



# REXEL

STRONG H1 2007 OPERATING  
PERFORMANCE

August 2, 2007

REXEL

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# AGENDA H1 07 RESULTS

- Highlights
- Operating Levers
- Financial Review
- Outlook
- Q&A

# H1 07 Highlights

Jean-Charles PAUZE, CEO

## Key H1 07 figures

■ Sales:	+30.3% <small>reported basis</small>	+4.5% <small>constant basis &amp; same days</small>
■ EBITA Adjusted: <i>As a % of sales</i>	326 M€ 6.1%	+29% +110 bps
■ Free Cash Flow before interest & tax:	364 M€	+140%
■ Net Debt:	1,740 M€	
■ Net Debt / LTM EBITDA Adjusted:	2.4 x	

**Sharp rise in EBITA margin and cash flow, decrease in net debt**

*Note: « Adjusted » means excluding estimated non-recurring impact on stock from changes in the copper-based cable prices*

# Activity by market

## Europe



- High single-digit growth in most major markets
- Renovation representing more than 50% of construction activity
- 3 bolt-on acquisitions in H1

## North America



■ #1 market position  
□ Other presence

- Residential and related commercial activities declining
- Resilient industrial and non-residential related commercial markets
- Cost reduction plan in the US to adapt to current level of activity
- Synergies with Gexpro ahead of plan

## Asia Pacific



- Continued double-digit growth
- Dynamism fuelled by commercial construction and industry
- Strong organic development in China

**Growth on a global scale**

## Performance improvement levers in H1 07

### ■ Top line levers:

- Key account wins
- Growth initiatives in the US
- Branch openings on track
- E-commerce ahead of plan
- New market developments\*

### ■ Operating profit levers:

- Supplier concentration continuing
- Pricing management being rolled out
- Logistics excellence in progress
- IT rationalization under way
- Own brands\*

### ■ Acquisition lever:

- Promising pipeline

*\* Levers not illustrated in this presentation*

**Minimum 100 bps EBITA Adjusted margin upside between 2006 and 2009 / 2010**

# H1 07 Operating Levers

Jean-Charles PAUZE, CEO

# Top Line Levers / Significant Key Account\* wins in H1 07

## Examples

- Australia
- Mining
- Italy
- Power generation equipment
- Chile
- Engineering

## H1 07 achievements

- Sales up by 47% to 15.3MAUD
- Signed contract 40 M€ target p.a.
- 1.3 M€ invoiced 10 M€ target p.a.

## Value proposition

- Differentiating delivery performance
- 95% electronic transactions
- Kitting & KANBAN
- Value engineering & sourcing
- In-house branch
- Large project management

**H1 performance confirms sales growth target of 7 % p.a. for key accounts**

# Top Line Levers / Driving growth initiatives in the US

## Revenue synergies with key accounts



- Local relationship
- 300 + USA locations



- Global Account expertise
- 100+ GE stocking locations

### Customer requirements

- GE product
- One “program”
- Next day USA delivery

- Combining strengths
- Revenue synergies being realized, and more to go

**8 MUSD additional sales H1 07**

## Expanding service platforms

### Kitting



- OEM
- Limited competition

### On-Site Inventory / Project Management



- Selective large projects
- Strength in Leisure and Oil & Gas

### Key Success Factors

- Vertical know-how
- Superior delivery capabilities
- Product offering enlargement

**155 MUSD services sales in H1 07**

# Top Line Levers / Increasing market saturation

## Opening branches at marginal cost

### H1 07 achievements

- 25 branch openings in H1
- Gross CAPEX : 1.8 M€

### Examples

- Solid pace of openings in the US (+6) and France (+9)

### Benefits

- Saturate local market shares
- Share back office functions & sales support

**On track to meet 40 branches p.a. target  
Generating 200-300 M€  
additional sales in Y3**

## Developing e-Commerce

- 5.6% of sales in June 07 vs. 4% in 2006
- Rapid ramp-up in France and Belgium

- Rexel Belgium x 4 vs. H1 06 to 8% of sales in H1 07
- 73% increase in e-Commerce customers in 6 months

- Generate incremental sales through commercial productivity
- Improve customer retention & increase margin

