



LEGRAND
UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
SEPTEMBER 30, 2019

Consolidated key figures	2
Consolidated statement of income	3
Consolidated balance sheet	4
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7

Consolidated key figures

<i>(in € millions)</i>	9 months 2019	9 months 2018
Net sales	4,888.9	4,437.4
Adjusted operating profit	998.5	907.9
As % of net sales	20.4 % ⁽¹⁾	20.5%
	20.8 % ⁽¹⁾ before ⁽²⁾ acquisitions	
Operating profit	931.3	854.3
As % of net sales	19.0 % ⁽¹⁾	19.3%
Net profit attributable to the Group	625.0	574.5
As % of net sales	12.8 % ⁽³⁾	12.9%
Normalized free cash flow	757.0	673.9
As % of net sales	15.5 % ⁽⁴⁾	15.2%
Free cash flow	671.6	441.6
As % of net sales	13.7 % ⁽⁴⁾	10.0%
Net financial debt at September 30	2,769.1 ⁽⁵⁾	2,260.1

(1) Including a favorable impact of around +0.1 points linked to implementation of the IFRS 16 standard.

(2) At 2018 scope of consolidation.

(3) Implementation of the IFRS 16 standard does not have a significant impact on the net profit attributable to the Group.

(4) Including a favorable impact of around +1.0 point linked to implementation of the IFRS 16 standard.

(5) Including €328.1 million of lease financial liabilities (implementation of the IFRS 16 standard since January 1, 2019).

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.

Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

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

The reconciliation of consolidated key figures with the financial statements is available in the appendices to the first nine months 2019 results press release.

Consolidated statement of income

<i>(in € millions)</i>	9 months ended	
	September 30, 2019	September 30, 2018
Net sales	4,888.9	4,437.4
Operating expenses		
Cost of sales	(2,345.4)	(2,108.3)
Administrative and selling expenses	(1,313.9)	(1,202.6)
Research and development costs	(232.9)	(205.2)
Other operating income (expenses)	(65.4)	(67.0)
Operating profit	931.3	854.3
Financial expenses	(67.7)	(59.7)
Financial income	9.5	8.7
Exchange gains (losses)	0.9	7.0
Financial profit (loss)	(57.3)	(44.0)
Profit before tax	874.0	810.3
Income tax expense	(246.9)	(235.0)
Share of profits (losses) of equity-accounted entities	(1.3)	(0.3)
Profit for the period	625.8	575.0
Of which:		
- Net income excluding minority interests	625.0	574.5
- Minority interests	0.8	0.5
Basic earnings per share (<i>euros</i>)	2.343	2.152
Diluted earnings per share (<i>euros</i>)	2.322	2.133

Statement of comprehensive income

<i>(in € millions)</i>	9 months ended	
	September 30, 2019	September 30, 2018
Profit for the period	625.8	575.0
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation reserves	188.6	(12.5)
Cash flow hedges	0.2	0.0
Income tax relating to components of other comprehensive income	6.7	5.6
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses after deferred taxes	(14.2)	2.6
Other	0.0	0.0
Comprehensive income for the period	807.1	570.7
Of which:		
- Comprehensive income attributable to the Group	806.2	570.3
- Minority interests	0.9	0.4

Consolidated balance sheet

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
ASSETS		
Non-current assets		
Intangible assets	2,520.0	2,309.7
Goodwill	4,574.2	4,322.0
Property, plant and equipment	675.9	661.4
Right-of-use assets*	320.1	0.0
Investments in equity-accounted entities	18.3	17.4
Other investments	2.8	2.1
Other non-current assets	37.4	14.3
Deferred tax assets	110.8	107.8
Total non-current assets	8,259.5	7,434.7
Current assets		
Inventories (Note 4)	945.2	885.9
Trade receivables (Note 5)	767.8	666.4
Income tax receivables	43.0	89.6
Other current assets	217.8	206.0
Other current financial assets	1.8	1.2
Cash and cash equivalents	1,449.3	1,022.5
Total current assets	3,424.9	2,871.6
Total Assets	11,684.4	10,306.3

*out of which the €249.1 million transition impact of the IFRS 16 standard.

