



LEGRAND
UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2018

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Consolidated key figures

<i>(in € millions)</i>	1st quarter 2018	1st quarter 2017
Net sales	1,445.2	1,318.8
Adjusted operating profit ⁽¹⁾	290.4	259.5
<i>As % of net sales</i>	20.1%	19.7%
	<i>20.4% before acquisitions*</i>	
Operating profit	271.6	246.9
<i>As % of net sales</i>	18.8%	18.7%
Net profit attributable to the Group	175.3	149.0
<i>As % of net sales</i>	12.1%	11.3%
Normalized ⁽²⁾ free cash flow ⁽³⁾	219.4	180.8
<i>As % of net sales</i>	15.2%	13.7%
Free cash flow ⁽³⁾	69.8	83.1
<i>As % of net sales</i>	4.8%	6.3%
Net financial debt at March 31 ⁽⁴⁾	2,169.4	894.9

*At 2017 scope of consolidation.

(1) *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.*

(2) *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.*

(3) *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.*

(4) *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 2018 results press release.

Consolidated statement of income

<i>(in € millions)</i>	3 months ended	
	March 31, 2018	March 31, 2017
Net sales	1,445.2	1,318.8
Operating expenses		
Cost of sales	(677.3)	(618.1)
Administrative and selling expenses	(399.0)	(369.0)
Research and development costs	(71.9)	(63.7)
Other operating income (expenses)	(25.4)	(21.1)
Operating profit	271.6	246.9
Financial expenses	(21.5)	(23.1)
Financial income	2.8	2.9
Exchange gains (losses)	(1.2)	(2.0)
Financial profit (loss)	(19.9)	(22.2)
Profit before tax	251.7	224.7
Income tax expense	(75.6)	(74.1)
Share of profits (losses) of equity-accounted entities	(0.2)	(0.8)
Profit for the period	175.9	149.8
Of which:		
- Net profit attributable to the Group	175.3	149.0
- Minority interests	0.6	0.8
Basic earnings per share (<i>euros</i>)	0.655	0.560
Diluted earnings per share (<i>euros</i>)	0.650	0.555

Statement of comprehensive income

<i>(in € millions)</i>	3 months ended	
	March 31, 2018	March 31, 2017
Profit for the period	175.9	149.8
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation reserves	(93.1)	17.8
Income tax relating to components of other comprehensive income	(1.4)	(0.8)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses after deferred taxes	0.0	0.0
Comprehensive income for the period	81.4	166.8
Of which:		
- Comprehensive income attributable to the Group	80.9	165.9
- Minority interests	0.5	0.9

Consolidated balance sheet

<i>(in € millions)</i>	March 31, 2018	December 31, 2017
ASSETS		
Non-current assets		
Intangible assets	2,257.4	2,294.0
Goodwill	3,883.1	3,930.3
Property, plant and equipment	604.7	622.4
Investments in equity-accounted entities	15.9	15.5
Other investments	19.5	19.6
Other non-current assets	9.9	10.0
Deferred tax assets	108.1	104.0
Total non-current assets	6,898.6	6,995.8
Current assets		
Inventories (Note 4)	780.6	747.4
Trade receivables (Note 5)	731.6	624.9
Income tax receivables	56.5	48.0
Other current assets	179.7	184.1
Other current financial assets	3.1	1.1
Cash and cash equivalents	819.9	823.0
Total current assets	2,571.4	2,428.5
Total Assets	9,470.0	9,424.3

<i>(in € millions)</i>	March 31, 2018	December 31, 2017
EQUITY AND LIABILITIES		
Equity		
Share capital (Note 6)	1,069.0	1,067.2
Retained earnings	3,819.3	3,644.6
Translation reserves	(666.2)	(573.2)
Equity attributable to equity holders of Legrand	4,222.1	4,138.6
Minority interests	9.9	9.5
Total equity	4,232.0	4,148.1
Non-current liabilities		
Long-term provisions	139.5	148.6
Provisions for post-employment benefits	151.5	153.6
Long-term borrowings (Note 7)	2,857.9	2,457.1
Deferred tax liabilities	626.7	621.1
Total non-current liabilities	3,775.6	3,380.4
Current liabilities		
Trade payables	613.1	612.9
Income tax payables	74.7	37.7
Short-term provisions	87.0	75.3
Other current liabilities	556.1	583.7
Short-term borrowings (Note 7)	131.4	585.4
Other current financial liabilities	0.1	0.8
Total current liabilities	1,462.4	1,895.8
Total Equity and Liabilities	9,470.0	9,424.3

