PRESS RELEASE

Limoges, February 11, 2021

2020 full-year results

Responsible crisis management

Solid financial and ESG achievements in 2020

Change in sales: -7.9%
Adjusted operating margin: 19.0%
Free cash flow: 16.9% of sales
Achievement rate of CSR roadmap: 128%

3 new acquisitions announced

Total of 4 new companies acquired in 2020
Ongoing active roll-out of product offerings of recently acquired companies

Enhanced growth model profiled for the post-crisis period

Diversified positions in promising segments
Product offering well-suited to meet emerging new needs
Scope for lasting high-quality growth through acquisitions
Acceleration of digitization
A pace-setting ESG policy

Mid-term outlook driving value creation

On the closing of full-year accounts for 2020, Benoît Coquart, Legrand's Chief Executive Officer, commented:

"Facing an unprecedented and highly unpredictable environment, 2020 was a demonstration of Legrand's clear strategy, solid business model, and highly responsive teams.

As the crisis began, our Group moved quickly to address the essentials: protecting employees and partners while continuing to serve our customers, whose businesses are essential to a working economy.

We then sought to limit the pandemic's impact on our own performance: the full-year decline in sales was held to -7.9% in 2020, while we strengthened competitive positions in our main markets. Adjusted operating profit and net profit remained at excellent levels, respectively at 19% of sales (20% excluding exceptional items) and at 11% of sales. Free cash flow stood at over €1 billion for the second year running and amounted to 17% of sales.

Legrand also focused on pursuing and ramping up its Environmental, Societal and Governance (ESG) strategy. We achieved 128% of our CSR roadmap targets[1] for the year, with very strong performances in a number of areas: CO_2 emissions were down -17% from 2019 at constant scope of consolidation, in line with the carbon-neutral targets for 2022, 2030 and 2050 announced in July[2].

Throughout the year, Legrand worked hard to strengthen its fundamentals in preparation for a recovery. We stepped up our sales and marketing initiatives, and continued to focus on developing new products – in particular connected solutions – with R&D expenditure equal to over 5% of sales. We bolstered our market positions with four targeted acquisitions, including three announced today; we accelerated digitization of our structures and processes; and we pursued talent development and diversity promotion programs.

These unique fundamentals, combined with a market structurally driven by favorable underlying trends in energy efficiency, safety, new ways of living and working, connected buildings, comfort, health and assisted living, mean that we are confident in the future. They also lead us to stand by our goal of profitable, sustainable and responsible growth serving our corporate purpose: improving lives by transforming the spaces where people live, work and meet."

Proposed dividend

Legrand's Board of Directors will ask the General Meeting of shareholders, to be held on May 26, 2021, to approve the payment of a dividend of €1.42 per share in respect of 2020 (compared with €1.34 in respect of 2019).

This would place the payout ratio at 56%, in line with the Group's practice of offering an average rate of around 50%.

The ex-dividend date is May 28, 2021 with payment[3] on June 1, 2021.

2021 targets

In 2021, Legrand will pursue its strategy of profitable, sustainable and responsible growth.

Based on current macroeconomic projections, which are still very uncertain, and assuming a gradual improvement in the world health situation, Legrand has set the following targets for 2021:

- organic growth in sales of between +1% et +6%;
- total impact of the broader scope of consolidation on sales of at least +3%;
- adjusted operating margin before acquisitions (at 2020 scope of consolidation) of between 19.2% and 20.2% of sales;
- achievement rate of 2021 targets in CSR roadmap of at least 100%.

[1] 2020 achievement rate of Legrand's 2019-2021 CSR roadmap.
[2] For more information, readers are invited to consult the press release dated July 2, 2020.
[3] This distribution will be made in full out of the distributable income.

Responsible crisis management

In 2020, amid an unprecedented and particularly unpredictable health and economic crisis, Legrand leveraged the unique strengths of its proactive, solid and balanced business model.

From the beginning of the crisis, the Group has focused on taking a responsible approach to all of its stakeholders by:

- mobilizing to implement immediate measures to protect the health and safety of its employees and partners, through strict application of best health practices, awareness-raising campaigns, and the deployment of dedicated training programs;
- maintaining services to customers whose own operations are essential to keeping the economy going (almost all logistics centers kept open; operational customer support; and early reopening of production plants as of April);
- multiplying solidarity initiatives offering support to communities in countries where Legrand operates (supplies for medical structures, protective kits, food supplies, and, in France, the creation of a solidarity fund for more than 200 medical facilities for seniors);
- reducing the target value of the CEO's total annual compensation for 2020 by -25% from 2019, and freezing compensation paid to the Board of Directors.

