



LEGRAND
UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2019

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Consolidated key figures

<i>(in € millions)</i>	1st quarter 2019	1st quarter 2018
Net sales	1,550.0	1,445.2
Adjusted operating profit	305.2	290.4
As % of net sales	19.7 % ⁽¹⁾	20.1%
	19.8 % ⁽¹⁾ before ⁽²⁾ acquisitions	
Operating profit	285.9	271.6
As % of net sales	18.4 % ⁽¹⁾	18.8%
Net profit attributable to the Group	190.4	175.3
As % of net sales	12.3 % ⁽³⁾	12.1%
Normalized free cash flow	240.2	219.4
As % of net sales	15.5 % ⁽⁴⁾	15.2%
Free cash flow	60.4	69.8
As % of net sales	3.9 % ⁽⁴⁾	4.8%
Net financial debt at March 31	2,553.9 ⁽⁵⁾	2,169.4

(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 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 €305.5 million in 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 quarter 2019 results press release.

Consolidated statement of income

<i>(in € millions)</i>	3 months ended	
	March 31, 2019	March 31, 2018
Net sales	1,550.0	1,445.2
Operating expenses		
Cost of sales	(745.7)	(677.3)
Administrative and selling expenses	(422.4)	(399.0)
Research and development costs	(74.7)	(71.9)
Other operating income (expenses)	(21.3)	(25.4)
Operating profit	285.9	271.6
Financial expenses	(22.0)	(21.5)
Financial income	3.2	2.8
Exchange gains (losses)	(0.8)	(1.2)
Financial profit (loss)	(19.6)	(19.9)
Profit before tax	266.3	251.7
Income tax expense	(75.2)	(75.6)
Share of profits (losses) of equity-accounted entities	(0.3)	(0.2)
Profit for the period	190.8	175.9
Of which:		
- Net profit attributable to the Group	190.4	175.3
- Minority interests	0.4	0.6
Basic earnings per share (<i>euros</i>)	0.714	0.655
Diluted earnings per share (<i>euros</i>)	0.708	0.650

Statement of comprehensive income

<i>(in € millions)</i>	3 months ended	
	March 31, 2019	March 31, 2018
Profit for the period	190.8	175.9
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation reserves	105.4	(93.1)
Income tax relating to components of other comprehensive income	4.1	(1.4)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses after deferred taxes	(0.2)	0.0
Other	0.0	0.0
Comprehensive income for the period	300.1	81.4
Of which:		
- Comprehensive income attributable to the Group	299.7	80.9
- Minority interests	0.4	0.5

Consolidated balance sheet

<i>(in € millions)</i>	March 31, 2019	December 31, 2018
ASSETS		
Non-current assets		
Intangible assets	2,351.1	2,309.7
Goodwill	4,355.7	4,322.0
Property, plant and equipment	638.2	661.4
Right-of-use assets	299.4*	0.0
Investments in equity-accounted entities	17.7	17.4
Other investments	2.1	2.1
Other non-current assets	34.7	14.3
Deferred tax assets	102.5	107.8
Total non-current assets	7,801.4	7,434.7
Current assets		
Inventories (Note 4)	911.7	885.9
Trade receivables (Note 5)	809.3	666.4
Income tax receivables	79.7	89.6
Other current assets	211.7	206.0
Other current financial assets	2.4	1.2
Cash and cash equivalents	1,073.6	1,022.5
Total current assets	3,088.4	2,871.6
Total Assets	10,889.8	10,306.3

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

<i>(in € millions)</i>	March 31, 2019	December 31, 2018
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 6)	1,068.3	1,070.0
Retained earnings	4,247.2	4,051.8
Translation reserves	(425.2)	(530.6)
Equity attributable to equity holders of Legrand	4,890.3	4,591.2
Minority interests	6.7	5.9
Total equity	4,897.0	4,597.1
Non-current liabilities		
Long-term provisions	144.8	145.2
Provisions for post-employment benefits	156.8	155.9
Long-term borrowings (Note 7)	3,168.4	2,918.6
Deferred tax liabilities	696.4	701.0
Total non-current liabilities	4,166.4	3,920.7
Current liabilities		
Trade payables	642.0	662.0
Income tax payables	45.7	31.5
Short-term provisions	89.1	87.9
Other current liabilities	589.9	605.2
Short-term borrowings (Note 7)	459.1	400.5
Other current financial liabilities	0.6	1.4
Total current liabilities	1,826.4	1,788.5
Total Equity and Liabilities	10,889.8	10,306.3