Consolidated statement of cash flows

<i>(in € millions)</i>	3 months ended	
	March 31, 2018	March 31, 2017
Profit for the period	175.9	149.8
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets	24.9	23.5
– Amortization and impairment of intangible assets	18.2	12.9
– Amortization and impairment of capitalized development costs	9.9	6.3
– Amortization of financial expenses	0.6	0.4
– Impairment of goodwill	0.0	0.0
– Changes in long-term deferred taxes	11.8	10.4
– Changes in other non-current assets and liabilities	5.0	7.2
– Unrealized exchange (gains)/losses	2.5	6.6
– Share of (profits) losses of equity-accounted entities	0.2	0.8
– Other adjustments	0.0	(0.1)
– Net (gains)/losses on sales of assets	0.0	(0.5)
Changes in working capital requirement:		
– Inventories (Note 4)	(47.8)	(39.1)
– Trade receivables (Note 5)	(119.8)	(87.0)
– Trade payables	8.1	24.9
– Other operating assets and liabilities	4.6	(2.4)
Net cash from operating activities	94.1	113.7
– Net proceeds from sales of fixed and financial assets	4.0	2.0
– Capital expenditure	(19.7)	(24.2)
– Capitalized development costs	(8.6)	(8.4)
– Changes in non-current financial assets and liabilities	(1.3)	1.6
– Acquisitions of subsidiaries, net of cash acquired	(15.5)	(30.1)
Net cash from investing activities	(41.1)	(59.1)
– Proceeds from issues of share capital and premium (Note 6)	8.8	5.6
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 6)	(0.7)	0.7
– Dividends paid to equity holders of Legrand	0.0	0.0
– Dividends paid by Legrand subsidiaries	0.0	(0.1)
– Proceeds from long term financing	404.5	0.0
– Repayment of long term financing (Note 7)	(400.6)	(300.7)
– Debt issuance costs	(3.7)	0.0
– Net sales (buybacks) of marketable securities	0.0	0.0
– Increase (reduction) in short term financing	(53.2)	(2.1)
– Acquisitions of ownership interests with no gain of control	0.0	0.0
Net cash from financing activities	(44.9)	(296.6)
Translation net change in cash and cash equivalents	(11.2)	4.7
Increase (decrease) in cash and cash equivalents	(3.1)	(237.3)
Cash and cash equivalents at the beginning of the period	823.0	940.1
Cash and cash equivalents at the end of the period	819.9	702.8
Items included in cash flows:		
– Interest paid* during the period	29.6	47.2
– Income taxes paid during the period	35.4	32.9

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

Notes to the consolidated financial statements

Note 1 - Introduction

This unaudited consolidated financial information of Legrand is presented for the three months ended March 31, 2018. This unaudited consolidated financial information should be read in conjunction with consolidated financial statements for the year ended December 31, 2017 such as established in the Registration Document deposited under visa no D.18-0292 with the French Financial Markets Authority (AMF) on April 6, 2018.

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, 2017.

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.

Applying IFRS 15 and IFRS 9 had no material impact on the Group's financial statements as of January 1, 2018. There is no need to restate the 2017 comparative period.

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, 2017 were as follows:

2017	March 31	June 30	September 30	December 31
Full consolidation method				
OCL	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
AFCO Systems		Balance sheet only	5 months' profit	8 months' profit
Finelite		Balance sheet only	4 months' profit	7 months' profit
Milestone			Balance sheet only	5 months' profit
Server Technology				Balance sheet only
Equity method				
Borri		Balance sheet only	Balance sheet only	8 months' profit

2018	March 31
Full consolidation method	
OCL	3 months' profit
AFCO Systems	3 months' profit
Finelite	3 months' profit
Milestone	3 months' profit
Server Technology	3 months' profit
Modulan	Balance sheet only
Equity method	
Borri	3 months' profit

One acquisition was carried out in the first three months of 2018: Modulan, specialized in custom-made cabinet systems for data center in Germany. The Group acquired 65% with an option to take full control from January 2021. Modulan reports annual sales of about €8 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €15.5 million in the first three months of 2018, versus €30.1 million in the first three months of 2017.

