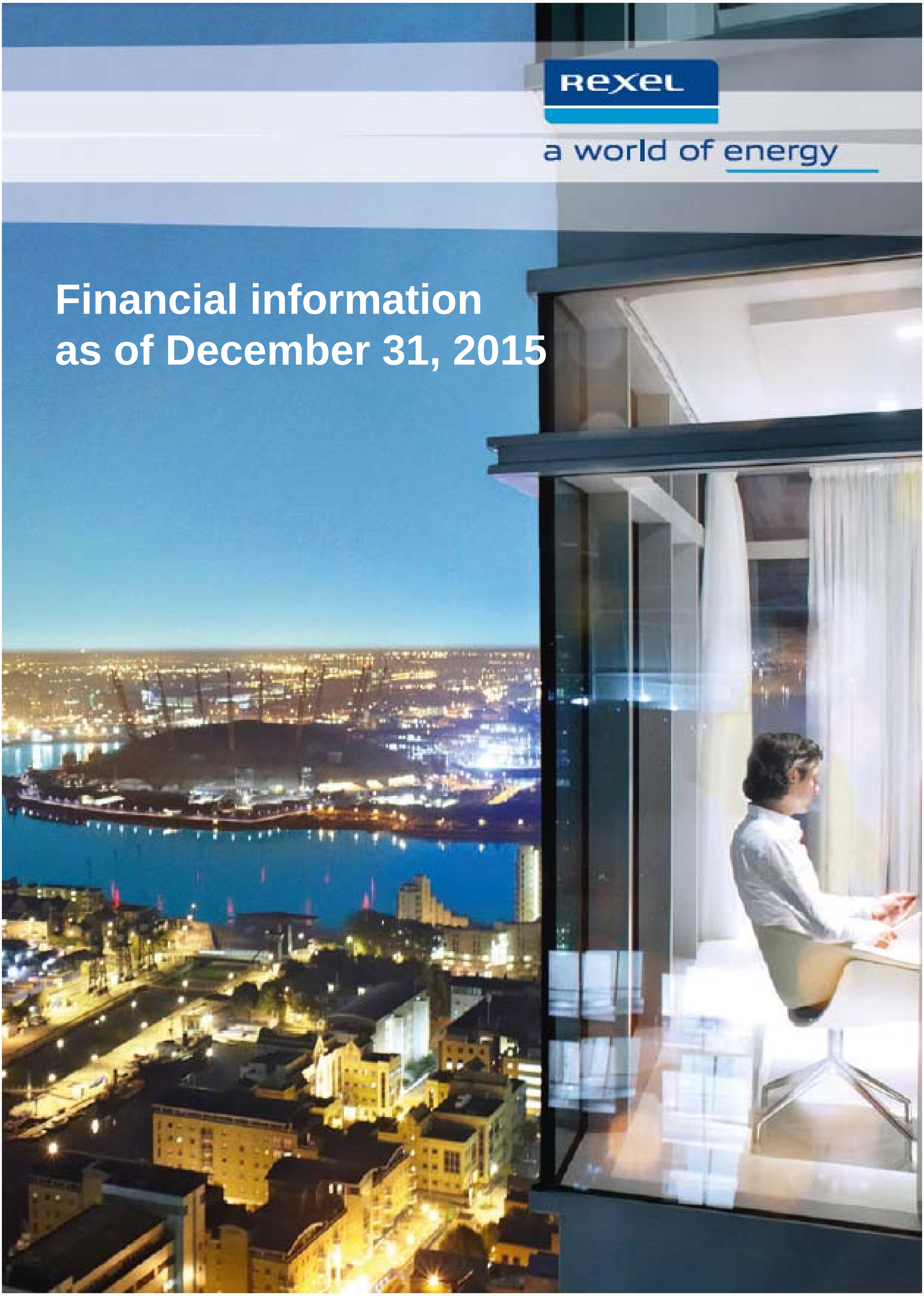

Financial information as of December 31, 2015

Société Anonyme (corporation)
with share capital of € 1,509,319,890
Registered office: 13 boulevard du Fort de Vaux - CS 60002
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Financial information for the year ended December 31, 2015

This document is a free translation from French to English of Rexel's original financial information for the year ended December 31, 2015 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original financial information for the year ended December 31, 2015, the French version will prevail.

I. Activity report

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1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as “the Group” or ”Rexel”).

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

1.1 | Financial position of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. Following the sale of its Latin America operations to Sonepar that was effective in the third quarter of 2015, the Group now operates in three geographic areas: Europe, North America and Asia-Pacific. Pre-divestment results of Latin America operating segment have been reported as discontinued operations in the income statement for the years 2014 and 2015 until the effective date of the sale transaction. This geographic segmentation is based on the Group’s financial reporting structure.

In 2015, the Group recorded consolidated sales of €13,537.6 million, of which €7,289.3 million were generated in Europe (54% of Group sales), €4,898.1 million in North America (36% of Group sales) and €1,349.7 million in Asia-Pacific (10% of Group sales).

The Group’s activities in Europe are in France (which accounts for 32% of sales in this region), the United Kingdom (15% of sales of this region), Germany (11% of sales of this region), Scandinavia (Sweden, Norway and Finland) and Austria, Switzerland, Belgium, The Netherlands, Spain, Italy, Ireland, Portugal and Luxembourg, as well as several other Central and Northern European countries.

The Group’s activities in North America are in the United States (78% of sales in this region) and Canada (22% of sales in this region).

The Group’s activities in Asia-Pacific are in Australia (38% of sales in this region), China (37% of sales of this region) and also in South-East Asia, New Zealand, India and Middle East.

This activity report analyses the Group’s sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

1.1.2 | Seasonality

Despite the low impact of seasonality on sales, changes in the Group’s working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group’s cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

1.1.3 | Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 14% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.

- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

1.1.4 | Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- On a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;

- On a constant and same-day basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and

- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	Quarter ended December 31,		Period ended December 31,	
(in millions of euros)	2015	2014 (1)	2015	2014 (1)
Operating income before other income and other expenses	**153.5**	**176.7**	**555.9**	**631.1**
Changes in scope of consolidation	-	1.6	-	4.5
Foreign exchange effects	-	7.0	-	41.2
Non-recurring effect related to copper	7.0	(0.6)	20.6	3.3
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.2	4.1	17.0	15.5
Adjusted EBITA on a constant basis	**164.8**	**188.8**	**593.5**	**695.7**

(1) Restated for the presentation of Latin America reporting segment as discontinued operations

1.2 | Comparison of financial results as of December 31, 2015 and as of December 31, 2014

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2015 and 2014, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014 (1)	Change in %	2015	2014 (1)	Change in %
Sales	**3,509.8**	**3,402.3**	**3.2%**	**13,537.6**	**12,824.3**	**5.6%**
Gross profit	831.5	817.8	1.7%	3,222.6	3,118.5	3.3%
Distribution and administrative expenses (2)	(673.8)	(637.0)	5.8%	(2,649.6)	(2,471.9)	7.2%
EBITA	**157.7**	**180.8**	**(12.8)%**	**573.0**	**646.7**	**(11.4)%**
Amortization (3)	(4.2)	(4.1)	3.7%	(17.0)	(15.5)	9.6%
Operating income before other income and expenses	**153.5**	**176.7**	**(13.1)%**	**555.9**	**631.1**	**(11.9)%**
Other income and expenses	(101.3)	(56.8)	78.8%	(176.5)	(105.0)	68.2%
Operating income	52.2	120.1	(56.5)%	379.4	526.2	(27.9)%
Net financial expenses	(32.5)	(48.9)	(33.6)%	(210.0)	(184.4)	13.9%
Income taxes	(25.4)	(18.7)	40.1%	(84.4)	(100.9)	(16.4)%
Net income from continuing operations	**(5.7)**	**52.5**	**n.a.**	**85.0**	**240.8**	**(64.7)%**
as a % of sales	***-0.2%***	***1.5%***		***0.6%***	***1.9%***	
Net income from discontinued operations	-	(10.1)	n.a.	(69.3)	(40.8)	69.5%
Net income	(5.7)	42.5	n.a.	15.7	200.0	(92.1)%
(1) Restated for the presentation of Latin America reporting segment as discontinued operations.						
(2) Of which depreciation and amortization	(24.3)	(19.8)	22.6%	(90.7)	(78.7)	15.2%
(3) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.						