**Ahead of plan on 6% objective  
by 2007 (9% by 2009)**

# Operating Profit Levers / Supplier partnership and pricing

## Ongoing supplier concentration

- 55% of purchases with Top 25 suppliers in H1 07 vs. 53.5% in H1 06

## Purchasing consolidation

- 560 MUSD of additional purchases from common suppliers in H1

## Suppliers' contribution to Trade Working Capital improvement

- Efforts to align payment terms

## Pricing excellence in H1 07

- Raising prices of low turnover products in the US
- Addressing low profitability customers in Austria
- Defending strong margins in Belgium

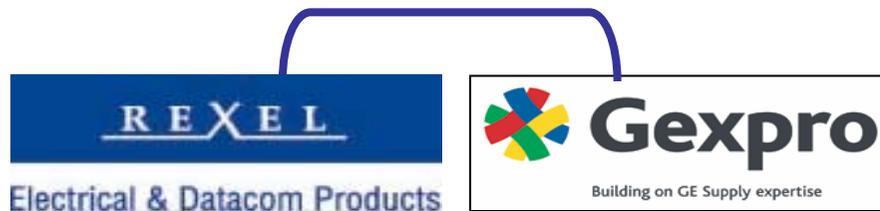


- 2 M€ margin improvement in H1 07 in these markets
- Eight countries covered today with further roll-out plans

**Contributing to a continuous 10-20 bps p.a. gross margin improvement**

# Operating Profit Levers / Gexpro synergies ahead of plan

## Dual banner strategy in the US



## Synergies tracking

- Timely phase-out of transition agreements
- Net cost synergies of 1.5% of Gexpro sales in Y4 confirmed
- Ahead of plan with 2/3 of purchasing synergies confirmed to date

## H1 achievements

- Negotiations with common suppliers finalized
- Transportation conditions optimized
- Streamlining of IT systems begun

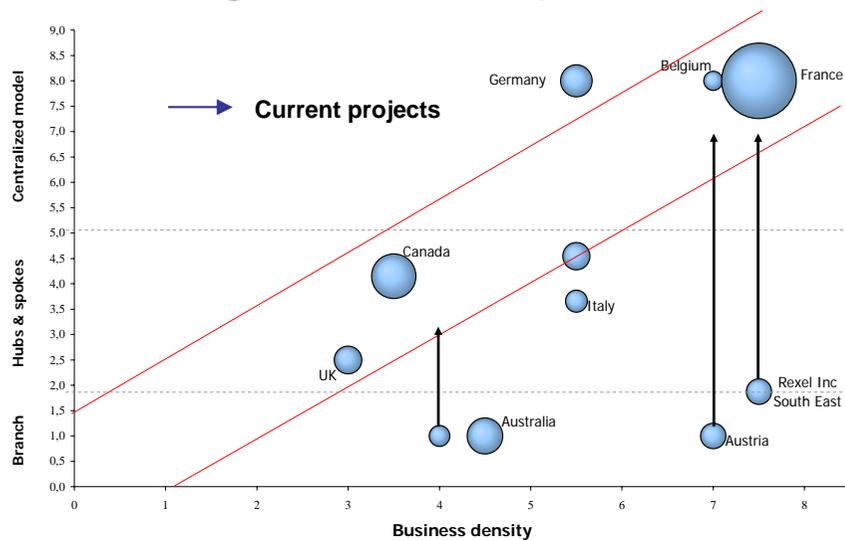
## Back office convergence underway

- Service company created
- Overseeing project management & transition
- Reorganization of common functions under way

**Gexpro synergies: Purchasing ahead of plan, IT on plan, Logistics to come**

# Operating Profit Levers / Logistics & IT roll-out plan

## Shifting towards the optimal corridor



- 7 days inventory decrease in Miami area
- 10% improvement in service level in Belgium
- Gross margin increase in Austria through logistics rebates and orders size increase

**From 65% to 70%  
in the optimal corridor by end of 2007**

## IT system rationalization on plan

Zone	2002	2006	2007	2009
North America	14	10	7	4
Europe	49	22	20	10
Rest of the World	8	6	6	4
<b>Total</b>	<b>71</b>	<b>38</b>	<b>33</b>	<b>18</b>