Legrand also stepped up one-off and structural initiatives to strengthen the pillars that underpin its medium- and long-term growth, including:

- a host of sales and marketing initiatives to launch product offerings and grow its market share;
- swifter digitization throughout the whole Group;
- quick, targeted adjustments to its cost base;
- a sustained drive for innovation, linked to a series of new-product launches and safeguarded R&D capacities;
- finalization of four acquisitions, with successful docking of recently acquired companies and an ongoing effort to pursue additional opportunities;
- deployment of the Group's CSR roadmap, and stepped-up environmental, social and governance commitments (new carbon-neutrality targets for 2022, 2030 and 2050[1], campaigns to promote workplace diversity, and the appointment of an independent Chairwoman).

[1] For more information, readers are invited to consult the press release dated July 2, 2020.

Solid financial and ESG achievements in 2020

Key figures

Consolidated data (€ millions)(1)	2019	2020	Change
Sales	6,622.3	6,099.5	-7.9%
Adjusted operating profit	1,326.1	1,156.0	-12.8%
As % of sales	*20.0%*	*19.0%* *19.1% before acquisitions(2)*	
Operating profit	1,237.4	1,065.4	-13.9%
As % of sales	*18.7%*	*17.5%*	
Net profit attributable to the Group	834.8	681.2	-18.4%
As % of sales	*12.6%*	*11.2%*	
Normalized free cash flow	1,009.8	1,034.2	+2.4%
As % of sales	*15.2%*	*17.0%*	
Free cash flow	1,044.3	1,029.1	-1.5%
As % of sales	*15.8%*	*16.9%*	
Net financial debt at December 31	2,480.7	2,602.8	+4.9%

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

Consolidated sales

Full-year 2020 sales totaled €6,099.5 million, down -7.9% from 2019.

The change in sales at constant scope of consolidation and exchange rates was -8.7%, with declines in both mature countries (-8.5%) and new economies (-9.4%).

The impact of the broader scope of consolidation came to +3.6% in 2020. Based on acquisitions completed in 2020 and their likely dates of consolidation, this would reach +2.5% in 2021.

The exchange-rate effect on sales was negative at -2.6% in 2020. Based on average exchange rates in January 2021, the full-year exchange-rate effect on sales for 2021 should be around -3.5%.

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

	2020 / 2019	4th quarter 2020 / 4th quarter 2019
Europe	-7.9%	-0.7%
North and Central America	-8.7%	-10.6%
Rest of the world	-10.3%	-2.8%
Total	**-8.7%**	**-5.1%**

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

- **Europe** (39.3% of Group sales): sales in Europe declined -7.9% at constant scope of consolidation and exchange rates in 2020.

Europe's mature countries (33.3% of Group sales) registered a -9.7% decline in sales from 2019. This trend was mainly driven by the worsening health and economic environment, particularly marked in the second quarter (-31.8%) and steady destocking by distributors.
In the fourth quarter alone, sales were almost stable (+0.4%), recording in particular good showings in France and in Germany over the quarter.

Despite the health crisis, full-year 2020 sales in Europe's new economies showed a solid organic rise of +1.9% that included double-digit growth in Turkey and a very limited retreat in Eastern Europe.
Sales for the fourth quarter alone were down -6.4% due to the particularly demanding basis for comparison in the fourth quarter of 2019.

- **North and Central America** (40.7% of Group sales): sales retreated -8.7% for the year at constant scope of consolidation and exchange rates.

The United States (37.8% of Group sales) saw a -7.8% organic decline in sales in 2020. Good trends in busways and PDUs for datacenters, as well as in offerings for residential spaces (user interfaces and AV infrastructure solutions), were not enough to offset lower business levels in other segments.
Sales were down -10.7% in the fourth quarter, reflecting the persistently adverse health situation and the good relative performance recorded in the final quarter of 2019.

Sales also retreated sharply in Canada and Mexico over the year.

- **Rest of the world** (20.0% of Group sales): sales were down -10.3% from 2019 at constant scope of consolidation and exchanges rates.

In Asia-Pacific (13.1% of Group sales), sales were down -7.1% from 2019, hit in particular by a marked fall in India as the health crisis took a heavy toll over most of the year. The area's overall sales were steady excluding India, and they were also stable in China and in Australia.
In the fourth quarter, sales rose +1.7%, buoyed by good showings in China and a return to growth in India.