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 6)	1,068.8	1,070.0
Retained earnings	4,296.8	4,051.8
Translation reserves	(342.1)	(530.6)
Equity attributable to equity holders of Legrand	5,023.5	4,591.2
Minority interests	10.1	5.9
Total equity	5,033.6	4,597.1
Non-current liabilities		
Long-term provisions	136.4	145.2
Provisions for post-employment benefits	170.6	155.9
Long-term borrowings (Note 7)	3,592.3	2,918.6
Deferred tax liabilities	727.8	701.0
Total non-current liabilities	4,627.1	3,920.7
Current liabilities		
Trade payables	624.7	662.0
Income tax payables	50.5	31.5
Short-term provisions	95.8	87.9
Other current liabilities	625.8	605.2
Short-term borrowings (Note 7)	626.1	400.5
Other current financial liabilities	0.8	1.4
Total current liabilities	2,023.7	1,788.5
Total Equity and Liabilities	11,684.4	10,306.3

Consolidated statement of cash flows

<i>(in € millions)</i>	9 months ended	
	September 30, 2019	September 30, 2018
Profit for the period	625.8	575.0
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets	81.6	74.1
– Amortization and impairment of intangible assets	71.1	58.4
– Amortization and impairment of capitalized development costs	16.1	19.4
– Amortization of right-of-use assets	52.0	0.0
– Amortization of financial expenses	2.0	1.9
– Impairment of goodwill	0.0	0.0
– Changes in long-term deferred taxes	2.6	25.5
– Changes in other non-current assets and liabilities	25.8	29.0
– Unrealized exchange (gains)/losses	(1.9)	3.0
– Share of (profits) losses of equity-accounted entities	1.3	0.3
– Other adjustments	(0.1)	0.4
– Net (gains)/losses on sales of assets	3.2	2.8
Changes in working capital requirement:		
– Inventories (Note 4)	(13.8)	(125.3)
– Trade receivables (Note 5)	(49.4)	(99.3)
– Trade payables	(56.1)	13.7
– Other operating assets and liabilities	22.7	(41.5)
Net cash from operating activities	782.9	537.4
– Net proceeds from sales of fixed and financial assets	6.5	4.7
– Capital expenditure	(93.0)	(75.3)
– Capitalized development costs	(24.8)	(25.2)
– Changes in non-current financial assets and liabilities	(4.4)	(0.5)
– Acquisitions of subsidiaries, net of cash acquired	(389.1)	(87.7)
Net cash from investing activities	(504.8)	(184.0)
– Proceeds from issues of share capital and premium (Note 6)	4.9	12.8
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 6)	(17.1)	(38.8)
– Dividends paid to equity holders of Legrand	(357.1)	(336.8)
– Dividends paid by Legrand subsidiaries	0.0	(0.2)
– Proceeds from long-term financing	402.7	404.7
– Repayment of long-term financing (Note 7)	(54.3)	(400.0)
– Debt issuance costs	(5.4)	(3.7)
– Increase (reduction) in short-term financing	155.4	16.2
– Acquisitions of ownership interests with no gain of control	(2.3)	(39.9)
Net cash from financing activities	126.8	(385.7)
Translation net change in cash and cash equivalents	21.9	(5.2)
Increase (decrease) in cash and cash equivalents	426.8	(37.5)
Cash and cash equivalents at the beginning of the period	1,022.5	823.0
Cash and cash equivalents at the end of the period	1,449.3	785.5
Items included in cash flows:		
– Interest paid* during the period	66.8	71.4
– Income taxes paid during the period	177.0	189.2

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

Note 1 - Introduction

This unaudited consolidated financial information is presented for the nine months ended September 30, 2019. It should be read in conjunction with consolidated financial statements for the year ended December 31, 2018 such as established in the Registration Document deposited under visa no D.19-0306 with the French Financial Markets Authority (AMF) on April 10, 2019.

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

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption from January 1, 2019.

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

The IFRS 16 standard was applied from January 1, 2019 using the simplified retrospective transition method ("cumulative catch-up" method). As a result, the 2018 comparative period has not been restated.

Main impacts resulting from the implementation of this standard are mentioned in the consolidated key figures and were explained in Note 1.2.1.3 of the consolidated financial statements as of December 31, 2018.

Note 2 – Significant transactions and events for the period

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

Note 3 - Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2018 were as follows:

2018	March 31	June 30	September 30	December 31
Full consolidation method				
Modulan	Balance sheet only	Balance sheet only	6 months' profit	9 months' profit
GemNet		Balance sheet only	Balance sheet only	7 months' profit
Shenzen Clever Electronic			Balance sheet only	6 months' profit
Kenall				Balance sheet only
Debflex				Balance sheet only
Netatmo				Balance sheet only
Trical				Balance sheet only