- ERP deployment in progress in the US, Sweden, Poland and Czech Republic
- Significant revenue and productivity upside in France with harmonized system

**IT costs at max. 1.7% of sales in 2007  
& coming years vs. 1.9% in 2004**

# Acquisition Lever / Attractive pipeline

## H1 07 achievements

- Completed six acquisitions for 63 M€ in annualized sales
- Strengthened regional market positions (BE, FR, UK, US)
- Increased presence in emerging countries (China)
- Expanded into new businesses (Australia)

## Standardized procedures

- Best Practices applied in Due Diligence process
- 3 step process before LOI
- Integration phase mapped out ahead of signing

## Robust pipeline, strategic zones

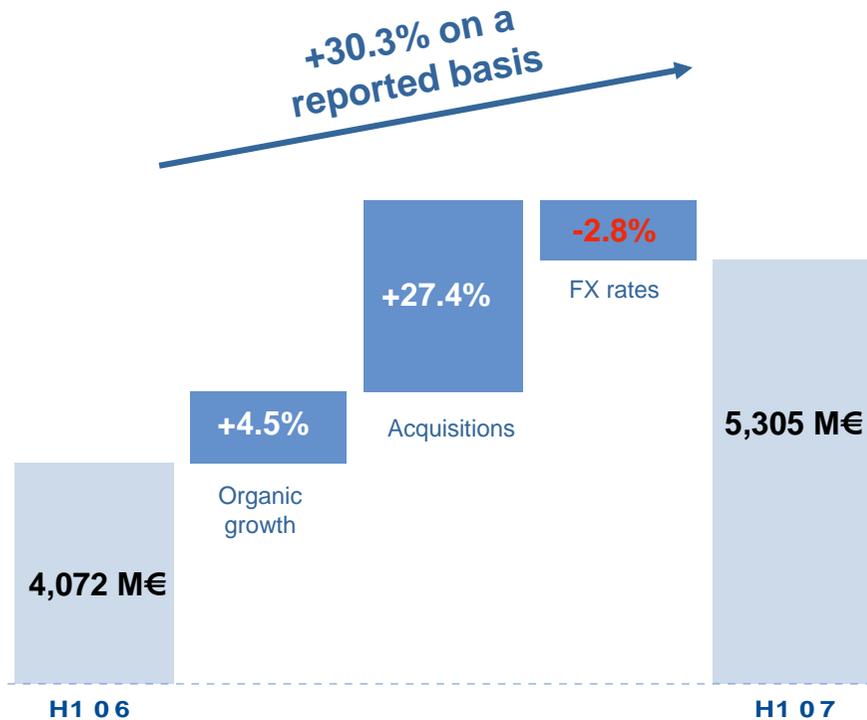
- 500 targets identified
- On going discussions with c. 30 targets
  - Europe : 250 M€ sales
  - North America : 530 M€ sales
  - Asia : 130 M€ sales
  - Emerging markets : 350 M€ sales

**Active discussions with targets representing €1.3 bn in sales**

# H1 07 Financial Review

Nicolas LWOFF, CFO

# Solid organic revenue growth\*



## ■ Group: +4.5% in H1, +3.3% in Q2

- Business environment consistent in Q1 and Q2
- Strong Q2 06 base effect in each region

## ■ By zone:

### ■ Europe: +9.6% in H1, +7.7% in Q2

Significant growth in most geographies and end markets

### ■ North America: -1.4% in H1, -2.3% in Q2

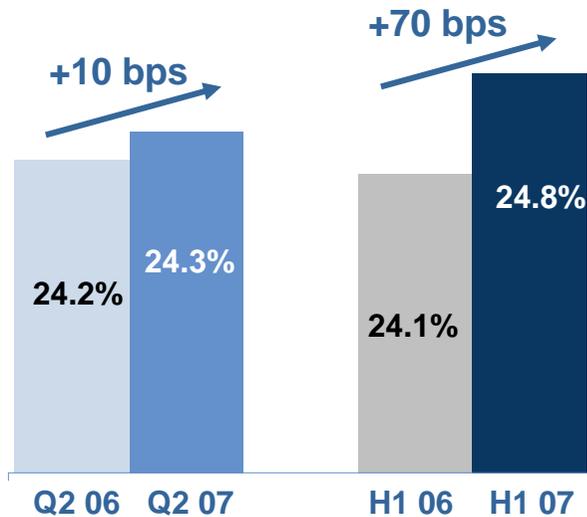
Growth in industrial & Gexpro service platform offset by the downturn in the US residential & residential-related commercial construction

