

Limoges, November 4, 2021

First nine months of 2021 results

Strong rise in financial results

Organic rise in sales: +16.0%

Adjusted operating margin: 21.4% of sales

Rise in net profit: +42%

Full-year 2021 targets specified

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

"Sales for the first nine months of the year were up +15.0% year on year, i.e. +5.7% over two years. This performance included a strong +16.0% organic rise year on year, with a +4.4% increase over two years, confirming Legrand's continued capacity to improve its competitive positions on its markets as pressures built on supply chains.

In the first nine months of 2021, adjusted operating margin came to 21.4% and net profit rose by +42%, or +12% over two years.

These very good results testify once again to the soundness and relevance of our unique model for value creation, where our mid-term ambitions – particularly in faster expanding segments such as datacenters, connected products in the Eliot program, and energy efficiency programs – were presented in detail to investors at our Capital Markets Day on September 22¹."

Full-year 2021 targets specified²

Given solid showings in the first nine months of the year, but also significant pressure on supply chains with a volatile pandemic environment, Legrand is now aiming for the following full-year targets:

- organic growth in sales of between +11% and +13%, compared to at least +10% previously;
- a scope of consolidation effect of nearly +3%;
- an adjusted operating margin of between 20.0% and 20.5% of sales (including acquisitions consolidated in 2021), compared to about 20% previously.

The Group also aims to achieve at least 100% of its CSR roadmap for 2021, testifying to its ongoing deployment of a bold, exemplary approach to ESG, with a particular focus on the fight against global warming and the promotion of diversity.

¹ For more information, readers are referred to the press release dated September 22, 2021.

² For more information, readers are referred to press releases dated July 30, 2021; May 6, 2021; and February 11, 2021.



Financial performance at September 30, 2021
Key figures

Consolidated data (€ millions)⁽¹⁾	9 months 2020	9 months 2021	Change
Sales	4,493.9	5,168.7	+15.0%
Adjusted operating profit	841.4	1,106.7	+31.5%
<i>As % of sales</i>	18.7%	21.4%	
		<i>21.6% before acquisitions⁽²⁾</i>	
Operating profit	770.5	1,041.7	+35.2%
<i>As % of sales</i>	17.1%	20.2%	
Net profit attributable to the Group	493.3	699.0	+41.7%
<i>As % of sales</i>	11.0%	13.5%	
Normalized free cash flow	773.4	858.9	+11.1%
<i>As % of sales</i>	17.2%	16.6%	
Free cash flow	620.8	774.3	+24.7%
<i>As % of sales</i>	13.8%	15.0%	
Net financial debt at September 30	2,730.2	2,456.0	-10.0%

(1) See appendices to this press release for definitions and indicator reconciliation tables.

(2) At 2020 scope of consolidation.

Consolidated sales

In the first nine months of 2021, sales rose +15.0% from the same period of 2020 to total €5,169 million.

Organic growth was +16.0% over the period, including +13.2% in mature countries and +24.7% in new economies.

The impact of the broader scope of consolidation was +2.7%.

The exchange-rate effect on sales in the first nine months of 2021 was -3.4%. Based on average exchange rates in September 2021, the full-year exchange-rate effect on sales should be about -2.5% in 2021.

Pressure on supply chains intensified in the third quarter of the year.

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

	9 months 2021 / 9 months 2020	3rd quarter 2021 / 3rd quarter 2020
Europe	+21.8%	+5.5%
North and Central America	+7.9%	+1.0%
Rest of the world	+22.4%	+8.3%
Total	+16.0%	+4.1%

These changes are analyzed below by geographical region:

- **Europe** (40.9% of Group revenue): organic growth was +21.8% compared with the first nine months of 2020.

In Europe's mature countries (35.0% of Group revenue), sales rose +22.3% in the first nine months of the year, including +4.3% in the third quarter alone. Over the nine-month period, drivers of this steep rise included strong showings in France and Italy, with many commercial successes, notably in faster expanding segments (connected products; solutions for datacenters and energy efficiency).

Sales in Europe's new economies rose +19.2% organically compared with the first nine months of 2020, including +11.9% in the third quarter alone, with very good showings in Turkey and in Eastern Europe over the nine-month period.

- **North and Central America** (38.8% of Group revenue): sales increased +7.9% at constant scope of consolidation and exchange rates in the first nine months of 2021.

In the United States alone (35.5% of Group revenue), sales rose +6.0% in the first nine months of 2021 and were slightly down (-0.9%) in the third quarter alone. Over the first nine months of the year, these trends reflect in particular marked sales increase in solutions for datacenters and for residential spaces, while demand from other non-residential spaces grew slightly.