In South America (3.4% of Group sales), sales were down -14.3% organically over the year, with similar trends observed in main countries.
Sales rose +1.4% in the fourth quarter alone, driven by a rebound in Brazil.

In Africa and the Middle East (3.5% of Group sales), sales fell -16.6% in 2020, and were down -20.7% in the fourth quarter alone, including a very sharp drop in the Middle East.

Adjusted operating profit and margin

Adjusted operating profit for 2020 was €1,156.0 million, down -12.8%, setting adjusted operating margin at 19.0%.

Before acquisitions (at 2019 scope of consolidation), adjusted operating margin for the year came to 19.1%, which represents a limited -0.9-point decline. Excluding the increase in exceptional costs and gains (restructuring and asset disposals), the adjusted operating margin for 2020 was down by only -0.3 points.

Despite a marked retreat in sales volumes, the very good resilience observed in 2020 reflects the effectiveness of measures introduced very early to offset the impact of the health crisis. These included:

- good control of sales and purchase prices;
- significant adjustments to costs from 2019 levels; and
- an increase in restructuring costs, which totaled €76 million[1] full year, and reflected the Group's initiatives to adjust its organization.

Net profit attributable to the Group

Totaling €681.2 million, net profit attributable to the Group was down -18.4% from 2019. This retreat stems mainly from:

- a decrease in operating profit (-€172 million);
- an unfavorable change (-€22 million) in net financial expenses and the foreign-exchange result; and
- the positive change (+€39m) in corporate income tax, which reflects lower Group profit before tax, with a corporate tax rate of 29%.

Cash generation and balance sheet structure

Cash flow from operations stood at €1,108.7 million in 2020, equal to 18.2% of full-year sales, for a very limited -0.2-point decline.

Normalized free cash flow was up +2.4% at 17.0% of sales.

Working capital requirement came to 6.8% of sales, improving by a significant 1.3 points from 2019. This benefited in particular from the positive impact of foreign exchange rates. Free cash flow stood at 16.9% of sales.

The ratio of net debt to EBITDA was 1.9, with cash and cash equivalents of €2.8 bn, reflecting a solid balance sheet.

ESG performance

In 2020, Legrand reported an overall achievement rate of 128% of its CSR roadmap, with solid achievements in each of the three focal areas – Environment, People and Business Ecosystem. Notable achievements included:

- reducing the Group's carbon emissions (scope 1 and 2) by -17% from 2019 at constant scope of consolidation[2], while helping clients to avoid CO_2 emissions of 3.0 million tons over the year;
- reducing emissions of VOCs (volatile organic compounds) by -22% over the year;
- boosting the share of offerings covered by PEPs (Product Environmental Profile) as a percentage of total sales by +4 points, to 67%;

[1] Excluding net gains on building disposals recorded over the period.
[2] At 2018 scope of consolidation for CSR reporting.

- increasing the share of managerial positions[1] held by women by +6% from 2019, to 25%;
- doubling the number of people trained in business ethics to over 9,000.

The Group also accelerated its commitments to carbon neutrality[2], aligning with the Paris Agreement's most ambitious targets, and continues to deploy a governance policy that reflects best practices[3] in its market.

3 new acquisitions announced

Total of 4 new companies acquired in 2020

Legrand continues to strengthen its positions through external growth and today announced three new acquisitions of companies specializing in solutions for connectivity and energy efficiency.

Building on an existing footprint in digital infrastructures, thanks in particular to 16 acquisitions in the field since 2008, Legrand is continuing to expand its offer by acquiring Champion One and Compose, both well-known players in solutions and services for fiber-optic networks, used mainly by datacenters and internet service providers. More specifically:

- Champion One is one of the main American third-party providers of fiber-optic transceivers and related devices, offering benchmark products in both universal and customized configurations. Based in Cleveland, Ohio, Champion One has about 100 employees and annual sales of around $60 million in the United States.
- Compose is a Dutch specialist in fiber-optic network solutions – incorporating patch panels, fiber optic cassettes and patch cords – and helps clients configure their digital infrastructures (audits, design, risks, certification and more). Based in Sint-Michielsgestel in the Netherlands, the company has close to 20 employees and annual sales of around €7 million in the Netherlands and in Germany.