### ■ Asia-Pacific: +13.2% in H1, +13.2% in Q2

Sustained double-digit growth, increased growth outside Pacific region

\* On a constant basis and same number of days

# Improvement in adjusted gross margin\*

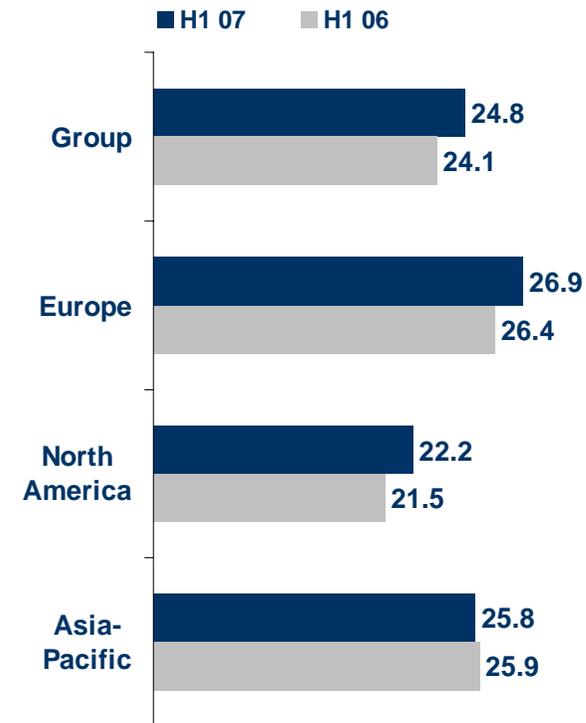


**+ 20 bps**    **On-going improvement in gross margin**  
 Operating levers such as pricing excellence, partnership developments with suppliers and Gexpro synergies

**+ 50 bps**    **Non-recurring factors**  
 Commercial initiatives and inflation, mostly generated in Q1

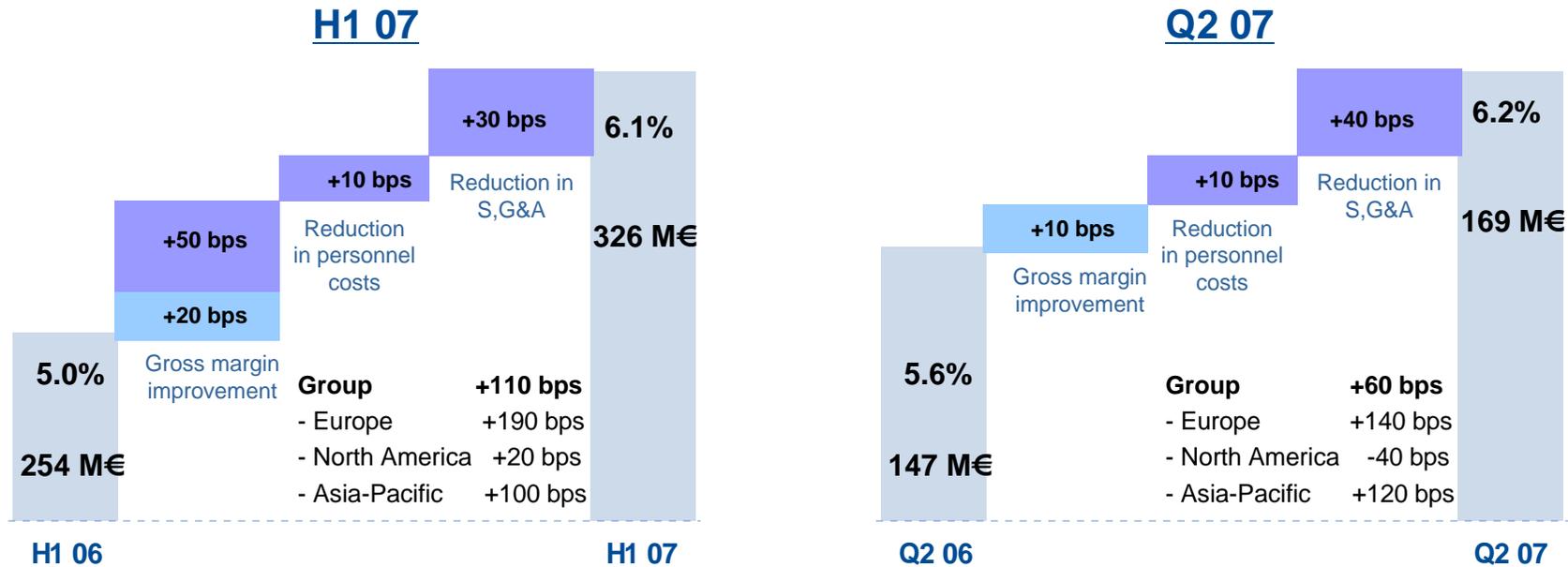
**+ 70 bps**    **Gross margin improvement in H1 07**