Sales showed a substantial rise over the nine-month period in both Mexico and Canada.

- **Rest of the world** (20.3% of Group revenue): Sales marked an organic rise of +22.4% from the first nine months of 2020.

In Asia-Pacific (12.9% of Group revenue), sales rose +18.9% in the first nine months of 2021 and +5.4% in the third quarter alone. Compared with the first nine months of 2020, sales showed double-digit growth in China and India and were steady in Australia.

In Africa and the Middle East (3.7% of Group revenue), sales rose +16.6% from the first nine months of 2020 and gained +5.7% in the third quarter alone. Over nine months, the region's performance was buoyed by strong gains in Africa.

In South America (3.7% of Group revenue), sales increased +43.1% in the first nine months of 2021 and +22.8% in the third quarter, with continued significant growth in main countries in the region.

Adjusted operating profit and margin

In the first nine months of 2021, adjusted operating profit came to €1,107 million, up +31.5%, setting adjusted operating margin at 21.4% of sales over the period.

The adjusted operating margin before acquisitions (at 2020 scope of consolidation), was 21.6% in the first nine months of the 2021, up +2.9 points from the first nine months of 2020.

Despite raw materials and components inflation reaching nearly +10% over the nine-month period (including nearly +15% in the third quarter alone), this increase in profitability reflected in particular strong leverage on expenses together with Group pricing initiatives.

Net profit attributable to the Group

At September 30, 2021, net profit attributable to the Group increased +41.7%, to €699 million. The €206 million rise from the first nine months of 2020 came primarily from:

- strong growth in operating profit (€271 million);
- favorable trends (€9 million) in financial results; and
- an increase (€76 million) in the Group's corporate income tax mainly linked to the rise in profit before tax (the corporate tax rate at 28.5% for the first nine months of 2021 slightly decreased from the first nine months of 2020).

Cash generation and balance sheet structure

Cash flow from operations (€1,016 million) came to 19.7% of sales over the first nine months of 2021, a rise of +2.3 points from the same period of 2020.

Normalized free cash flow stood at €859 million, or 16.6% of sales, up +11.1%.

Free cash flow came to 15.0% of sales in the first nine months of 2021.

The Group successfully launched¹ its first Sustainability-Linked 10-year bond for an amount of €600 million, indexed on its carbon neutrality trajectory and the Group's 2030 targets for reducing greenhouse gas emissions as validated by SBTi.

¹ For more information, readers are referred to the press release dated September 29, 2021.

Ambition reaffirmed at last Capital Markets Day: accelerate value creation

On September 22, 2021, the Group's Executive Committee hosted a virtual Capital Markets Day that was broadcast live from its head office in Limoges, France.

Legrand confirmed mid-term targets announced on February 11¹ and presented its strategic roadmap, which is based on:

- the strong pillars underpinning the Group's unique business model (leadership positions², innovation, bolt-on³ acquisition strategy, management processes, entrepreneurial spirit and more) delivering a solid financial and ESG performance;
- the acceleration of growth initiatives, including a rise in the contribution to sales of faster expanding segments (datacenters, connected products in the Eliot program, and energy efficiency programs) from 31% at the end of 2020 to 50% in the mid-term, and ongoing value-creating acquisitions;
- a continued focus on operational excellence, talent promotion, and employee engagement (80% engagement in 2021, a steep rise from 2017);
- the deployment of a bold, exemplary approach to ESG, with a particular focus on fighting global warming and promoting diversity. This is driven by demanding CSR roadmaps, with the fifth starting in 2022.

The full event presentation and replay webcast can be found on Legrand's website www.legrandgroup.com with the following link: <https://www.legrandgroup.com/en/investors-and-shareholders/investor-day/capital-markets-day-2021>.

¹ For more information, readers are referred to the press release dated February 11, 2021.

² Ranked number 1 or 2 in a given geographical market and market segment.

³ Acquisitions that complement Legrand's activities.

Consolidated financial statements for the first nine months of 2021 were adopted by the Board of Directors at its meeting on November 2, 2021. These consolidated financial statements, a presentation of results for the first nine months of 2021, and the related teleconference (live and replay) are available at www.legrandgroup.com.

