** | **327.6** |
| ***as % of sales*** | ***17.3%*** | ***19.8%*** | ***20.5%*** | ***18.9%*** |

1. Restructuring (€13.0m) and other miscellaneous items (€45.6m).

# 2018 FOURTH QUARTER – ADJUSTED OPERATING PROFIT BEFORE AND AFTER OTHER OPERATING INCOME (EXPENSE) BY GEOGRAPHICAL REGION

| Q4 2018 (in € millions) | Europe | North and Central America | Rest of the World | Total |
|---|---|---|---|---|
| **Net sales** | **656.3** | **573.1** | **330.4** | **1,559.8** |
| Cost of sales | (299.5) | (273.5) | (188.4) | (761.4) |
| Administrative and selling expenses, R&D costs | (203.7) | (188.7) | (83.1) | (475.5) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in administrative, selling expenses and R&D costs | (1.4) | (14.5) | (3.6) | (19.5) |
| **Adjusted operating profit before other operating income (expense)** | **154.5** | **125.4** | **62.5** | **342.4** |
| ***as % of sales*** | ***23.5%*** | ***21.9%*** | ***18.9%*** | ***22.0%*** |
| Other operating income (expense) | (10.0) | (12.6) | (15.6) | (38.2) (1) |
| Reversal of acquisition-related amortization, depreciation, expense and income accounted for in other operating income (expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted operating profit** | **144.5** | **112.8** | **46.9** | **304.2** |
| ***as % of sales*** | ***22.0%*** | ***19.7%*** | ***14.2%*** | ***19.5%*** |

1. Restructuring (€19.5m) and other miscellaneous items (€18.7m).

# 2019 – RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT

| In € millions | 2018 | 2019 |
|---|---|---|
| **Profit** | **772.4** | **836.1** |
| Depreciation, amortization and impairment | 209.7 | 309.4 |
| Changes in other non-current assets and liabilities and long-term deferred taxes | 105.8 | 64.6 |
| Unrealized exchange (gains)/losses | 6.3 | 5.1 |
| (Gains)/losses on sales of assets, net | 5.1 | 5.0 |
| Other adjustments | 1.2 | 1.5 |
| **Cash flow from operations** | **1,100.5** | **1,221.7** |

# 2019 – RECONCILIATION OF FREE CASH FLOW AND NORMALIZED FREE CASH FLOW WITH CASH FLOW FROM OPERATIONS

| In € millions | 2018 | 2019 | % change |
|---|---|---|---|
| **Cash flow from operations[1]** | **1,100.5** | **1,221.7** | **+11.0%** |
| ***as % of sales*** | ***18.4%*** | ***18.4%*** | |
| Decrease (Increase) in working capital requirement | (175.2) | 17.7 | |
| **Net cash provided from operating activities** | **925.3** | **1,239.4** | **+33.9%** |
| ***as % of sales*** | ***15.4%*** | ***18.7%*** | |
| Capital expenditure (including capitalized development costs) | (184.3) | (202.2) | |
| Net proceeds from sales of fixed and financial assets | 5.3 | 7.1 | |
| **Free cash flow** | **746.3** | **1,044.3** | **+39.9%** |
| ***as % of sales*** | ***12.4%*** | ***15.8%*** | |
| Increase (Decrease) in working capital requirement | 175.2 | (17.7) | |
| (Increase) Decrease in normalized working capital requirement | (28.0) | (16.8) | |
| **Normalized[2] free cash flow** | **893.5** | **1,009.8** | **+13.0%** |
| ***as % of sales*** | ***14.9%*** | ***15.2%*** | |

1. Cash flow from operations is defined as net cash from operating activities excluding changes in working capital requirement.
2. Based on a working capital requirement representing 10% of the last 12 months' sales, at constant scope of consolidation and exchange rates.

# SCOPE OF CONSOLIDATION (1/2)

| 2018 | Q1 | H1 | 9M | FY |
|---|---|---|---|---|
| **Full consolidation method** | | | | |
| Modulan | Balance sheet only | Balance sheet only | 6 months | 9 months |
| Gemnet | | Balance sheet only | Balance sheet only | 7 months |
| Shenzhen Clever Electronic | | | Balance sheet only | 6 months |
| Debflex | | | | Balance sheet only |
| Netatmo | | | | Balance sheet only |
| Kenall | | | | Balance sheet only |
| Trical | | | | Balance sheet only |

# SCOPE OF CONSOLIDATION (2/2)

| 2019 | Q1 | H1 | 9M | FY |
|---|---|---|---|---|
| **Full consolidation method** | | | | |
| Modulan | 3 months | 6 months | 9 months | 12 months |
| Gemnet | 3 months | 6 months | 9 months | 12 months |
| Shenzhen Clever Electronic | 3 months | 6 months | 9 months | 12 months |
| Debflex | Balance sheet only | 6 months | 9 months | 12 months |
| Netatmo | Balance sheet only | 6 months | 9 months | 12 months |
| Kenall | 3 months | 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 |

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