## Geographic breakdown (% of sales)



\* Excludes estimated non-recurring net impact on stock from changes in the copper-based cable prices

# Significant increase in adjusted EBITA\*



- Overall Gross Margin improvement

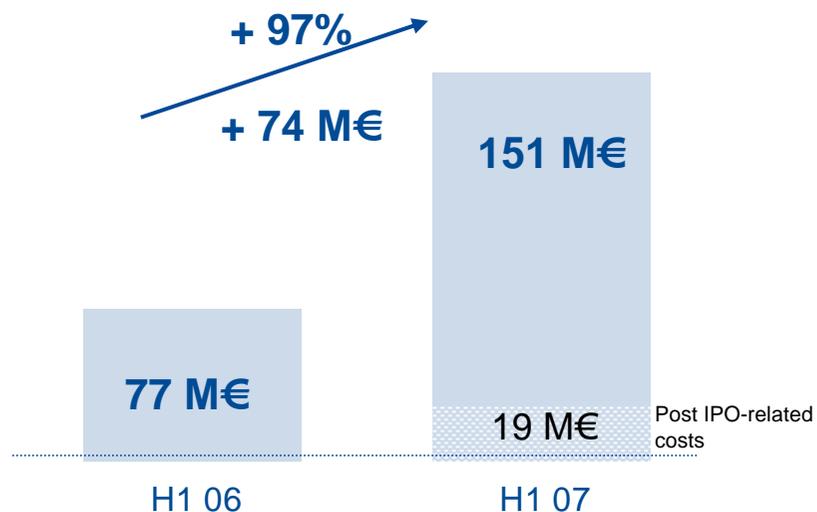
- Disciplined cost control

- Opex growth contained below sales growth: +2.1% in H1, +0.6% in Q2
- 1% headcount reduction at Group level, -3% in US electrical distribution, vs. Dec. 06

- Adjusted EBITA\* margin growth in both Q1 and Q2

*\*Excludes estimated non-recurring net impact on stock from changes in the copper-based cable prices*

# Doubling of net profit pre IPO-related costs\*



## Variation of net profit pre IPO-related costs:

■ Sharp rise in EBITA	+98 M€
■ Change in financial expenses and other income & expenses	+15 M€
■ HYB redemption	
■ Repayment of 2005 SCA	
■ Change in income taxes	-39 M€
■ 2007 Effective tax rate 43.5%	
■ Normalized tax rate 34%	
■ Variation of net profit pre IPO related costs	+74 M€

\*132 M€ after tax consisting of ESPP for 6 M€, free shares for 18 M€, HYB redemption costs for 59 M€ and write-off of LBO financing fees for 49 M€

# Strong improvement in free cash flow

EUR million	H1 07	H1 06
<b>Adjusted EBITDA</b>	<b>360</b>	<b>235</b>
Copper Adjustment	2	24
EBITDA	362	259
Other operating revenues and costs	(7)	(2)
Change in working capital	(8)	(86)
Net CAPEX <sup>(1)</sup>	17	(19)
<b>Free Cash Flow before interest and tax paid</b>	<b>364</b>	<b>152</b>
Net Interest paid / received <sup>(2)</sup>	(165)	(91)
Income tax paid <sup>(3)</sup>	3	(47)
<b>Free Cash Flow after interest and tax paid</b>	<b>202</b>	<b>14</b>