CONSTANT BASIS ADJUSTED FINANCIAL DATA		Quarter ended December 31,			Period ended December 31,		
(in millions of euros)		2015	2014	Change in %	2015	2014	Change in %
Sales		**3,509.8**	**3,587.0**	**(2.2)%**	**13,537.6**	**13,798.1**	**(1.9)%**
	Same-day basis			*(2.9)%*			*(2.1)%*
Gross profit		839.0	855.9	(2.0)%	3,244.3	3,334.5	(2.7)%
	as a % of sales	*23.9%*	*23.9%*		*24.0%*	*24.2%*	
Distribution and administrative expenses		(674.2)	(667.0)	1.1%	(2,650.8)	(2,638.8)	0.5%
	as a % of sales	*(19.2)%*	*(18.6)%*		*(19.6)%*	*(19.1)%*	
EBITA		**164.8**	**188.8**	**(12.7)%**	**593.5**	**695.7**	**(14.7)%**
	as a % of sales	***4.7%***	***5.3%***		***4.4%***	***5.0%***	

Sales

In 2015, Rexel's consolidated sales amounted to €13,537.6 million, as compared to €12,824.3 million in 2014.

On a reported basis, sales were up 5.6% year-on-year, including a positive currency impact of 7.1% and a positive net effect from acquisitions of 0.4%.

- The positive impact of currency amounted to €916.7 million, mainly due to the appreciation of the US dollar against the euro.
- The positive net effect from acquisitions amounted to €57.1 million, reflecting mainly acquisitions made in Asia-Pacific and in Europe and offset by the divestment of Czech Republic operations finalized in the fourth quarter of 2014.

On a constant and same-day basis, sales decreased by 2.1%. By geography, Europe remained broadly stable at -0.1% whereas North America decreased by 5.2% and Asia-Pacific decreased by 1.1%. Excluding the 0.5 percentage point negative impact due to lower copper-based cable prices, sales were down 1.6% as compared to 2014.

On a constant and actual number of working days basis, sales decreased by 1.9% as the calendar impact was positive at 0.2 percentage point.

In the fourth quarter of 2015, Rexel's consolidated sales amounted to €3,509.8 million, as compared to €3,402.3 million in the fourth quarter of 2014.

On a reported basis, sales were up 3.2% year-on-year, including a positive currency impact of 4.8% and a positive net effect from acquisitions of 0.6%.

On a constant and same-day basis, sales decreased by 2.9%, reflecting 0.8% decrease in Europe, 6.5% drop in North America and 0.1% decrease in Asia-Pacific. Excluding the negative impact of 0.9 percentage point due to the lower copper-based cable prices compared to the fourth quarter of 2014, sales were down 2.0%.

On a constant and actual number of working days basis, sales decreased by 2.2% as the calendar impact was positive at 0.7 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	Year-to-Date
Growth on a constant and same-day basis	(0.4)%	(1.6)%	(3.3)%	(2.9)%	(2.1)%
Number of working days effect	(0.6)%	0.2%	0.4%	0.7%	0.2%
Growth on a constant and actual-day basis	***(1.0)%***	***(1.4)%***	***(2.9)%***	***(2.2)%***	***(1.9)%***
Changes in scope effect	0.2%	0.4%	0.5%	0.6%	0.4%
Foreign exchange effect	8.1%	9.6%	6.4%	4.8%	7.1%
Total scope and currency effects	***8.3%***	***10.0%***	***6.8%***	***5.4%***	***7.6%***
Growth on a reported basis (1)	**7.2%**	**8.4%**	**3.7%**	**3.2%**	**5.6%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects

Gross profit

In 2015, gross profit amounted to €3,222.6 million, up 3.3%, on a reported basis, as compared to €3,118.5 million in 2014.

On a constant basis, adjusted gross profit decreased by 2.7% and adjusted gross margin decreased by 20 basis points to 24.0% of sales, reflecting a drop in European and Asia-Pacific operations, offset by an increase in North America.

In the fourth quarter of 2015, gross profit amounted to €831.5 million, up 1.7% on a reported basis as compared to €817.8 million in the fourth quarter of 2014.

On a constant basis, adjusted gross profit decreased by 2.0% and adjusted gross margin increased by 4 basis points to 23.9% of sales, reflecting an increase in Europe partly offset by a decrease in Asia-Pacific, while North America remained stable.

Distribution & administrative expenses

In 2015, distribution and administrative expenses amounted to €2,649.6 million, up 7.2%, on a reported basis, as compared to €2,471.9 million in 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 0.5% and deteriorated by 45 basis points, representing 19.6% of sales in 2015 as compared to 19.1% in 2014, mainly related to operations in North America and Asia-Pacific.

In the fourth quarter of 2015, distribution and administrative expenses amounted to €673.8 million, up 5.8%, on a reported basis, as compared to €637.0 million in the fourth quarter of 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 1.1%, representing 19.2% of sales in the fourth quarter of 2015, a 60 basis-point deterioration as compared to 18.6% in the fourth quarter of 2014.

EBITA

In 2015, as a result, EBITA stood at €573.0 million, down 11.4%, on a reported basis, as compared to €646.7 million in 2014.

On a constant basis, adjusted EBITA decreased by 14.7% to €593.5 million and adjusted EBITA margin stood at 4.4% of sales, down 65 basis points year-on-year.

In the fourth quarter of 2015, EBITA stood at €157.7 million, down 12.8%, on a reported basis, as compared to €180.8 million in the fourth quarter of 2014.

On a constant basis, adjusted EBITA decreased by 12.7% to €164.8 million and adjusted EBITA margin stood at 4.7% of sales, down 57 basis points year-on-year.

Other income and expenses

In 2015, other income and expenses represented a net expense of €176.5 million (€105.0 million in 2014), consisting mainly of:

- €85.7 million impairment expense, mostly attributable to goodwill impairment in Australia for €50.5 million and to The Netherlands for €33.9 million. In 2014, impairment expense was €33.5 million mostly attributable to goodwill impairment in The Netherlands (€12.0 million), Slovakia (€3.4 million), Luxembourg (€2.7 million) and India (€2.4 million).

- €58.7 million restructuring costs (€57.0 million in 2014) incurred in connection with branch network optimization and logistics rationalization in Europe (mainly in Germany, the United Kingdom and Spain) and branch and banner reorganizations in North America;

- €27.1 million impairment charge of assets held for sale in connection with the divestment of Group's operations in Poland, Slovakia and Baltics to be completed in 2016.

Net Financial expenses

In 2015, net financial expenses stood at €210.0 million, as compared to €184.4 million in 2014. In 2015, net financial expenses included a €52.5 million non-recurring expense incurred in connection with the early repayment of the €489 million senior notes due 2018 (straight repayment in the first quarter of 2015) and the US$500 million senior notes due 2019 (refinanced by the €500 million senior notes due 2022 issued in the second quarter of 2015). Excluding this impact, net financial expenses were down by 14.6% mainly driven by a 100 basis-point decrease in effective interest rate on gross debt (from 4.9% in 2014 to 3.9% in 2015) thanks to positive effect of the repayment and the refinancing of the senior notes due 2018 and 2019 respectively.

Tax expense

In 2015, income tax expense was €84.4 million, a 16.4% decrease as compared to €100.9 million in 2014. This decrease is primarily due to the drop in profit before tax (from €341.8 million in 2014 to €169.4 million in 2015). The effective tax rate increased from 29.5% in 2014 to 49.8% in 2015, mainly due to the increasing burden of non tax-deductible goodwill impairment losses recognized in 2015 as compared to 2014.

Net income from continuing operations

As a result of the above items, net income from continuing operations stood at €85.0 million in 2015, a 64.7% decrease as compared to €240.8 million in 2014.

Net income from discontinued operations

Net income from discontinued operations was a loss of €69.3 million in 2015 (€40.8 million in 2014). This loss relates to Latin America operating segment sold to Sonepar on September 15, 2015 for a selling price of €17.2 million (US$ 18.6 million) and includes a divestment loss of €60.0 million as well as operating losses until the disposal date.

Net income

Including net income from discontinued operations, net income stood at €15.7 million in 2015, as compared to €200.0 million in 2014.