Note 4 - Inventories

Inventories are as follows:

<i>(in € millions)</i>	March 31, 2018	December 31, 2017
Purchased raw materials and components	322.4	289.7
Sub-assemblies, work in progress	92.7	87.4
Finished products	485.0	491.0
Gross value at the end of the period	900.1	868.1
Impairment	(119.5)	(120.7)
Net value at the end of the period	780.6	747.4

Note 5 - Trade receivables

Trade receivables are as follows:

<i>(in € millions)</i>	March 31, 2018	December 31, 2017
Trade receivables	808.7	703.9
Impairment	(77.1)	(79.0)
Net value at the end of the period	731.6	624.9

Note 6 - Share capital

Share capital as of March 31, 2018 amounted to €1,069,021,192 represented by 267,255,298 ordinary shares with a par value of €4 each, for 267,255,298 theoretical voting rights and 267,197,170 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of March 31, 2018, the Group held 58,128 shares in treasury, versus 45,128 shares as of December 31, 2017, i.e. 13,000 additional shares corresponding to the net purchase of 13,000 shares under the liquidity contract (Note 6.2.2).

As of March 31, 2018, among the 58,128 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 53,000 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, 2017	266,805,751	4	1,067,223,004	799,689,420
Exercise of options under the 2008 plan	263,189	4	1,052,756	4,264,978
Exercise of options under the 2009 plan	57,957	4	231,828	514,948
Exercise of options under the 2010 plan	128,401	4	513,604	2,237,644
As of March 31, 2018	267,255,298	4	1,069,021,192	806,706,990

In the first three months of 2018, 449,547 shares were issued under the 2008 to 2010 stock option plans, resulting in a capital increase representing a total amount of €8.8 million (premiums included).

6.2 Share buybacks and transactions under the liquidity contract

As of March 31, 2018, the Group held 58,128 shares in treasury (45,128 as of December 31, 2017, out of which 5,128 under the share buyback program and 40,000 under the liquidity contract) which can be detailed as follows:

6.2.1 Share buybacks

As of March 31, 2018, the Group held 5,128 shares, acquired at a total cost of €238,046. 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, 2018, the Group held 53,000 shares under this contract, purchased at a total cost of €3,332,134. During the first three months of 2018, transactions under the liquidity contract led to a cash outflow of €704,276 corresponding to net purchases of 13,000 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, 2018	December 31, 2017
Bonds	2,500.0*	2,100.0
Yankee bonds	315.4	324.4
Other borrowings	59.9	47.2
Long-term borrowings excluding debt issuance costs	2,875.3	2,471.6
Debt issuance costs	(17.4)	(14.5)
Total	2,857.9	2,457.1

*Including the bond issue carried out in February 2018 for a total of €400 million with an 8-year maturity on March 6, 2026.

7.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

<i>(in € millions)</i>	March 31, 2018	December 31, 2017
Bonds	0.0	400.0*
Negotiable commercial paper	60.0	120.0
Other borrowings	71.4	65.4
Total	131.4	585.4

*Corresponds to bonds which were redeemable at maturity on March 21, 2018.

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, 2018	Cash flows	Variations not impacting cash flows				December 31, 2017
			Acquisitions	Reclassifications	Translation adjustments	Other	
Long-term borrowings excluding debt issuance costs	2,875.3	404.5	0.0	(0.3)	(9.3)	8.8	2,471.6
Short-term borrowings	131.4	(453.8)	0.0	0.3	(0.8)	0.3	585.4
Total	3,006.7	(49.3)	0.0	0.0	(10.1)	9.1	3,057.0

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 are allocated for internal reporting purposes into five geographical segments:

- France;
- Italy;
- Rest of Europe, mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey and the UK;
- 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).

The first four segments are under the responsibility of four segment managers who are directly accountable to the chief operating decision maker of the Group.