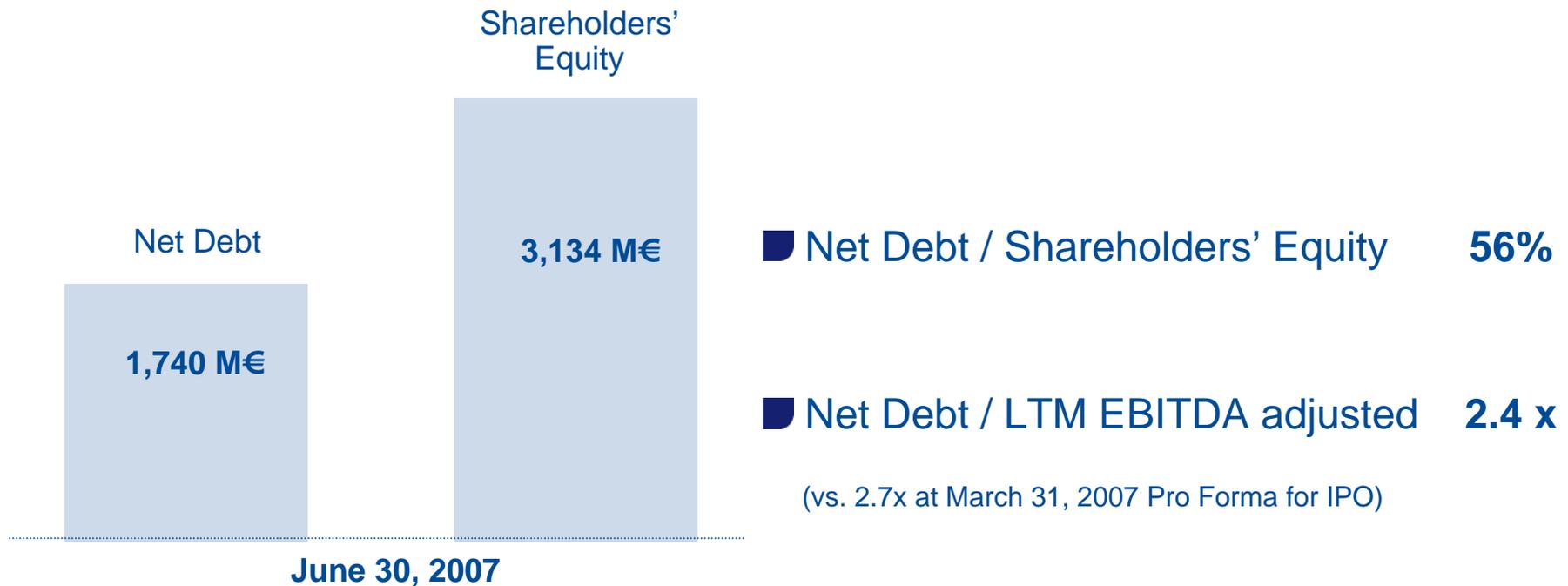
(1) Includes a 42.5 M€ net capital inflow due to sale and partial lease-back of Swiss real estate portfolio

(2) Includes a 89.6 M€ HYB redemption premium

(3) Includes a 53.4 M€ tax refund

- Increase in Adjusted EBITDA
- Reduction in working capital requirement from 15.0% of sales in H1 06 to 13.6% in H1 07 (on a constant basis)
- Capex
  - Gross Capex at 0.6% of sales
  - Net capital inflow due to sale and partial lease-back of Swiss real estate portfolio for 42.5 M€
- HYB redemption costs of 90 M€ in H1 07
- Tax refund of 53 M€ in H1 07

## Sound financial structure



**Flexibility for development, financing secured on a 5 year basis**

# Outlook

Nicolas LWOFF, CFO

## ■ Assumptions

- Continuation of organic growth in Europe and Asia-Pacific
- Continued challenging environment in North America
- Average June 07 copper prices and exchange rates in H2 07