1.2.2 | Europe (54% of Group sales)

REPORTED	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**1,892.4**	**1,872.6**	**1.1%**	**7,289.3**	**7,145.2**	**2.0%**
Gross profit	502.7	495.9	1.4%	1,921.7	1,919.7	0.1%
Distribution and administrative expenses	(379.4)	(364.0)	4.2%	(1,506.7)	(1,466.8)	2.7%
EBITA	**123.3**	**131.9**	**(6.5)%**	**415.0**	**452.9**	**(8.4)%**
as a % of sales	*6.5%*	*7.0%*		*5.7%*	*6.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**1,892.4**	**1,895.2**	**(0.1)%**	**7,289.3**	**7,267.1**	**0.3%**
Same-day basis			*(0.8)%*			*(0.1)%*
Gross profit	506.7	499.6	1.4%	1,934.3	1,952.9	(1.0)%
as a % of sales	*26.8%*	*26.4%*		*26.5%*	*26.9%*	
Distribution and administrative expenses	(379.5)	(368.8)	2.9%	(1,507.0)	(1,495.8)	0.7%
as a % of sales	*(20.1)%*	*(19.5)%*		*(20.7)%*	*(20.6)%*	
EBITA	**127.2**	**130.8**	**(2.8)%**	**427.3**	**457.1**	**(6.5)%**
as a % of sales	***6.7%***	***6.9%***		***5.9%***	***6.3%***	

Sales

In 2015, sales in Europe amounted to €7,289.3 million, a 2.0% increase on a reported basis, as compared to €7,145.2 million in 2014.

Exchange rate variations accounted for an increase of €133.5 million, mainly due to the appreciation of the British Pound and the Swiss Franc against the euro.

The negative net effect from acquisition amounted to €11.5 million, related to Elevite AG, acquired in the third quarter of 2014 in Switzerland and Electro-Industrie en Acoustiek in Belgium in the third quarter of 2015; offset by the divestment of Czech Republic operations made in the fourth quarter of 2014.

On a constant and same-day basis, sales remained broadly stable at -0.1% as compared to 2014. Excluding the 0.3 percentage point negative impact due to lower copper-based cable prices, sales were up 0.2% as compared to 2014.

In the fourth quarter of 2015, sales stood at €1,892.4 million, a 1.1% growth on a reported basis, as compared to €1,872.6 million in the fourth quarter of 2014.

On a constant and same-day basis, sales decreased by 0.8% from the fourth quarter of 2014. Excluding the 1.0 percentage point negative impact due to lower copper-based cable prices, sales were slightly up at +0.2% as compared to the fourth quarter of 2014.

In **France**, sales amounted to €2,330.2 million in 2015, a decrease of 2.3% as compared to 2014 on a constant and same-day basis in a challenging environment due to low level of commercial and industry end market.
In the fourth quarter of 2015, sales decreased by 1.8% from the fourth quarter of 2014, on a constant and same-day basis, mainly due to lower construction level and unfavorable copper price impact.

In **the United Kingdom**, sales amounted to €1,109.0 million in 2015, a decrease of 0.7% from 2014 on a constant and same-day basis, affected by lower copper price and branch closures.
In the fourth quarter of 2015, sales returned to positive territories (+ 3.1%) from the fourth quarter of 2014, on a constant and same-day basis, thanks to higher photovoltaic sales.

In **Germany**, sales stood at €802.7 million in 2015, a decrease of 1.1% from 2014 on a constant and same-day basis, mainly attributable to decreasing contractor and installers sales and lower photovoltaic sales.
In the fourth quarter of 2015, sales decreased by 4.7% from the fourth quarter of 2014, on a constant and same-day basis, half of this decrease was due to lower copper prices.

In **Scandinavia** sales amounted to €922.7 million in 2015, an increase of 4.8% from 2014 on a constant and same-day basis, with a good performance in the three countries, thanks to utilities : +8.0% in Sweden, +2.6% in Norway and +1.0% in Finland.
In the fourth quarter of 2015, sales were up by 2.7% from the fourth quarter of 2014, on a constant and same-day basis. Sales increased in Sweden and Norway by respectively 6.0% and 1.7%, whereas sales in Finland decreased by 4.2% due to a slowdown in industry end-market.

In **Belgium** and in **The Netherlands**, sales amounted respectively to €328.6 million and €209.7 million in 2015. Sales in Belgium increased by 2.8% with a good performance on photovoltaic and installation equipment. Sales in The Netherlands were down 5.5% on a constant and same-day basis, due to lower lighting projects with key accounts partly offset by a good performance in photovoltaic equipment.
In the fourth quarter of 2015, sales in Belgium decreased by 0.9% mainly impacted by copper price deflation and by 3.3% in The Netherlands.

In **Switzerland** and **Austria**, sales amounted respectively to €477.5 million and €326.5 million in 2015. Sales in Austria increased by 3.3% from 2014, on a constant and same-day basis. Sales in Switzerland decreased by 4.1% from 2014, on a constant and same-day basis, impacted by the deflationary environment due to Swiss franc evolution.
In the fourth quarter of 2015, sales increased by 5.8% in Austria mainly thanks to lighting project sales, while sales decreased by 5.2% in Switzerland as compared to the fourth quarter of 2014, on a constant and same-day basis.

In **Spain** and **Italy**, sales amounted to respectively €252.8 million and €124.8 million in 2015. On a constant and same-day basis, Sales in Spain increased by 16.6% from 2014 on both domestic and export activities and sales in Italy drop by 4.1% from 2014, due to the full year impact of 2014 branch closures.
In the fourth quarter of 2015, on a constant and same-day basis, sales increased by +4.1% in Spain and drop by 2.2% in Italy from the fourth quarter of 2014.

Gross profit

In 2015, Europe recorded a gross profit of €1,921.7 million, stable on a reported basis, as compared to €1,919.7 million in 2014.

On a constant basis, adjusted gross profit decreased by 1.0% and adjusted gross margin decreased by 34 basis points to 26.5% of sales, of which circa one third is attributable to unfavorable country mix and lower cable margin and circa two third is attributable to the increased competitive pressure in some of European countries.

In the fourth quarter of 2015, on a constant basis, adjusted gross profit increased by 1.4% and adjusted gross margin increased by 41 basis points at 26.8% of sales, as compared to the fourth quarter of 2014, thanks to higher cable margin and supplier rebates.

Distribution & administrative expenses

In 2015, distribution and administrative expenses amounted to €1,506.7 million, up 2.7%, on a reported basis, as compared to €1,466.8 million in 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 0.7% in 2015, representing 20.7% of sales, a 9 basis-point increase as compared to 20.6% in 2014.

In the fourth quarter of 2015, on a constant basis, adjusted distribution and administrative expenses increased by 2.9%, representing 20.1% of sales, a 60 basis-point increase as compared to 19.5% in the fourth quarter of 2014, mainly reflecting increase in depreciation and building and occupancy costs.

EBITA

In 2015, as a result, on a reported basis, EBITA amounted to €415.0 million, down 8.4% as compared to €452.9 million in 2014.

On a constant basis, adjusted EBITA decreased by 6.5% from 2014 and adjusted EBITA margin decreased by 43 basis points to 5.9% of sales.

In the fourth quarter of 2015, on a constant basis, adjusted EBITA decreased by 2.8% while the adjusted EBITA margin decreased by 18 basis points to 6.7% of sales.

1.2.3 | North America (36% of Group sales)

REPORTED	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**1,274.6**	**1,220.7**	**4.4%**	**4,898.1**	**4,477.9**	**9.4%**
Gross profit	272.0	262.0	3.8%	1,066.0	966.7	10.3%
Distribution and administrative expenses	(225.8)	(206.0)	9.6%	(877.7)	(762.7)	15.1%
EBITA	**46.2**	**56.0**	**(17.5)%**	**188.3**	**204.0**	**(7.7)%**
as a % of sales	*3.6%*	*4.6%*		*3.8%*	*4.6%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**1,274.6**	**1,348.3**	**(5.5)%**	**4,898.1**	**5,165.4**	**(5.2)%**
Same-day basis			*(6.5)%*			*(5.2)%*
Gross profit	275.4	291.5	(5.5)%	1,075.2	1,124.1	(4.4)%
as a % of sales	*21.6%*	*21.6%*		*22.0%*	*21.8%*	
Distribution and administrative expenses	(226.1)	(228.6)	(1.1)%	(878.6)	(883.9)	(0.6)%
as a % of sales	*(17.7)%*	*(17.0)%*		*(17.9)%*	*(17.1)%*	
EBITA	**49.4**	**62.9**	**(21.6)%**	**196.6**	**240.3**	**(18.2)%**
as a % of sales	***3.9%***	***4.7%***		***4.0%***	***4.7%***	

Sales

In 2015, sales in North America amounted to €4,898.1 million, up 9.4%, on a reported basis, as compared to €4,477.9 million in 2014.