In addition, after more than three years of collaboration through a joint venture[4], Legrand has also announced the purchase of all of Borri, specialized in UPS systems. Based in Italy, Borri has annual sales of approximately €60 million and a workforce of around 200. Its products include highly energy-efficient UPS solutions for industrial and commercial verticals as well as datacenters.

With Focal Point, an American specialist in architectural lighting solutions that joined Legrand in February 2020[5], the Group thus finalized four bolt-on[6] acquisitions during the year.

Ongoing active roll-out of product offerings by recently acquired companies

Legrand has continued to focus on efficiently docking its recent acquisitions and maximizing synergies with its operations.

In 2020, the Group accelerated the roll-out of new arrivals' product lines outside their home countries, including systems used by datacenters (PDUs made by Raritan, Server Technology and Shenzhen Clever Electronic; and Starline busways), and connected solutions sold under the Netatmo brand.

[1] Management positions defined as Hay Grade 14 and up.
[2] For more information, readers are invited to consult the press release dated July 2, 2020.
[3] For more information, readers are invited to consult the minutes of the General Meeting of Shareholders held May 27, 2020.
[4] Until now, Legrand held 49% of equity, with Borri consolidated on the equity method. Readers are referred to the press release dated May 10, 2017.
[5] For more information, readers are invited to consult the press release dated February 27, 2020.
[6] Acquisitions that complement Legrand's activities.

Enhanced growth model profiled for the post-crisis period

Diversified positions in promising segments

With over 300,000 product references in a wide-ranging catalog and solid leading positions accounting for some two-thirds of all sales, Legrand is a key player and pace-setter in its markets.

The Group's product offerings, underpinned by long-term trends, are aimed more particularly at:

- residential buildings, which account for nearly 40% of total sales, with more than half in renovation. Driven by structural factors that include both demographics and housing shortages, the sector also benefits from new needs linked to working from home and rising demand for greater comfort, safety, independent living, and the use of energy-efficient solutions;
- datacenters, representing more than 10% of sales, driven by steep growth in dataflows spurred by new digital applications;
- non-residential buildings (institutional and educational facilities, hospitals, offices, hotels, retail outlets, and more), estimated to account for about 40% of sales – primarily the small buildings that account for the majority of the market in volume – and with more than half of the business made in renovation. This fragmented sector is driven by long-term trends in society, including increased use of eco-friendly and energy-efficient solutions, a search for improved safety of belongings and people, greater productivity needs and rapid growth in flows of data, images and videos;
- industrial buildings, infrastructure and other spaces, accounting for around 10% of Group sales – including more than 50% made in renovation – where economic trends and public spending play a key role.

Product offering well-suited to meet emerging new needs

In 2020, Legrand resolutely pursued its innovation strategy, devoting over 5% of sales to research and development, and maintaining for example its software teams, who account for over 15% of R&D staff.

It also continued to expand its Eliot program of connected products, where sales held nearly steady (-1% at constant scope of consolidation and exchange rates in 2020) and accounted for 13.1% of 2020 total revenue. This reflected:

- the successful docking of Netatmo, acquired at year-end 2018, with double-digit growth in sales and activations[1] in 2020;
- successful launches of new ranges offering greater energy efficiency, comfort and productivity, with innovative design. Examples include Drivia with Netatmo connected panels, Smarther with Netatmo thermostats and Uraone emergency lighting;
- continued rollout of flagship products in new geographical markets, including connected user interfaces now sold in 11 additional countries in 2020 (for a total 44 since 2018), and Classe 300x and Classe 100x video door entry systems;
- the launch of Netatmo products through professional channels in Europe, targeting over 60,000 electrical installers;

[1] Netatmo and "With Netatmo" solutions.

- a steady and substantial stream of fruitful partnerships, which led, for example, to the co-development with CEA[1] of an innovative autonomous (wireless) connected switch that requires no batteries and uses energy harvesting[2], providing greater energy efficiency.

In addition to these connected solutions, Legrand also continued in 2020 to add to its product catalog by launching a raft of new products underpinned by long-term trends that include:

- energy efficiency, with new systems for measuring consumption and UPS solutions for residential applications (Keor DC);
- digital infrastructures, in particular datacenters, with Servers Rack Linkeo Data Center enclosures and Cablofil cable management accessories;
- new modes of working, including Luxul solutions for the deployment of high-quality wifi networks in residential buildings and Vaddio video-conferencing cameras;
- safety, with Kenall's lighting systems for critical buildings;
- comfort, with Galion, Niloé Sélection, Weilai and Nobile user interface ranges that were launched, respectively, in the Middle East, Poland, China and Chile; Edge Acoustic and AirCore Bridge architectural lighting for commercial buildings; and Nuvo's P5000 audio residential systems Pro-Series in North America.