Consolidated statement of cash flows

<i>(in € millions)</i>	3 months ended	
	March 31, 2019	March 31, 2018
Profit for the period	190.8	175.9
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets	26.0	24.9
– Amortization and impairment of intangible assets	20.1	18.2
– Amortization and impairment of capitalized development costs	6.0	9.9
– Amortization of right of use assets	16.4	0.0
– Amortization of financial expenses	0.6	0.6
– Impairment of goodwill	0.0	0.0
– Changes in long-term deferred taxes	2.1	11.8
– Changes in other non-current assets and liabilities	6.7	5.0
– Unrealized exchange (gains)/losses	3.4	2.5
– Share of (profits) losses of equity-accounted entities	0.3	0.2
– Other adjustments	(0.1)	0.0
– Net (gains)/losses on sales of assets	1.1	0.0
Changes in working capital requirement:		
– Inventories (Note 4)	(12.1)	(47.8)
– Trade receivables (Note 5)	(129.8)	(119.8)
– Trade payables	(27.7)	8.1
– Other operating assets and liabilities	(14.4)	4.6
Net cash from operating activities	89.4	94.1
– Net proceeds from sales of fixed and financial assets	0.3	4.0
– Capital expenditure	(21.3)	(19.7)
– Capitalized development costs	(8.0)	(8.6)
– Changes in non-current financial assets and liabilities	(7.2)	(1.3)
– Acquisitions of subsidiaries, net of cash acquired	(8.7)	(15.5)
Net cash from investing activities	(44.9)	(41.1)
– Proceeds from issues of share capital and premium (Note 6)	2.0	8.8
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 6)	11.1	(0.7)
– Dividends paid to equity holders of Legrand	0.0	0.0
– Dividends paid by Legrand subsidiaries	0.0	0.0
– Proceeds from long-term financing	0.0	404.5
– Repayment of long-term financing (Note 7)	(17.3)	(400.6)
– Debt issuance costs	0.0	(3.7)
– Net sales (buybacks) of marketable securities	0.0	0.0
– Increase (reduction) in short-term financing	0.9	(53.2)
– Acquisitions of ownership interests with no gain of control	(2.3)	0.0
Net cash from financing activities	(5.6)	(44.9)
Translation net change in cash and cash equivalents	12.2	(11.2)
Increase (decrease) in cash and cash equivalents	51.1	(3.1)
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	1,073.6	819.9
Items included in cash flows:		
– Interest paid* during the period	20.5	29.6
– Income taxes paid during the period	54.6	35.4

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

Note 1 - Introduction

This unaudited consolidated financial information is presented for the three months ended March 31, 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
Full consolidation method	
Modulan	3 months' profit
GemNet	3 months' profit
Shenzen Clever Electronic	3 months' profit
Kenall	3 months' profit
Debflex	Balance sheet only
Netatmo	Balance sheet only
Trical	Balance sheet only

No significant acquisition was finalized by the Group during the first quarter of 2019.

Note 4 - Inventories

Inventories are as follows:

<i>(in € millions)</i>	March 31, 2019	December 31, 2018
Purchased raw materials and components	364.3	347.6
Sub-assemblies, work in progress	98.8	98.5
Finished products	579.2	563.7
Gross value at the end of the period	1,042.3	1,009.8
Impairment	(130.6)	(123.9)
Net value at the end of the period	911.7	885.9

Note 5 - Trade receivables

Trade receivables are as follows:

<i>(in € millions)</i>	March 31, 2019	December 31, 2018
Trade receivables	893.6	750.4
Impairment	(84.3)	(84.0)
Net value at the end of the period	809.3	666.4

Note 6 - Share capital

Share capital as of March 31, 2019 amounted to €1,068,278,352 represented by 267,069,588 ordinary shares with a par value of €4 each, for 267,069,588 theoretical voting rights and 266,905,460 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of March 31, 2019, the Group held 164,128 shares in treasury, versus 905,347 shares as of December 31, 2018, i.e. 741,219 less shares corresponding to:

- the cancellation of 550,000 shares;
- the net sale of 191,219 shares under the liquidity contract (Note 6.2.2).

As of March 31, 2019, among the 164,128 shares held in treasury by the Group, 5,128 shares have been allocated according to the allocation objectives described in Note 6.2.1, and 159,000 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	41,861	4	167,444	724,865
Cancellation of shares	(550,000)	4	(2,200,000)	(32,734,305)
As of March 31, 2019	267,069,588	4	1,068,278,352	689,933,159

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 three months of 2019, 124,439 shares were issued under the 2009 and 2010 stock option plans, resulting in a capital increase representing a total amount of € 2.0 million (premiums included).