Favorable exchange rate variations accounted for €692.4 million, mainly due to the appreciation of US dollar against the euro.

On a constant and same-day basis, sales decreased by 5.2% as compared to 2014, impacted by a 28% drop in the oil and gas segment, representing a -2.8 percentage points and by lower cable sales, representing -1.5 percentage points.

In the fourth quarter of 2015, sales stood at €1,274.6 million, up 4.4% on a reported basis, as compared to €1,220.7 million in the fourth quarter of 2014.

On a constant and same-day basis, sales decreased by 6.5% from the fourth quarter of 2014, impacted by a 36% drop in the oil and gas segment, representing -3.6 percentage points and by lower cable sales, representing -1.5 percentage points.

In **the United States**, sales dropped to €3,799.1 million in 2015, a 4.2% decrease from 2014 on a constant and same-day basis. Sales were adversely impacted by decline in oil and gas business for 2.8 percentage points, by lower cable sales for 1.5 percentage points and by branch closures for 1.0 percentage point.
In the fourth quarter of 2015, sales decreased by 5.9% from the fourth quarter of 2014, on a constant and same-day basis. This decrease was due to oil and gas business for 3.6 percentage points, lower cable sales for 1.9 percentage points and branch closures for 1.3 percentage points.

In **Canada**, sales amounted to €1,099.0 million in 2015, down 8.5% from 2014 on a constant and same-day basis, due to lower sales in the oil and gas segment for 2.9 percentage points, lower photovoltaic sales for 2.2 percentage points and lower cable sales for 1.5 percentage points.
In the fourth quarter of 2015, sales decreased by 8.8% from the fourth quarter of 2014, on a constant and same-day basis, mainly attributable to lower sales: in the oil and gas segment for 3.6 percentage points, of photovoltaic equipment for 2.1 percentage points and to the mining industry for 1.7 percentage points.

Gross profit

In 2015, in North America, gross profit amounted to €1,066.0 million, up 10.3%, on a reported basis, as compared to €966.7 million in 2014.

On a constant basis, adjusted gross profit decreased by 4.4% and adjusted gross margin increased by 19 basis points to 22.0% of sales. Gross margin improvement was mainly driven by pricing initiatives in Canada and favorable banner mix in the United-States.

In the fourth quarter of 2015, on a constant basis, adjusted gross profit decreased by 5.5% and adjusted gross margin remained stable at 21.6% as compared to the fourth quarter of 2014.

Distribution & administrative expenses

In 2015, distribution and administrative expenses amounted to €877.7 million, up 15.1%, on a reported basis, as compared to €762.7 million in 2014.

On a constant basis, adjusted distribution and administrative expenses decreased by 0.6% in 2015 and representing 17.9% of sales in 2015, a 83 basis-point increase as compared to 17.1% in 2014, affected by lower activity in 2015, investments for growth in Platt and Gexpro Services in the United-States, as well as logistic costs in connection with the end of the US hubs and distribution center transformation program.

In the fourth quarter of 2015, on a constant basis, adjusted distribution and administrative expenses decreased by 1.1% representing 17.7% of sales, a 80 basis-point increase as compared to 17.0% in the fourth quarter of 2014.

EBITA

In 2015, as a result, EBITA amounted to €188.3 million, down 7.7%, on a reported basis, as compared to €204.0 million in 2014.

On a constant basis, adjusted EBITA decreased by 18.2% from 2014 and adjusted EBITA margin decreased by 64 basis points to 4.0% of sales.

In the fourth quarter of 2015, on a constant basis, adjusted EBITA decreased by 21.6% while the adjusted EBITA margin decreased by 80 basis points to 3.9% of sales.

1.2.4 | Asia-Pacific (10% of Group sales)

REPORTED	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**342.3**	**308.9**	**10.8%**	**1,349.7**	**1,200.9**	**12.4%**
Gross profit	56.3	59.9	(5.9)%	234.3	231.8	1.1%
Distribution and administrative expenses	(59.0)	(49.7)	18.7%	(223.9)	(196.0)	14.2%
EBITA	**(2.7)**	**10.2**	**n.a.**	**10.4**	**35.8**	**(70.8)%**
as a % of sales	*(0.8)%*	*3.3%*		*0.8%*	*3.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**342.3**	**343.5**	**(0.3)%**	**1,349.7**	**1,365.2**	**(1.1)%**
Same-day basis			*(0.1)%*			*(1.1)%*
Gross profit	56.3	64.7	(12.9)%	234.3	257.1	(8.9)%
as a % of sales	*16.5%*	*18.8%*		*17.4%*	*18.8%*	
Distribution and administrative expenses	(59.0)	(52.3)	12.8%	(223.9)	(212.8)	5.2%
as a % of sales	*(17.3)%*	*(15.2)%*		*(16.6)%*	*(15.6)%*	
EBITA	**(2.7)**	**12.3**	**n.a.**	**10.4**	**44.3**	**(76.4)%**
as a % of sales	***(0.8)%***	***3.6%***		***0.8%***	***3.2%***	

Sales

In 2015, sales in Asia-Pacific amounted to €1,349.7 million, up 12.4%, on a reported basis, as compared to €1,200.9 million in 2014.

The entities acquired in the fourth quarter of 2014 (4 Knights International in Thailand and Beijing Ouneng Tongxing Technology Co. Ltd in China) and the entities acquired in 2015 (Shanghai Maxqueen Industry Development Co. Ltd and Zhonghao Technology in China) contributed for €73.5 million.

Favorable exchange rate variation accounted for €90.8 million, primarily due to the appreciation of the Chinese Yuan against the euro.

On a constant and same-day basis, sales declined by 1.1% as compared to 2014, reflecting a slight growth in Asia (+0.8%), offset by a 3.2% sales decrease in Pacific.

In the fourth quarter of 2015, sales stood at €342.3 million, a 10.8% growth on a reported basis, as compared to €308.9 million in the fourth quarter of 2014.

On a constant and same-day basis, sales remained almost flat at -0.1% from the fourth quarter of 2014, reflecting a contrasted situation with a 1.0% sales decrease in Asia, offset by a 1.0% sales increase in Pacific.

In **Australia**, sales amounted to €509.8 million, a 4.0% decrease from 2014, on a constant and same-day basis, reflecting lower sales in Western Australia and in Queensland, largely impacted by economic slowdown in China and drop in commodity prices.
In the fourth quarter of 2015, sales decreased by 1.0% from the fourth quarter of 2014, on a constant and same-day basis, mainly impacted by lower sales to the mining industry.

In **China**, sales amounted to €499.5 million in 2015, a 3.0% decrease compared to 2014, on a constant and same-day basis, due to lower sales to panel builder and automation businesses partly offset by higher project sales and a good performance in the Datacom activity.
In the fourth quarter of 2015, sales decreased by 5.4% from the fourth quarter of 2014, on a constant and same-day basis, affected by economic deceleration.

Gross profit

<u>In 2015</u>, in Asia-Pacific, gross profit amounted to €234.3 million, up 1.1%, on a reported basis, as compared to €231.8 million in 2014.

<u>On a constant basis</u>, adjusted gross profit decreased by 8.9% and adjusted gross margin was 17.4% of sales, a 147 basis-point decrease as compared to 2014, mainly attributable to Australia impacted by lower supplier rebates and one-off items.

<u>In the fourth quarter of 2015</u>, on a constant basis, adjusted gross profit decreased by 12.9% and adjusted gross margin was 16.5% of sales, a decrease of 237 basis points from the fourth quarter of 2014, mostly attributable to Australia.

Distribution & administrative expenses

<u>In 2015</u>, on a reported basis, distribution and administrative expenses amounted to €223.9 million, up 14.2% as compared to €196.0 million in 2014.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 5.2% from 2014, representing 16.6% of sales in 2015, a 100 basis-point deterioration as compared to 15.6% in 2014, mainly due to increasing bad debt expenses in China and higher commercial costs relating to business development in South East Asia and Middle East.

<u>In the fourth quarter of 2015</u>, on a constant basis, adjusted distribution and administrative expenses increased by 12.8%, representing 17.3% of sales, a 201 basis-point deterioration as compared to 15.2% in the fourth quarter of 2014. The fourth quarter was mainly impacted by the above mentioned bad debt expenses in China.

EBITA

<u>In 2015</u>, as a result, EBITA amounted to €10.4 million, down 70.8%, on a reported basis, as compared to €35.8 million in 2014.

<u>On a constant basis</u>, adjusted EBITA decreased by 76.4% from 2014 and adjusted EBITA margin decreased by 247 basis points to 0.8% of sales.