Scope for lasting high-quality growth through acquisitions

Legrand operates in a vast accessible market worth over €100 billion. Half of this market is managed by nearly 3,000 small and medium-sized companies.

This fragmentation offers solid scope for external growth, and the Group tracks a portfolio of around 300 leading local players on a constant basis. Contacts with these potential targets remained very active despite the crisis.

Thanks to the maintained strength of its balance sheet, Legrand has untapped room for maneuver to finance its strategy of growth by acquisition.

Acceleration of digitization

In its ongoing drive for efficiency, Legrand stepped up the pace of its structure's digital transformation in 2020, by:

- enhancing online digital content with new promotional videos, tutorials, and e-marketing campaigns, reflected by its increased audience – including a +25% jump in subscribers to its YouTube channels and a +30% rise in its Instagram subscribers during the year;
- continuing to take part in e-business developments, by facilitating its offerings' online registration with nearly 100,000 product references in ETIM[3] format, and participating actively in the development of BIM[4];
- organizing virtual meet-ups for customers with showroom tours, product launches, and training webinars for up to several thousand participants;

[1] Commissariat à l'Energie Atomique et aux énergies renouvelables, a French structure specialized in cutting-edge research.
[2] Energy harvesting: Energy generated through mechanical impulses.
[3] ETIM: Electro-Technical Information Model.
[4] BIM: Building Information Modeling.

- deploying, as part of a roadmap, Factory 4.0 tools Group-wide, while pursuing many POCs[1] aimed at testing future-oriented industrial technologies. With nearly €10 million in 2020 and an average return of 2.5 years, industrial investment in these tools doubled from 2019.

A pace-setting ESG policy

For over 17 years, Legrand has deployed a demanding and acknowledged approach to ESG; non-financial performance has long been a component of executive and key managers' compensation.

Today the Group remains committed to:

- protecting the planet, by accelerating its fight against global warming. Legrand aims in particular to achieve carbon neutrality by eliminating its net greenhouse gas emissions and has adopted a timeline that sets targets for 2022, 2030 et 2050[2]. This is in keeping with the highest requirements of the Paris Agreement, which calls for limiting the global increase in temperatures to 1.5°C above pre-industrial levels;
- encouraging diversity in the workplace by committing publicly to bold targets for gender diversity – stepping up awareness-raising campaigns through online events and training – and launching the Legrand Rainbow network to encourage greater inclusiveness for the LGBT+ community;
- exemplary governance, notably by appointing an independent Chairwoman of the Board of Directors, by shortening directors' terms from four to three years, and through a Board that is itself independent (73%), gender-balanced (46% of directors are women) and international (with 5 nationalities represented).

Today Legrand is thus a component stock of benchmark ESG indexes including the Euronext ESG 80, the Dow Jones Sustainability Index, the CDP, the FTSE4Good, Sustainalytics, MSCI, Ecovadis, the ISS Oekom Corporate rating and Vigeo Eiris.

In 2020, Legrand was awarded Proxinvest's "Innovation ESG 2020" Grand Prix du Jury, and the GEEI-Diversity label in recognition of its promotion of equality at the workplace.

Mid-term outlook driving value creation

Backed by a proven growth model and offers driven by long-term market trends, Legrand is developing its mid-term model further.

Over a full economic cycle and excluding a major economic slowdown, the Group aims for:

- an average annual growth in sales, excluding exchange-rate effects, of between +5% and +10%;
- an average adjusted operating margin[3] of approximately 20% of sales;
- a normalized free cash flow of between 13% and 15% of sales on average.

At the same time, Legrand will continue to deploy a bold and exemplary ESG approach, driven by demanding roadmaps, with a particular focus on the fight against global warming and the promotion of diversity.

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[1] POC: Proof Of Concept.
[2] For more information, readers are invited to consult the press release dated July 2, 2020.
[3] Including restructuring costs.

The Board adopted consolidated financial statements[1] for 2020 at its meeting on February 9, 2021. These consolidated financial statements[1], a presentation of 2020 annual results and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2021 first-quarter results: **May 6, 2021**
  "Quiet period[2]" starts April 6, 2021
- General Meeting of Shareholders: **May 26, 2021**
- Ex-dividend date: **May 28, 2021**
- Dividend payment: **June 1, 2021**
- 2021 first-half results: **July 30, 2021**
  "Quiet period[2]" starts June 30, 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 €6.1 billion in 2020. 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] The 2020 consolidated financial statements have been audited and the Statutory Auditors' report is in the process of being published.
[2] Period of time when all communication is suspended in the run-up to publication of results.