Rest of the world is the only segment subject to an aggregation of several operating segments which are under the responsibility of segment managers who are themselves 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, 2018

<i>(in € millions)</i>	Geographical segments					Total
	Europe		Rest of Europe	North and central America	Rest of the world	
	France	Italy				
Net sales to third parties	256.5	159.5	253.3	504.6	271.3	1,445.2
Cost of sales	(93.8)	(49.5)	(142.0)	(244.6)	(147.4)	(677.3)
Administrative and selling expenses, R&D costs	(113.5)	(44.1)	(61.8)	(177.0)	(74.5)	(470.9)
Other operating income (expenses)	(6.5)	(3.2)	(5.2)	(4.2)	(6.3)	(25.4)
Operating profit	42.7	62.7	44.3	78.8	43.1	271.6
- of which acquisition-related amortization, expenses and income						
· accounted for in administrative and selling expenses, R&D costs	(1.3)	(0.1)	(0.9)	(11.7)	(2.6)	(16.6)
· accounted for in other operating income (expenses)	0.0	0.0	(2.2)	0.0	0.0	(2.2)
- of which goodwill impairment						0.0
Adjusted operating profit	44.0	62.8	47.4	90.5	45.7	290.4
- of which depreciation expense	(6.5)	(4.3)	(3.7)	(4.5)	(5.7)	(24.7)
- of which amortization expense	(0.7)	(1.0)	(0.1)	(0.7)	(0.2)	(2.8)
- of which amortization of development costs	(7.2)	(2.2)	(0.3)	0.0	(0.2)	(9.9)
- of which restructuring costs	(0.7)	(0.2)	0.1	(0.1)	(0.6)	(1.5)
Capital expenditure	(6.5)	(4.3)	(3.7)	(2.4)	(2.8)	(19.7)
Capitalized development costs	(5.2)	(2.3)	(0.7)	0.0	(0.4)	(8.6)
Net tangible assets	176.7	118.8	89.2	97.1	122.9	604.7
Total current assets	701.0	170.9	447.4	537.4	714.7	2,571.4
Total current liabilities	447.8	216.6	188.7	261.4	347.9	1,462.4

3 months ended March 31, 2017

<i>(in € millions)</i>	Geographical segments					Total
	Europe		Rest of Europe	North and central America	Rest of the world	
	France	Italy				
Net sales to third parties	247.9	150.3	231.5	395.6	293.5	1,318.8
Cost of sales	(91.2)	(48.5)	(128.9)	(186.5)	(163.0)	(618.1)
Administrative and selling expenses, R&D costs	(109.3)	(43.2)	(57.3)	(142.2)	(80.7)	(432.7)
Other operating income (expenses)	(7.7)	(1.8)	(4.3)	(3.3)	(4.0)	(21.1)
Operating profit	39.7	56.8	41.0	63.6	45.8	246.9
- of which acquisition-related amortization, expenses and income						
· accounted for in administrative and selling expenses, R&D costs	(1.2)	(0.1)	(1.0)	(7.1)	(3.2)	(12.6)
· accounted for in other operating income (expenses)						0.0
- of which goodwill impairment						0.0
Adjusted operating profit	40.9	56.9	42.0	70.7	49.0	259.5
- of which depreciation expense	(6.1)	(4.2)	(3.7)	(3.1)	(6.2)	(23.3)
- of which amortization expense	(0.7)	(0.8)	(0.2)	(0.6)	(0.3)	(2.6)
- of which amortization of development costs	(4.3)	(1.5)	(0.4)	0.0	(0.1)	(6.3)
- of which restructuring costs	(2.4)	(0.1)	(0.3)	(0.1)	(1.1)	(4.0)
Capital expenditure	(6.6)	(3.2)	(4.8)	(6.3)	(3.3)	(24.2)
Capitalized development costs	(5.1)	(2.2)	(0.6)	0.0	(0.5)	(8.4)
Net tangible assets	173.1	114.6	87.8	81.2	139.7	596.4
Total current assets	589.6	157.1	365.8	415.0	740.5	2,268.0
Total current liabilities	791.2	224.2	138.4	198.6	346.3	1,698.7

Note 9 - Subsequent events

No significant events occurred between March 31, 2018 and the date when the consolidated financial statements were prepared.