<u>In the fourth quarter of 2015</u>, on a constant basis, adjusted EBITA margin decreased by 440 basis points to (0.8)% of sales.

1.2.5 | Other operations

REPORTED	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**0.5**	**0.1**	**n.a.**	**0.5**	**0.3**	**n.a.**
Gross profit	0.5	0.1	n.a.	0.5	0.3	n.a.
Distribution and administrative expenses	(9.6)	(17.3)	(44.6)%	(41.3)	(46.3)	(10.8)%
EBITA	**(9.1)**	**(17.2)**	**(47.5)%**	**(40.8)**	**(46.0)**	**12.6%**
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Period ended December 31,		
(in millions of euros)	2015	2014	Change in %	2015	2014	Change in %
Sales	**0.5**	**0.1**	**n.a.**	**0.5**	**0.3**	**n.a**
Gross profit	0.5	0.1	n.a.	0.5	0.3	n.a
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
Distribution and administrative expenses	(9.6)	(17.3)	(44.5)%	(41.3)	(46.3)	(10.8)%
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
EBITA	**(9.0)**	**(17.2)**	**(47.4)%**	**(40.8)**	**(46.0)**	**(11.3)%**
as a % of sales	***n.a.***	***n.a.***		***n.a.***	***n.a.***	

This segment mostly includes unallocated corporate overhead expenses. These expenses decreased by €5.2 million as compared to 2014, mainly due to lower share-based expenses.

1.3 | Outlook

In an environment that is expected to remain difficult throughout most of the year and taking into account challenging comparables in the first quarter, Rexel aims at delivering in 2016:

- Organic sales growth on a constant and same-day basis of between -3% and +1%
  - This sales guidance includes a circa 1.1 percentage point negative impact from copper prices (based on the assumption of average copper price of USD4,500 per ton in 2016, i.e. a circa 20% decline vs. 2015)
  - Excluding this assumed negative impact of circa 1.1 percentage points from copper prices, this corresponds to a sales guidance of between -1.9% and +2.1%
- Adjusted EBITA margin of between 4.1% and 4.5%.

In addition, Rexel confirms its cash allocation policy of:

- Paying out an attractive dividend of at least 40% of recurring net income
- Continuing its targeted and accretive acquisition strategy
- While maintaining a sound financial structure with net debt not exceeding 3 x EBITDA at December 31, thanks to solid free cash-flow generation of:
- Between 70% and 80% of EBITDA, before interest and tax
- Between 35% and 45% of EBITDA, after interest and tax.

2. | LIQUIDITY AND CAPITAL RESOURCES

2.1 | Cash flow

(in millions of euros)	Quarter ended December 2015	Quarter ended December 2014	Change	Period ended December 31, 2015	Period ended December 31, 2014	Change
Operating cash flow	161.2	175.5	*(14.3)*	564.8	647.5	*(82.7)*
Interest	(31.1)	(40.4)	*9.3*	(144.6)	(155.9)	*11.3*
Taxes	(12.0)	(15.9)	*3.9*	(108.0)	(84.3)	*(23.7)*
Change in working capital requirements	398.6	381.6	*17.0*	97.9	(34.1)	*132.0*
Net cash flow from operating activities	**516.7**	**500.8**	***15.9***	**410.1**	**373.2**	***36.9***
o.w. operating cash flows used by discontinued operations	-	*5.0*	*(5.0)*	*(16.7)*	*0.4*	*(17.1)*
Net cash flow from operating activities - continuing operations	**516.7**	**495.8**	***20.9***	**426.8**	**372.8**	***54.0***
Net cash flow from investing activities	**(39.9)**	**(42.1)**	***2.2***	**(131.8)**	**(133.3)**	***1.5***
o.w. investing cash flows (used)/provided by discontinued operations	-	*0.2*	*(0.2)*	*(6.9)*	*(0.5)*	*(6.4)*
Net cash flow from investing activities - continuing operations	**(39.9)**	**(42.3)**	***2.4***	**(124.9)**	**(132.8)**	***7.9***
o.w. Operating capital expenditures (2)	(36.3)	(30.6)	(5.7)	(113.5)	(101.1)	(12.4)
Net cash flow from financing activities	**(56.3)**	**63.5**	***(119.8)***	**(611.4)**	**(60.9)**	***(550.5)***
o.w. financing cash flows (used)/provided by discontinued operations	-	*2.9*	*(2.9)*	*11.3*	*5.1*	*6.2*
Net cash flow from financing activities - continuing operations	**(56.3)**	**60.6**	***(116.9)***	**(622.7)**	**(66.0)**	***(556.7)***
Net cash flow	**420.4**	**522.2**	***(101.8)***	**(333.0)**	**178.9**	***(511.9)***
o.w. net cash flow from discontinued operations	-	*8.1*	*(8.1)*	*(12.3)*	*5.0*	*(17.3)*
Net cash flow - continuing operations	**420.4**	**514.1**	***(93.7)***	**(320.7)**	**173.9**	***(494.6)***
Free cash flow - continuing operations:						
Operating cash flow	161.2	176.0	*(14.8)*	572.3	647.6	*(75.3)*
Change in working capital requirements	398.6	374.8	*23.8*	103.8	(38.7)	*142.5*
Adjustement for timing difference in suppliers payments (1)	-	-	-	-	51.9	*(51.9)*
Operating capital expenditures (2)	(36.3)	(30.6)	*(5.7)*	(113.5)	(101.1)	*(12.4)*
Free cash flow before interest and taxes	**523.6**	**520.2**	***3.4***	**562.6**	**559.7**	***2.9***
Interest	(31.1)	(39.4)	*8.2*	(141.0)	(152.6)	*11.7*
Taxes	(12.0)	(15.7)	*3.7*	(108.4)	(83.7)	*(24.7)*
Free cash flow after interest and taxes	**480.4**	**465.1**	***15.3***	**313.3**	**323.4**	***(10.1)***

WCR as a % of sales (3) at:	**December 31, 2015**	**December 31, 2014**
Reported basis	9.8%	10.3%
Constant basis	9.7%	10.3%

(1) Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014 for €51.9 million

(2) Net of disposals.

(3) Working capital requirements, end of period, divided by last 12-month sales.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €410.1 million in 2015 compared to €373.2 million in 2014.

Rexel's net cash flow from operating activities of continuing operations was an inflow of €426.8 million in 2015 compared to €372.8 million in 2014.

Operating cash flow - continuing operations

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €647.6 million in 2014 to €572.3 million in 2015. This mainly resulted from the decrease in EBITDA from €725.4 million in 2014 to €663.7 million in 2015, due to operating expenses which increased in volume more than gross profit in 2015 as compared to 2014.

Interest and taxes - continuing operations

In 2015, net interest paid decreased from €152.6 million in 2014 to €141.0 million. This decrease mainly results from decreasing interests paid following refinancing operations of the senior notes in the first semester of 2015.

In 2015, income tax paid increased from €83.7 million in 2014 to €108.4 million. This increase is firstly due to the refund of excess tax installments paid end of 2013 in respect of French corporate income tax and received in 2014 and secondly due to the down payment in 2015 of a tax reassessment in Finland although the Group brought a claim to dispute this reassessment.

Change in working capital requirements - continuing operations

In 2015, change in working capital requirements accounted for an inflow of €103.8 million as compared to €13.2 million in 2014, adjusted for supplier payments of €51.9 million that were related to end of December 2013. This improvement is mainly attributable to change in trade receivables which was an inflow of €81.0 million in 2015 as compared to an outflow of €43.7 million in 2014.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 9.7% of sales as of December 31, 2015 as compared to 10.3% as of December 31, 2014. This 60 basis-point improvement on working capital requirements, as compared to December 31, 2014 is primarily associated with payables outstanding which increased by 2 days as of December 31, 2015 as compared to December 31, 2014 and to a lesser extent to the improvement by one day of the sales outstanding.

2.1.2 | Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €131.8 million outflow in 2015, as compared to an outflow of €133.3 million in 2014.