Appendices

Glossary

Adjusted operating profit: Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Busways: electric power distribution systems based on metal busbars.

Cash flow from operations: Cash flow from operations is defined as net cash from operating activities excluding changes in working capital requirement.

CSR: Corporate Social Responsibility.

EBITDA: EBITDA is defined as operating profit plus depreciation and impairment of tangible and right of use assets, amortization and impairment of intangible assets (including capitalized development costs), reversal of inventory step-up and impairment of goodwill.

ESG: Environmental, Societal and Governance.

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	2019	2020
Trade receivables	756.8	644.5
Inventories	852.6	837.3
Other current assets	217.5	204.8
Income tax receivables	60.2	70.1
Short-term deferred taxes assets/(liabilities)	88.2	92.8
Trade payables	(654.2)	(612.9)
Other current liabilities	(653.0)	(661.8)
Income tax payables	(28.3)	(30.3)
Short-term provisions	(104.1)	(127.9)
Working capital required	**535.7**	**416.6**

Calculation of net financial debt

In € millions	2019	2020
Short-term borrowings	616.2	1,320.7
Long-term borrowings	3,575.4	4,073.8
Cash and cash equivalents	(1,710.9)	(2,791.7)
Net financial debt	**2,480.7**	**2,602.8**

Reconciliation of adjusted operating profit with profit for the period

In € millions	2019	2020
Profit for the period	**836.1**	**682.0**
Share of profits (losses) of equity-accounted entities	1.8	0.7
Income tax expense	318.3	279.2
Exchange (gains) / losses	2.0	10.3
Financial income	(11.9)	(6.1)
Financial expense	91.1	99.3
Operating profit	**1,237.4**	**1,065.4**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	88.7	90.6
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**1,326.1**	**1,156.0**

Reconciliation of EBITDA with profit for the period

In € millions	2019	2020
Profit for the period	**836.1**	**682.0**
Share of profits (losses) of equity-accounted entities	1.8	0.7
Income tax expense	318.3	279.2
Exchange (gains) / losses	2.0	10.3
Financial income	(11.9)	(6.1)
Financial expense	91.1	99.3
Operating profit	**1,237.4**	**1,065.4**
Depreciation and impairment of tangible assets (including right-of-use assets)	183.3	187.4
Amortization and impairment of intangible assets (including capitalized development costs)	123.3	146.9
Impairment of goodwill	0.0	0.0
EBITDA	**1,544.0**	**1,399.7**

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

In € millions	2019	2020
Profit for the period	**836.1**	**682.0**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	309.4	337.7
Changes in other non-current assets and liabilities and long-term deferred taxes	64.6	119.2
Unrealized exchange (gains)/losses	5.1	(1.5)
(Gains)/losses on sales of assets, net	5.0	(11.6)
Other adjustments	1.5	(17.1)
Cash flow from operations	**1,221.7**	**1,108.7**
Decrease (Increase) in working capital requirement	17.7	53.2
Net cash provided from operating activities	**1,239.4**	**1,161.9**
Capital expenditure (including capitalized development costs)	(202.2)	(155.1)
Net proceeds from sales of fixed and financial assets	7.1	22.3
Free cash flow	**1,044.3**	**1,029.1**
Increase (Decrease) in working capital requirement	(17.7)	(53.2)
(Increase) Decrease in normalized working capital requirement	(16.8)	58.3
Normalized free cash flow	**1,009.8**	**1,034.2**

Scope of consolidation

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

2020	Q1	H1	9M	Full year
Full consolidation method				
Debflex	3 months	6 months	9 months	12 months
Netatmo	3 months	6 months	9 months	12 months
Trical	3 months	6 months	9 months	12 months
Universal Electric Corporation	3 months	6 months	9 months	12 months
Connectrac	3 months	6 months	9 months	12 months
Jobo Smartech	Balance sheet only	6 months	9 months	12 months
Focal Point	Balance sheet only	Balance sheet only	7 months	10 months
Borri[1]				Balance sheet only
Champion One				Balance sheet only
Compose				Balance sheet only

[1] Borri, an Italian UPS specialist, which until now has been consolidated on the equity method.

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.

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