## ■ 2007 Objectives<sup>(1)</sup>

- Organic growth at least between 3% and 5%
- Adjusted EBITA margin revised upwards: above 5.8%

## ■ Other Objectives<sup>(2)</sup>

- No change

(1) Organic growth at constant scope and exchange rates. Adjusted EBITA excludes estimated non-recurring net impact on stock from changes in the price of copper cables

(2) See chapters 12 and 13 of the Document de Base registered with AMF on February 21, 2006 under number I.07-011

# Q & A

# Financial Calendar & Contacts

## Financial Calendar

- November 13, 2007
  - 7:30 AM CET: Q3 07 sales & results announcement
  - 10:00 AM CET: conference call

## Contacts

- Investors & Analysts
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  - Tel: +33 1 42 85 76 12
  - Email: [fdecastro@rexel.com](mailto:fdecastro@rexel.com)

# Appendices

# Appendix 1: Condensed Income Statement

IFRS, unaudited, EUR million	Six months to June 30th			Three months to June 30th		
	2007	2006	Var (in %)	2007	2006	Var (in %)
<b>Reported basis</b>						
Sales	5,304.8	4,071.5	+30.3%	2,728.5	2,104.8	+29.6%
Gross profit	1,314.8	1,042.8	+26.1%	676.5	547.7	+23.5%
As a % of sales	24.8%	25.6%		24.8%	26.0%	
Operating expenses (including depreciation)	(986.8)	(813.2)	+21.4%	(493.7)	(412.8)	+19.6%
EBITDA	362.1	258.6	+40.0%	200.1	149.4	+33.9%
As a % of sales	6.8%	6.4%		7.3%	7.1%	
<b>EBITA</b>	<b>328.0</b>	<b>229.6</b>	<b>+42.8%</b>	<b>182.8</b>	<b>134.9</b>	<b>+35.5%</b>
<b>As a % of sales</b>	<b>6.2%</b>	<b>5.6%</b>		<b>6.7%</b>	<b>6.4%</b>	
Other income & expenses	(31.2)	(7.2)	+333%	(29.9)	(3.0)	+897%
Operating income	296.8	222.4	+33.5%	152.9	131.9	+15.9%
Net financial expenses	(263.2)	(112.3)	+134%	(192.4)	(54.7)	+252%
Income tax	(14.6)	(33.6)	-56.5%	9.4	(23.6)	-140%
Net income	19.0	76.5	-75.2%	(30.1)	53.6	-156%
Net income pre IPO related expenses	150.7	76.5	+97.0%	101.6	53.6	+89.6%

<b>Constant and adjusted basis</b>						
Sales	5,304.8	5,075.5	+4.5%*	2,728.5	2,632.4	+3.7%*
Gross profit	1,314.3	1,221.5	+7.6%	662.6	637.7	+3.9%
As a % of sales	24.8%	24.1%	+70 bps	24.3%	24.2%	+10 bps
Operating expenses (including depreciation)	(988.1)	(968.1)	+2.1%	(493.7)	(490.9)	+0.6%
<b>EBITA</b>	<b>326.2</b>	<b>253.5</b>	<b>+28.7%</b>	<b>168.8</b>	<b>146.8</b>	<b>+15.0%</b>
<b>As a % of sales</b>	<b>6.1%</b>	<b>5.0%</b>	<b>+110 bps</b>	<b>6.2%</b>	<b>5.6%</b>	<b>+60 bps</b>