2019	March 31	June 30	September 30
Full consolidation method			
Modulan	3 months' profit	6 months' profit	9 months' profit
GemNet	3 months' profit	6 months' profit	9 months' profit
Shenzen Clever Electronic	3 months' profit	6 months' profit	9 months' profit
Kenall	3 months' profit	6 months' profit	9 months' profit
Debflex	Balance sheet only	6 months' profit	9 months' profit
Netatmo	Balance sheet only	6 months' profit	9 months' profit
Trical	Balance sheet only	6 months' profit	9 months' profit
Universal Electric		Balance sheet only	6 months' profit

The main acquisition carried out in the first nine months of 2019 was Universal Electric Corporation, the US leader in busways. Universal Electric Corporation reports annual sales of over \$175 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €389.1 million in the first nine months of 2019 (plus €2.3 million for acquisitions of ownership interests without gain of control), versus €87.7 million in the first nine months of 2018 (plus €39.9 million for acquisitions of ownership interests without gain of control).

Note 4 - Inventories

Inventories are as follows:

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
Purchased raw materials and components	378.0	347.6
Sub-assemblies, work in progress	111.4	98.5
Finished products	598.4	563.7
Gross value at the end of the period	1,087.8	1,009.8
Impairment	(142.6)	(123.9)
Net value at the end of the period	945.2	885.9

Note 5 - Trade receivables

Trade receivables are as follows:

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
Trade receivables	855.2	750.4
Impairment	(87.4)	(84.0)
Net value at the end of the period	767.8	666.4

Note 6 - Share capital

Share capital as of September 30, 2019 amounted to €1,068,828,524 represented by 267,207,131 ordinary shares with a par value of €4 each, for 267,207,131 theoretical voting rights and 266,905,487 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of September 30, 2019, the Group held 301,644 shares in treasury, versus 905,347 shares as of December 31, 2018, i.e. 603,703 fewer shares corresponding to:

- the net acquisition of 600,000 shares outside of the liquidity contract;
- the transfer of 331,335 shares to employees under performance share plans;
- the cancellation of 550,000 shares;
- the net sale of 322,368 shares under the liquidity contract (Note 6.2.2).

As of September 30, 2019, among the 301,644 shares held in treasury by the Group, 273,793 shares have been allocated according to the allocation objectives described in Note 6.2.1, and 27,851 shares are held under the liquidity contract.

6.1 Changes in share capital

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2018	267,495,149	4	1,069,980,596	721,214,426
Exercise of options under the 2009 plan	82,578	4	330,312	728,173
Exercise of options under the 2010 plan	179,404	4	717,616	3,095,870
Cancellation of shares	(550,000)	4	(2,200,000)	(32,734,305)
Repayment of paid-in capital*				(146,768,602)
As of September 30, 2019	267,207,131	4	1,068,828,524	545,535,562

*Portion of dividends distributed in June 2019 deducted from the premium account.

On February 13, 2019, the Board of Directors decided the cancellation of 550,000 shares acquired under the share buyback program (shares bought back in 2018). The €32,734,305 difference between the buy-back price of the cancelled shares and their par value was deducted from the premium account.

In the first nine months of 2019, 261,982 shares were issued under the 2009 and 2010 stock option plans, resulting in a capital increase representing a total amount of € 4.9 million (premiums included).

6.2 Share buybacks and transactions under the liquidity contract

As of September 30, 2019, the Group held 301,644 shares in treasury (905,347 as of December 31, 2018, of which 555,128 under the share buyback program and 350,219 under the liquidity contract) which can be analyzed as follows:

6.2.1 Share buybacks

During the first nine months of 2019, the Group acquired 600,000 shares, at a cost of €36.7 million.

As of September 30, 2019, the Group held 273,793 shares, acquired at a total cost of €16.8 million. These shares are being held for the following purposes:

- for allocation, upon exercise of performance share plans, of 8,793 shares purchased at a cost of €0.5 million; and
- for cancellation of 265,000 shares acquired at a cost of €16.3 million.

6.2.2 Liquidity contract

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

As of September 30, 2019, the Group held 27,851 shares under this contract, purchased at a total cost of €1.8 million.

During the first nine months of 2019, transactions under the liquidity contract led to a cash inflow of €19.6 million corresponding to the net sales of 322,368 shares.