(in millions of euros)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Period ended December 31, 2015	Period ended December 31, 2014
Acquisitions of operating fixed assets	*(45.5)*	*(37.4)*	*(119.5)*	*(104.0)*
Proceed from disposal of operating fixed assets	*2.0*	*0.8*	*4.7*	*4.6*
Net change in debts and receivables on fixed assets	*7.2*	*6.0*	*1.3*	*(1.6)*
Net cash flow from operating investing activities - continuing operations	(36.3)	(30.6)	(113.5)	(101.1)
Net cash flow from operating investing activities - discontinued operations	-	(0.3)	(1.8)	(1.7)
Net cash flow from operating investing activities	**(36.3)**	**(30.9)**	**(115.3)**	**(102.8)**
Acquisition of subsidiaries, net of cash acquired	*(0.5)*	*(8.4)*	*(28.2)*	*(36.7)*
Proceeds from disposal of subsidiaries, net of cash disposed of	*0.0*	*-*	*11.6*	*-*
Net cash flow from financial investing activities	**(0.5)**	**(8.4)**	**(16.6)**	**(36.7)**
Net change in long-term investments	**(3.2)**	**(2.9)**	**-**	**6.1**
Net cash flow from investing activities	**(39.9)**	**(42.1)**	**(131.8)**	**(133.3)**

Acquisitions and disposals of operating fixed assets - continuing operations

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €113.5 million in 2015, as compared to €101.1 million in 2014.

In 2015, gross capital expenditures amounted to €119.5 million (€104.0 million in 2014), i.e. 0.8% of sales for the period. This increase is mainly attributable to France, Germany and the United-States in connection with logistic projects. Disposals of fixed assets amounted to €4.7 million (€4.6 million in 2014). Net changes in the related payables and receivables amounted to €1.3 million, accounting for a decrease in net capital expenditures for the period (an increase in net capital expenditures for €1.6 million in 2014).

Financial investments

Financial investments resulted in a net outflow of €16.6 million in 2015 as compared to €36.7 million in 2014, consisting mainly in acquisition of subsidiaries, net of proceeds from disposal of subsidiaries.

In 2015, they were mainly comprised of €28.2 million acquisition of subsidiaries with the acquisition price of Electro-Industrie en Acoustiek in Belgium, Al Mousa for Industrial Projects Co Ltd in Saoudi Arabia, 60% controlling interests in Shanghai Maxqueen Industry Development Co. Ltd and 60% controlling interests in Zhonghao (Shangai) Technology Co. Ltd in China. In addition, financial investments include €11.6 million of proceeds net of cash disposed of from the sale of Latin America subsidiaries to Sonepar.

In 2014, they were mainly comprised of the acquisition price of Esabora Digital Services in France, Elevite AG in Switzerland, 4 Knights International in Thailand, 55% controlling interest in Ouneng Tongxing Technology Co. Ltd. in China.

2.1.3 | Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In 2015, cash flow from financing activities reflected a net debt repayment of €611.4 million, resulting mainly from the:

- redemption of the 7.00% senior notes due 2018 on March, 16 2015 for €522.6 million including a redemption premium of €25.4 million;
- redemption of the 6.125% senior notes due 2019 on June 22, 2015 for €468.6 million including a redemption premium of €25.5 million;
- dividend distribution in cash of €91.3 million;
- decrease of €86.1 million in assigned receivables with respect to securitization programs;
- acquisition of non-controlling interests for €10.7 million;

partially compensated by the:

- €500 million issuance of senior notes due 2022 with coupons of 3.25% for an amount net of transaction costs of €489.7 million;
- Increase in other borrowings amounting to €75.5 million.

In 2014, cash flow from financing activities reflected a net outflow of €60.9 million, mainly resulting from the :

- dividend distribution in cash of €65.6 million,
- purchase of treasury shares for €26.4 million,
- acquisition of non-controlling interests for €12.5 million;

partially offset by the :

- settlement of interest rate swaps qualified as fair value hedge for €36.4 million, and
- increase of €19.3 million in assigned receivables with respect to securitization programs.

2.2 | Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At December 31, 2015, Rexel's consolidated net debt amounted to €2,198.7 million, consisting of the following items:

(in millions of euros)	December 31, 2015 Current	December 31, 2015 Non-current	December 31, 2015 Total	December 31, 2014 Current	December 31, 2014 Non-current	December 31, 2014 Total
Senior notes	-	1,637.1	1,637.1	-	1,992.2	1,992.2
Securitization	378.7	710.8	1,089.4	128.2	1,013.9	1,142.1
Bank loans	57.2	1.5	58.7	65.0	4.4	69.3
Commercial paper	134.6	-	134.6	85.9	-	85.9
Bank overdrafts and other credit facilities	88.4	-	88.4	81.7	-	81.7
Finance lease obligations	8.0	19.5	27.6	8.8	18.4	27.2
Accrued interest [1]	8.1	-	8.1	9.7	-	9.7
Less transaction costs	(6.5)	(26.9)	(33.3)	(8.0)	(32.9)	(40.9)
Total financial debt and accrued interest	**668.5**	**2,342.1**	**3,010.6**	**371.2**	**2,995.9**	**3,367.1**
Cash and cash equivalents			(804.8)			(1,159.8)
Accrued interest receivables			(0.7)			(0.7)
Debt hedge derivative			(6.4)			6.5
Net financial debt			**2,198.7**			**2,213.1**

[1] of which accrued interest on Senior Notes for €3.3 million at December 31, 2015 (€4.9 million at December 31, 2014)

At December 31, 2015, the Group's liquidity amounted to €1,645.5 million (€2,052.2 million at December 31, 2014).

(in millions of euros)	December 31, 2015	December 31, 2014
Cash and cash equivalents	804.8	1,159.8
Bank overdrafts	(88.4)	(81.7)
Commercial paper	(134.6)	(85.9)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	81.7	77.9
Liquidity	**1,645.5**	**2,052.2**

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 2.99x as of December 31, 2015 (as compared to 2.74x as of December 31, 2014).

II. Consolidated financial statements

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Consolidated Income Statement

(in millions of euros)	***Note***	For the year ended December 31, **2015**	**2014** [(1)]
Sales	***5***	13,537.6	12,824.3
Cost of goods sold		(10,315.1)	(9,705.8)
Gross profit		**3,222.6**	**3,118.5**
Distribution and administrative expenses	***6***	(2,666.6)	(2,487.4)
Operating income before other income and expenses		**555.9**	**631.1**
Other income	***8***	5.1	11.6
Other expenses	***8***	(181.7)	(116.6)
Operating income		**379.4**	**526.2**
Financial income		1.8	4.5
Interest expense on borrowings		(122.9)	(164.8)
Non-recurring redemption costs	***22.1.2***	(52.5)	-
Other financial expenses		(36.4)	(24.1)
Net financial expenses	***9***	***(210.0)***	***(184.4)***
Net income before income tax		**169.4**	**341.8**
Income tax	***10***	(84.4)	(100.9)
Net income from continuing operations		**85.0**	**240.8**
Net loss from discontinued operations	***11***	(69.3)	(40.8)
Net income / (loss)		**15.7**	**200.0**
Portion attributable:			
to the equity holders of the parent		*16.9*	*199.7*
to non-controlling interests		*(1.2)*	*0.3*
Earnings per share:			
Basic earnings per share (in euros)	***19***	*0.06*	*0.69*
Fully diluted earnings per share (in euros)	***19***	*0.06*	*0.69*
Earnings per share from continuing operations:			
Basic earnings per share from continuing operations (in euros)		*0.29*	*0.84*
Fully diluted earnings per share from continuing operations (in euros)		*0.29*	*0.83*

[(1)] Restated for Latin America reporting segment presented as discontinued operations (see note 11)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in millions of euros)	For the year ended December 31, 2015	2014
Net income	**15.7**	**200.0**
Items to be reclassified to profit and loss in subsequent periods		
Net gain / (loss) on net investment hedges	(113.3)	(98.9)
Income tax	39.0	34.0
	(74.3)	(64.8)
Foreign currency translation adjustment	187.4	195.7
Income tax	(32.2)	(29.5)
	155.2	166.1
Net gain / (loss) on cash flow hedges	(0.3)	-
Income tax	0.1	-
	(0.2)	-
Items not to be reclassified to profit and loss in subsequent periods		
Remeasurements of net defined benefit liability	(7.4)	(95.4)
Income tax	1.7	7.0
	(5.7)	(88.3)
Other comprehensive income / (loss) for the period, net of tax	**75.0**	**13.0**
of which other comprehensive income / (loss) from discontinued operations	*27.9*	*2.2*
Total comprehensive income / (loss) for the period, net of tax	**90.7**	**212.9**
Portion attributable:		
to the equity holders of the parent	*91.5*	*211.9*
to non-controlling interests	*(0.8)*	*1.0*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