6.2 Share buybacks and transactions under the liquidity contract

As of March 31, 2019, the Group held 164,128 shares in treasury (905,347 as of December 31, 2018, out of which 555,128 under the share buyback program and 350,219 under the liquidity contract) which can be analysed as follows:

6.2.1 Share buybacks

As of March 31, 2019, the Group held 5,128 shares, acquired at a total cost of €0.2 million. These shares are being held for allocation upon exercise of performance share plans.

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 March 31, 2019, the Group held 159,000 shares under this contract, purchased at a total cost of €8.8 million. During the first three months of 2019, transactions under the liquidity contract led to a cash inflow of €11.1 million corresponding to the net sales of 191,219 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>	March 31, 2019	December 31, 2018
Bonds	2,500.0	2,500.0
Yankee bonds	347.0	340.4
Lease financial liabilities	246.5	6.5
Other borrowings	89.9	87.3
Long-term borrowings excluding debt issuance costs	3,183.4	2,934.2
Debt issuance costs	(15.0)	(15.6)
Total	3,168.4	2,918.6

7.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	March 31, 2019	December 31, 2018
Negotiable commercial paper	365.0	363.5
Lease financial liabilities	59.0	1.5
Other borrowings	35.1	35.5
Total	459.1	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>	March 31, 2019	Cash flows	Variations not impacting cash flows				December 31, 2018
			Acquisitions	Reclassifications	Translation adjustments	Other	
Long-term borrowings	3,168.4	(0.6)	13.6	(15.4)	10.5	241.7	2,918.6
Short-term borrowings	459.1	(15.8)	1.1	15.4	1.7	56.2	400.5
Gross financial debt	3,627.5	(16.4)	14.7	0.0	12.2	297.9*	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 evolution of 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 mainly through third-party distributors.

3 months ended March 31, 2019

<i>(in € millions)</i>	Europe	North and central America	Rest of the world	Total
Net sales to third parties	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)
Other operating income (expenses)	(7.5)	(11.0)	(2.8)	(21.3)
Operating profit	149.0	89.2	47.7	285.9
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(2.0)	(15.0)	(2.3)	(19.3)
· accounted for in other operating income (expenses)				0.0
- of which goodwill impairment				0.0
Adjusted operating profit	151.0	104.2	50.0	305.2
- of which depreciation expense	(15.0)	(5.4)	(5.5)	(25.9)
- of which amortization expense	(2.1)	(0.5)	(0.2)	(2.8)
- of which amortization of development costs	(5.6)	0.0	(0.4)	(6.0)
- of which restructuring costs	(2.3)	(2.0)	1.0	(3.3)
Capital expenditure	(16.2)	(3.0)	(2.1)	(21.3)
Capitalized development costs	(7.7)	0.0	(0.3)	(8.0)
Net tangible assets	393.2	117.9	127.1	638.2
Total current assets	1,249.5	1,074.5	764.4	3,088.4
Total current liabilities	1,124.4	308.7	393.3	1,826.4

3 months ended March 31, 2018

<i>(in € millions)</i>	Europe*	North and central America	Rest of the world	Total
Net sales to third parties	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)
Other operating income (expenses)	(14.9)	(4.2)	(6.3)	(25.4)
Operating profit	149.7	78.8	43.1	271.6
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(2.3)	(11.7)	(2.6)	(16.6)
· accounted for in other operating income (expenses)	(2.2)	0.0	0.0	(2.2)
- of which goodwill impairment				0.0
Adjusted operating profit	154.2	90.5	45.7	290.4
- of which depreciation expense	(14.5)	(4.5)	(5.7)	(24.7)
- of which amortization expense	(1.9)	(0.7)	(0.2)	(2.8)
- of which amortization of development costs	(9.7)	0.0	(0.2)	(9.9)
- of which restructuring costs	(0.8)	(0.1)	(0.6)	(1.5)
Capital expenditure	(14.5)	(2.4)	(2.8)	(19.7)
Capitalized development costs	(8.2)	0.0	(0.4)	(8.6)
Net tangible assets	384.7	97.1	122.9	604.7
Total current assets	1,319.3	537.4	714.7	2,571.4
Total current liabilities	853.1	261.4	347.9	1,462.4

* For the 3 month period ended March 31, 2018, the published data have been restated to reflect the change in operating segments starting January 1, 2019.

Note 9 - Subsequent events

In April 2019, the Group finalized the acquisition of Universal Electric Corporation, the US leader in busways¹. Universal Electric Corporation reports annual sales of over \$175 million.

¹ Electric power distribution systems based on metal busbars.