Note 7 - Long-term and short-term borrowings

7.1 Long-term borrowings

Long-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
Bonds	2,900.0	2,500.0
Yankee bonds	358.0	340.4
Lease financial liabilities	265.5	6.5
Other borrowings	87.8	87.3
Long-term borrowings excluding debt issuance costs	3,611.3	2,934.2
Debt issuance costs	(19.0)	(15.6)
Total	3,592.3	2,918.6

7.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	September 30, 2019	December 31, 2018
Negotiable commercial paper	500.0	363.5
Lease financial liabilities	62.6	1.5
Other borrowings	63.5	35.5
Total	626.1	400.5

7.3 Changes in long-term and short-term borrowings

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

<i>(in € millions)</i>	September 30, 2019	Cash flows	Variations not impacting cash flows				December 31, 2018
			Acquisitions	Reclassifications	Translation adjustments	Other	
Long-term borrowings	3,592.3	398.2	25.5	(56.6)	24.5	282.1	2,918.6
Short-term borrowings	626.1	100.2	8.9	56.6	3.5	56.4	400.5
Gross financial debt	4,218.4	498.4	34.4	0.0	28.0	338.5*	3,319.1

*out of which the €270.2 million transition impact of the IFRS 16 standard.

Note 8 - Segment information

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

Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which have been allocated for internal reporting purposes into three operating segments since January 1, 2019, following the recent change in the Group's front office organization:

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

These three operating segments are under the responsibility of three segment managers who are directly accountable to the chief operating decision maker of the Group.

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

9 months ended September 30, 2019

<i>(in € millions)</i>	Europe	North and central America	Rest of the world	Total
Net sales to third parties	2,033.9	1,935.0	920.0	4,888.9
Cost of sales	(896.7)	(933.3)	(515.4)	(2,345.4)
Administrative and selling expenses, R&D costs	(660.3)	(640.2)	(246.3)	(1,546.8)
Other operating income (expenses)	(27.2)	(30.3)	(7.9)	(65.4)
Operating profit	449.7	331.2	150.4	931.3
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(10.0)	(47.4)	(9.8)	(67.2)
· accounted for in other operating income (expenses)				0.0
- of which goodwill impairment				0.0
Adjusted operating profit	459.7	378.6	160.2	998.5
- of which depreciation expense	(46.6)	(16.8)	(17.9)	(81.3)
- of which amortization expense	(6.5)	(1.6)	(0.6)	(8.7)
- of which amortization of development costs	(15.1)	0.0	(1.0)	(16.1)
- of which amortization of right-of-use assets	(19.9)	(17.6)	(14.5)	(52.0)
- of which restructuring costs	(9.3)	(2.4)	(6.2)	(17.9)
Capital expenditure	(65.2)	(13.3)	(14.5)	(93.0)
Capitalized development costs	(23.6)	0.0	(1.2)	(24.8)
Net tangible assets	411.2	137.5	127.2	675.9
Total current assets	1,704.6	1,002.1	718.2	3,424.9
Total current liabilities	1,231.3	377.4	415.0	2,023.7

9 months ended September 30, 2018

<i>(in € millions)</i>	Europe*	North and central America	Rest of the world	Total
Net sales to third parties	1,933.2	1,650.1	854.1	4,437.4
Cost of sales	(837.6)	(796.1)	(474.6)	(2,108.3)
Administrative and selling expenses, R&D costs	(619.1)	(557.7)	(231.0)	(1,407.8)
Other operating income (expenses)	(30.6)	(16.9)	(19.5)	(67.0)
Operating profit	445.9	279.4	129.0	854.3
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(4.7)	(39.1)	(7.6)	(51.4)
· accounted for in other operating income (expenses)	(2.2)	0.0	0.0	(2.2)
- of which goodwill impairment				0.0
Adjusted operating profit	452.8	318.5	136.6	907.9
- of which depreciation expense	(43.6)	(13.9)	(17.6)	(75.1)
- of which amortization expense	(5.9)	(2.1)	(0.6)	(8.6)
- of which amortization of development costs	(18.8)	0.0	(0.6)	(19.4)
- of which amortization of right-of-use assets				0.0
- of which restructuring costs	(5.4)	(0.1)	(2.9)	(8.4)
Capital expenditure	(53.0)	(9.8)	(12.5)	(75.3)
Capitalized development costs	(23.6)	0.0	(1.6)	(25.2)
Net tangible assets	387.6	100.1	116.2	603.9
Total current assets	1,125.4	731.5	761.8	2,618.7
Total current liabilities	799.3	299.6	399.8	1,498.7

* For the 9-month period ended September 30, 2018, the presentation of the published data has been modified to reflect the change in operating segments starting January 1, 2019.

Note 9 - Subsequent events

The Group acquired Connectrac, an innovative US company specializing in over-floor power and data distribution for new construction and renovation of commercial buildings. Connectrac reports annual sales of around \$20 million.

Furthermore, subject to standard conditions precedent, the Group acquired Jobo Smartech. Chinese leader in connected management solutions dedicated to China's hotel segment, Jobo Smartech generates annual sales of over €10 million.