(in millions of euros)	***Note***	**As of December 31, 2015**	**2014**
Assets			
Goodwill	***12.1***	4,266.6	4,243.9
Intangible assets	***12.1***	1,108.0	1,084.0
Property, plant and equipment	***12.2***	288.7	287.1
Long-term investments	***12.3***	33.8	24.8
Deferred tax assets	***10.2***	159.0	175.2
Total non-current assets		**5,856.2**	**5,815.0**
Inventories	***13.1***	1,535.0	1,487.2
Trade accounts receivable	***13.2***	2,129.4	2,206.0
Current tax assets		47.6	9.7
Other accounts receivable	***13.3***	495.3	499.0
Assets held for sale	***14***	53.8	3.7
Cash and cash equivalents	***15***	804.8	1,159.8
Total current assets		**5,065.8**	**5,365.4**
Total assets		**10,922.1**	**11,180.4**
Equity			
Share capital	***17***	1,509.4	1,460.0
Share premium	***17***	1,680.5	1,599.8
Reserves and retained earnings		1,154.1	1,275.9
Total equity attributable to equity holders of the parent		**4,343.9**	**4,335.7**
Non-controlling interests		9.0	7.7
Total equity		**4,352.9**	**4,343.4**
Liabilities			
Interest bearing debt (non-current part)	***22***	2,342.1	2,995.9
Net employee defined benefit liabilities	***21.2***	343.4	344.2
Deferred tax liabilities	***10.2***	211.2	196.9
Provision and other non-current liabilities	***20***	72.3	93.7
Total non-current liabilities		**2,968.9**	**3,630.7**
Interest bearing debt (current part)	***22***	660.4	361.5
Accrued interest	***22***	8.1	9.7
Trade accounts payable		2,138.3	2,126.8
Income tax payable		29.8	42.1
Other current liabilities	***24***	712.9	666.2
Liabilities related to assets held for sale	***14***	50.7	-
Total current liabilities		**3,600.2**	**3,206.3**
Total liabilities		**6,569.1**	**6,837.0**
Total equity and liabilities		**10,922.1**	**11,180.4**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(in millions of euros)	***Note***	For the year ended December 31, 2015	2014
Cash flows from operating activities			
Operating income		315.2	495.8
Depreciation, amortization and impairment of assets	***6-8-11***	250.0	145.9
Employee benefits		(27.2)	(21.2)
Change in other provisions		(10.1)	17.6
Other non-cash operating items		36.9	9.4
Interest paid		(144.6)	(155.9)
Income tax paid		(108.0)	(84.3)
Operating cash flows before change in working capital requirements		***312.2***	***407.3***
Change in inventories		(34.6)	(19.7)
Change in trade receivables		77.8	(42.0)
Change in trade payables		49.9	29.4
Change in other working capital items		4.8	(1.8)
Change in working capital requirements		***97.9***	***(34.1)***
Net cash from operating activities		**410.1**	**373.2**
Of which operating flows provided / (used) by discontinued operations		*(16.7)*	*0.4*
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(120.2)	(107.5)
Proceeds from disposal of tangible and intangible assets		5.0	4.8
Acquisitions of subsidiaries, net of cash acquired	***4.3***	(28.2)	(36.7)
Proceeds from disposal of subsidiaries, net of cash disposed of	***11***	11.6	-
Change in long-term investments		-	6.1
Net cash from investing activities		**(131.8)**	**(133.3)**
Of which investing flows provided / (used) by discontinued operations		*(6.9)*	*(0.5)*
Cash flows from financing activities			
Issuance of capital	**17.1**	(0.3)	0.3
Contribution received from non-controlling interests		2.7	-
Disposal / (Purchase) of treasury shares		(0.6)	(26.4)
Acquisition of non-controlling interests	***4.4***	(10.7)	(12.5)
Issuance of senior notes net of transaction costs	***22.2***	489.7	-
Repayment of senior notes	***22.2***	(991.2)	-
Settlement of interest rate swaps qualified as fair value hedge	***23.1***	-	36.4
Net change in credit facilities, commercial papers, other financial borrowings and transaction costs	***22.2***	75.5	(7.4)
Net change in securitization	***22.2***	(86.1)	19.3
Net change in finance lease liabilities	***22.2***	1.1	(5.1)
Dividends paid		(91.3)	(65.6)
Net cash from financing activities		**(611.4)**	**(60.9)**
Of which financing flows provided / (used) by discontinued operations		*11.3*	*5.1*
Net (decrease) / increase in cash and cash equivalents		**(333.0)**	**178.9**
Cash and cash equivalents at the beginning of the period		1,159.8	957.8
Effect of exchange rate changes on cash and cash equivalents		(19.1)	23.1
Cash and cash equivalent reclassified to assets held for sale		(2.9)	-
Cash and cash equivalents at the end of the period		**804.8**	**1,159.8**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(in millions of euros)	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	Total attributable to the equity holders of the parent	Non-controlling interests	TOTAL EQUITY
For the year ended December 31, 2014										
As of January 1, 2014		**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(65.1)**	**4,217.0**	**10.1**	**4,227.1**
Net income		-	-	199.7	-	-	-	**199.7**	0.3	200.0
Other comprehensive income		-	-	-	100.6	-	(88.3)	**12.3**	0.7	13.0
Total comprehensive income for the period		**-**	**-**	**199.7**	**100.6**	**-**	**(88.3)**	**211.9**	**1.0**	**212.9**
Cash dividends	***17.3***	-	-	(65.6)	-	-	-	**(65.6)**	-	(65.6)
Share capital increase		50.8	103.1	(153.5)	-	-	-	**0.4**	-	0.4
Share capital decrease		(7.5)	(14.1)	21.6	-	-	-	**-**	-	-
Share-based payments		-	-	12.3	-	-	-	**12.3**	-	12.3
Acquisition of non-controlling interests		-	-	(14.8)	0.3	-	-	**(14.5)**	(4.1)	(18.6)
Acquisition of subsidiaries		-	-	-	-	-	-	**-**	0.7	0.7
Disposal / (Purchase) of treasury shares		-	-	(25.8)	-	-	-	**(25.8)**	-	(25.8)
As of December 31, 2014		**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**
For the year ended December 31, 2015										
As of January 1, 2015		**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**
Net income		-	-	16.9	-	-	-	**16.9**	(1.2)	15.7
Other comprehensive income		-	-	-	80.5	(0.2)	(5.7)	**74.6**	0.4	75.0
Total comprehensive income for the period		**-**	**-**	**16.9**	**80.5**	**(0.2)**	**(5.7)**	**91.5**	**(0.8)**	**90.7**
Cash dividends	***17.3***	-	-	(91.2)	-	-	-	**(91.2)**	(0.1)	(91.3)
Share capital increase		49.4	80.7	(130.3)	-	-	-	**(0.2)**	2.7	2.5
Share-based payments		-	-	10.1	-	-	-	**10.1**	-	10.1
Acquisition of non-controlling interests		-	-	(2.3)	0.6	-	-	**(1.7)**	(2.4)	(4.1)
Acquisition of subsidiaries		-	-	-	-	-	-	**-**	1.9	1.9
Disposal / (Purchase) of treasury shares		-	-	(0.3)	-	-	-	**(0.3)**	-	(0.3)
As of December 31, 2015		**1,509.4**	**1,680.5**	**1,154.4**	**160.6**	**(1.9)**	**(159.1)**	**4,343.9**	**9.0**	**4,352.9**

The accompanying notes are an integral part of these consolidated financial statements.

Accompanying Notes

1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

These consolidated financial statements cover the period from January 1 to December 31, 2015 and were authorized for issue by the Board of Directors on February 10, 2016.

2. | SIGNIFICANT EVENTS OF THE YEAR ENDED DECEMBER 31, 2015

In accordance with its disposal program, the Group divested from its operations in Latin America (Brazil, Chile and Peru) effective in the third quarter of 2015. Therefore, results of Latin America operating segment are reported as discontinued operations in the income statement for all periods representing a net loss of €69.3 million in 2015 (€40.8 million in 2014) (see note 11).

In 2015, the Group decided to dispose of its operations in Poland, Slovakia and Baltics and entered into selling agreements with the Würth group that have been executed on January 19, 2016. As of December 31, 2015, assets and liabilities related to these operations have been reclassified as assets and liabilities held for sale and a €27.1 million impairment charge was recognized (see note 14).

In 2015, Rexel entered into several refinancing transactions, including the redemption of its 7% €488.8 million senior notes due 2018 and the refinancing of its 6.125% $500 million senior notes due 2019 through the issuance of a 3.25% €500 million senior notes due 2022 (see note 22).