## Appendix 2: Condensed Balance Sheet

EUR million	June 30, 2007 IFRS unaudited	December 31, 2006 IFRS audited
<b>ASSETS</b>		
Net intangible assets & Goodwill	3,287.8	3,250.5
Property, plant & equipment	268.1	268.5
Long term investments	41.3	39.3
Deferred tax assets	119.9	136.2
<b>Total non-current assets</b>	<b>3,717.1</b>	<b>3,694.5</b>
Inventories	1,186.3	1,117.0
Trade accounts receivable	2,121.2	2,026.9
Other accounts receivables	383.9	491.6
Assets held for sale	1.6	50.7
Cash and cash equivalents	719.3	473.1
<b>Total current assets</b>	<b>4,412.3</b>	<b>4,159.3</b>
<b>TOTAL ASSETS</b>	<b>8,129.4</b>	<b>7,853.8</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>3,133.7</b>	<b>988.6</b>
Interest bearing debt	2,393.3	3,747.4
Other non current liabilities	297.3	365.2
<b>Total non-current liabilities</b>	<b>2,690.6</b>	<b>4,112.6</b>
Interest bearing debt + accrued interest	66.2	626.7
Trade accounts payable	1,760.9	1,616.1
Other current liabilities	478.0	507.4
Liabilities held for sale	-	2.4
<b>Total current liabilities</b>	<b>2,305.1</b>	<b>2,752.6</b>
<b>Total liabilities</b>	<b>4,995.7</b>	<b>6,865.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,129.4</b>	<b>7,853.8</b>

## Appendix 3: Change in Net Debt

EUR million, unaudited	H1 2007 IFRS	H1 2006 IFRS	Q2 2007 IFRS	Q2 2006 IFRS
<b>EBITDA</b>	<b>362.1</b>	<b>258.6</b>	<b>200.1</b>	<b>149.4</b>
Other operating revenues & costs	(7.3)	(2.5)	(5.7)	(1.3)
Change in Working capital	(7.6)	(85.7)	(11.6)	(44.3)
Net capital expenditures	16.6	(18.7)	(15.7)	(12.7)
<b>Free cash flow before interest and tax paid</b>	<b>363.8</b>	<b>151.7</b>	<b>167.1</b>	<b>91.1</b>
Net interest paid / received <sup>(1)</sup>	(165.2)	(91.1)	(110.9)	(38.5)
Income tax paid	2.8	(46.3)	15.8	(19.8)
<b>Free cash flow after interest and tax paid</b>	<b>201.4</b>	<b>14.3</b>	<b>72.0</b>	<b>32.8</b>
Net financial investments	(22.1)	(333.2)	(5.7)	(142.9)
Change in equity	1,010.1	(1.9)	1,010.1	(1.3)
Other <sup>(2)</sup>	971.4	14.0	977.9	14.7
<b>Change in net debt</b>	<b>2,160.8</b>	<b>(306.8)</b>	<b>2,054.3</b>	<b>(96.7)</b>

(1) Including HYB redemption costs of 90 M€ in Q2 07

(2) Including capitalization of the shareholders' loan for 1,039.9 M€ in Q2 07

## Appendix 4: Evolution of sales by geographic area

Geographic area	H1 07 (in M€)	H1 07/H1 06 Reported	H1 07/H1 06 Constant *	Q2 07 (in M€)	Q2 07/Q2 06 Reported	Q2 07/Q2 06 Constant *
<b>Europe</b>	<b>2,493.8</b>	<b>15,20%</b>	<b>9,60%</b>	<b>1,263.0</b>	<b>12,90%</b>	<b>7,70%</b>
of which						
France		8,90%	9,50%		8,20%	7,60%
United Kingdom		8,80%	6,80%		7,70%	6,30%
Germany		7,10%	6,70%		3,60%	3,50%
<b>North America</b>	<b>2,409.0</b>	<b>52,30%</b>	<b>-1,40%</b>	<b>1,244.0</b>	<b>52,70%</b>	<b>-2,30%</b>
of which						
USA		79,70%	-2,30%		79,40%	-3,40%
Canada		-5,00%	2,30%		-2,80%	2,30%
<b>Asia-Pacific</b>	<b>372,2</b>	<b>25,60%</b>	<b>13,20%</b>	<b>205,7</b>	<b>31,30%</b>	<b>13,20%</b>
of which						
Australia		12,00%	9,50%		14,50%	9,20%
Asia		623,40%	68,10%		510,70%	59,00%
<b>Other</b>	<b>29,8</b>	<b>2,60%</b>	<b>13,30%</b>	<b>15,9</b>	<b>6,20%</b>	<b>14,50%</b>
<b>Total Group</b>	<b>5,304.8</b>	<b>30,30%</b>	<b>4,50%</b>	<b>2,728.5</b>	<b>29,60%</b>	<b>3,30%</b>

\* Constant basis and same number of days