KEY FINANCIAL DATES:

- 2021 annual results: **February 10, 2022**
“Quiet period¹” starts January 11, 2022
- 2022 first-quarter results: **May 5, 2022**
“Quiet period¹” starts April 5, 2022
- General Meeting of Shareholders: **May 25, 2022**

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 CAC 40 ESG indexes. (code ISIN FR0010307819).*

<https://www.legrandgroup.com>



**Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the group’s innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.*

<https://www.legrandgroup.com/en/group/eliot-legrands-connected-objects-program>

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¹ Period of time when all communication is suspended in the run-up to publication of results.

Appendices

Glossary

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

Busways: electric power distribution systems based on metal busbars.

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

CSR: Corporate Social Responsibility.

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

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	9M 2020	9M 2021
Trade receivables	755.6	780.1
Inventories	825.0	1,125.5
Other current assets	211.9	240.7
Income tax receivables	56.9	83.7
Short-term deferred taxes assets/(liabilities)	98.0	112.9
Trade payables	(587.0)	(799.3)
Other current liabilities	(641.6)	(725.8)
Income tax payables	(38.7)	(59.0)
Short-term provisions	(121.5)	(138.2)
Working capital requirement	558.6	620.6

Calculation of net financial debt

In € millions	9M 2020	9M 2021
Short-term borrowings	1,322.1	1,256.0
Long-term borrowings	4,110.9	3,870.0
Cash and cash equivalents	(2,702.8)	(2,670.0)
Net financial debt	2,730.2	2,456.0

Reconciliation of adjusted operating profit with profit for the period

In € millions	9M 2020	9M 2021
Profit for the period	493.6	698.8
Share of profits (losses) of equity-accounted entities	1.7	0.0
Income tax expense	202.1	278.5
Exchange (gains) / losses	8.2	1.8
Financial income	(4.8)	(5.3)
Financial expense	69.7	67.9
Operating profit	770.5	1,041.7
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	70.9	65.0
Impairment of goodwill	0.0	0.0
Adjusted operating profit	841.4	1,106.7

Reconciliation of EBITDA with profit for the period

In € millions	9M 2020	9M 2021
Profit for the period	493.6	698.8
Share of profits (losses) of equity-accounted entities	1.7	0.0
Income tax expense	202.1	278.5
Exchange (gains) / losses	8.2	1.8
Financial income	(4.8)	(5.3)
Financial expense	69.7	67.9
Operating profit	770.5	1,041.7
Depreciation and impairment of tangible assets (including right-of-use assets)	139.3	133.0
Amortization and impairment of intangible assets (including capitalized development costs)	98.6	89.8
Impairment of goodwill	0.0	0.0
EBITDA	1,008.4	1,264.5

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

In € millions	9M 2020	9M 2021
Profit for the period	493.6	698.8
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	240.4	225.5
Changes in other non-current assets and liabilities and long-term deferred taxes	76.7	91.1
Unrealized exchange (gains)/losses	(15.0)	3.3
(Gains)/losses on sales of assets, net	(14.4)	(2.3)
Other adjustments	(0.7)	(0.1)
Cash flow from operations	780.6	1,016.3
Decrease (Increase) in working capital requirement	(103.2)	(158.7)
Net cash provided from operating activities	677.4	857.6
Capital expenditure (including capitalized development costs)	(77.3)	(92.1)
Net proceeds from sales of fixed and financial assets	20.7	8.8
Free cash flow	620.8	774.3
Increase (Decrease) in working capital requirement	103.2	158.7
(Increase) Decrease in normalized working capital requirement	49.4	(74.1)
Normalized free cash flow	773.4	858.9

Scope of consolidation

2020	Q1	H1	9M	Full year
Full consolidation method				
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

2021	Q1	H1	9M	Full year
Full consolidation method				
Jobo Smartech	3 months	6 months	9 months	12 months
Focal Point	3 months	6 months	9 months	12 months
Borri ¹	3 months	6 months	9 months	12 months
Champion One	Balance sheet only	6 months	9 months	12 months
Compose	Balance sheet only	6 months	9 months	12 months
Ecotap			Balance sheet only	To be determined
Ensto Building Systems				To be determined

¹ Borri, an Italian UPS specialist, which was until 2020 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.

Details on risks are provided in the Legrand Universal Registration Document filed with the Autorité des marchés financiers (Financial Markets Authority, AMF), which is available on-line on the websites of both AMF (www.amf-france.org) and Legrand (www.legrandgroup.com).

No forward-looking statement contained in this press release is or should be construed as a promise or a guarantee of actual results, which are liable to differ significantly. Therefore, such statements should be used with caution, taking into account their inherent uncertainty.

Subject to applicable regulations, Legrand does not undertake to update these statements to reflect events or circumstances occurring after the date of publication of this release.

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