3. | SIGNIFICANT ACCOUNTING POLICIES

3.1 | Statement of compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force at December 31, 2015.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

3.2 | Basis of preparation

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding effect.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 3.5 and 4) ;
- Impairment of intangible assets and goodwill (notes 3.5, and 12.1) ;
- Employee benefits (notes 3.11 and 21) ;
- Provisions and contingent liabilities (notes 3.13, 20, and 27) ;
- Recognition of deferred tax assets (notes 3.17 and 10) ;
- Measurement of share-based payments (notes 3.12 and 18).

3.2.1 | Changes in accounting policies - amended standards

Effective on January 1, 2015, improvements cycle 2011-2013 that was issued in December 2013 applied to the Group. This cycle includes minor changes to several standards that are applicable. These changes had no material effect on the Group's financial statements.

3.2.2 | New accounting standards and interpretations endorsed by the European Union with effect in future periods

- Amendment to IAS 19 "Defined Benefits Plans: Employee Contributions": the narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment is applicable for annual statements beginning on or after February 1, 2015.
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards. These changes are applicable for annual statements beginning on or after February 1, 2015.
- Improvements to IFRSs 2012-2014 cycle include a series of minor amendments to IFRS 5 "Non-Current Assets held for sale and Discontinued Operations", IFRS 7 "Financial Instruments Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting". These changes are applicable for annual statements beginning on or after January 1, 2016.
- IAS 1 "Disclosure initiative" amendment addresses professional judgment to apply in determining what information to disclose in the financial statements. For example, the amendment makes clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendment clarifies that professional judgment should be used in determining where and in what order information is presented in the financial disclosures. This amendment is applicable for annual statements beginning on or after January 1, 2016.

These improvements and amendment are not expected to have any material impact on the Group's financial statements.

3.2.3 | Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 Financial Instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect as of January 1, 2018 with early application permitted.

- IFRS 15 “Revenue from Contracts with Customers”: the new standard supersedes IAS 11 “Construction contracts” and IAS 18 “Revenues” on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will come into effect as of January 1, 2018 with early application permitted.
- On January 13, 2016, the IASB issued a new accounting standard called IFRS 16 “ Leases” which represents a major revision to account for leases. The standard provides a single lessee accounting model requiring to recognize assets and liabilities for all leases unless the term is twelve months or less, or the underlying asset has a low value. IFRS 16 applies to reporting period beginning on or after January 1, 2019.

3.3 | Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2015. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated when preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests for their share even if that results in a deficit balance.

3.4 | Foreign Currency Translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group’s financial statements are the euro.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net Investment in Foreign Operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

3.5 | Intangible Assets

Goodwill

The cost of an acquisition is measured at acquisition date. Any contingent considerations are recognized at their fair value estimated as of the acquisition date. Subsequent changes in the fair value of contingent considerations are recognized in the income statement. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs).

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

A goodwill impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses in respect of goodwill may not be reversed.

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses.

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 3 to 10 years.

3.6 | Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Leased Assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

- Commercial and office buildings 20 to 35 years ;
- Building improvements and operating equipment 5 to 10 years ;
- Transportation equipment 3 to 8 years ;
- Computers and hardware 3 to 5 years.

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

3.7 | Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

3.8 | Financial assets

3.8.1 | Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in other comprehensive income and transferred to profit or loss when the asset is sold or permanently impaired.

3.8.2 | Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

3.8.3 | Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 3.10) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

3.8.4 | Derivative financial instruments

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 3.8.5). They are classified as assets or liabilities depending on their fair value.

Fair value measurement

Level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 13.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. The assumptions used are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 13.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 16) and the summary of financial liabilities (note 24).

3.8.5 | Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash-flow hedge reserve as other comprehensive income.

When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognized).

For cash flow hedges, other than those described in the previous paragraph, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of Net Investment in Foreign Operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

3.8.6 Trade accounts payable

Trade accounts payable include exclusively payables due to suppliers of goods held for resale. Invoices payable to general and administrative suppliers are presented in other current liabilities.

3.8.7 | Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

3.9 | Share capital

Repurchase of equity instruments

When the company purchases its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognized as a reduction in equity.

Dividends

Dividends paid in cash are recognized as a liability in the period in which the distribution has been approved by the shareholders.

3.10 | Interests-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost

Effective interest rate

The effective interest rate is the rate that discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

3.11 | Employee benefits

3.11.1 |Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2 |Post-employment and other long-term benefits

Post-employment and other long-term benefits include:

- Post-employment benefits including pensions, retirement supplements and medical benefits after retirement ;
- Other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- Defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- Defined benefit plans when the employer guarantees a future level of benefits.

Post-employment benefits

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognized in the income statement as part of the distribution and administrative expenses.

3.12 | Share-based payments

Bonus share programs, qualified as equity-settled, allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

3.13 | Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring expenses are presented in “Other expenses” (see note 3.15). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice period not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

3.14 | Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the Group’s warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

3.15 | Other income and other expenses

Operating income and expenses include, irrespective of their amount, gains and losses on asset disposals, asset impairment and write-offs, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition related costs from business combinations and gains or losses on earn out as well as other significant items such as disputes. These items are presented separately in the income statement in order to allow the Chief Executive Officer and the Deputy Chief Executive Officer acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurring performance of the operating segments.

3.16 | Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 3.8.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

3.17 | Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized respectively in other comprehensive income or in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Information as to the calculation of income tax on the profit for the periods presented is included in note 10.

3.18 | Segment reporting

In accordance with IFRS 8 “Operating segments”, operating segments are based on the Group's management reporting structure. The information is shown by geographic zone consistently with Group’s internal organization.

Based on this structure, the reportable segments are:

- Europe;
- North America;
- The Asia-Pacific area.

Latin America reporting segment is no longer presented following the divestment of Latin America operations on September 15, 2015 and is disclosed as discontinued operations (see note 11).

The Group’s financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

3.19 | Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and free shares granted to employees.

4. | BUSINESS COMBINATIONS

4.1 | 2015 Acquisitions

In 2015, the Group made the following acquisitions:

- A 60% controlling interest in Shanghai Maxqueen Industry Development Co. Ltd On February 26, 2015, a company based in China;
- Electro-Industrie en Acoustiek NV on June 1, 2015, based in Belgium;
- The assets and business of Al Mousa for Industrial Projects Co Ltd on July 15, 2015, a company based in Saudi Arabia;
- A 60% controlling interest in Zhonghao (Shanghai) Technology Co. Ltd, a company based in China, on September 1, 2015.

These entities are non-material relative to the Group’s total assets, sales and operating income.

4.2 | 2014 Acquisitions

In 2014, the Group completed the following acquisitions:

- Esabora Digital Services on January 7, 2014, based in France. This company is specialized in editing advanced software tools for electrical contractors and installers;
- AMP Ingenieros SAS on March 28, 2014, a Peruvian distributor of international branded electrical supplies;
- Elevite AG on July 29, 2014, a Swiss based lighting solutions distributor;
- Astrotek Ireland Limited on July 31, 2014, a specialist lighting company;
- 4 Knights International on October 29, 2014, a leader in the downstream Oil & Gas onshore activities based in Thailand;
- A 55% controlling interest in Beijing Ouneng Tongxing Technology Co. Ltd on November 27, 2014, an automation distributor based in China.

These entities were non-material relative to the Group's total assets, sales and operating income.

4.3 | Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets and liabilities, for the entities acquired in 2015.

Net assets acquired and consideration transferred of acquisitions consolidated for the year ended December 31, 2015

(in millions of euros)	
Tangible assets and software	1.0
Other non current assets	0.2
Current assets	24.8
Net financial debt	(7.1)
Other non current liabilities	(1.9)
Current liabilities	(10.0)
Net asset acquired (except goodwill)	**7.0**
Goodwill acquired	17.2
Consideration transferred	**24.2**
Cash acquired	(1.8)
Deferred payments on year acquisitions	(3.0)
Net cash paid for 2015 acquisitions	**19.4**
Payments related to prior year acquisitions	8.7
Net cash paid for acquisitions	**28.2**

4.4 | Acquisition of non-controlling interests

In 2015, the Group exercised its purchase option to acquire a 35% equity interest of Rexel-Hualian Electric Equipment Commercial Co., Ltd, a company based in China, for a consideration of €4.1 million. As a result of this transaction, the Group holds 100% interests in this company.

In 2014, the Group acquired non-controlling interests in Huazhang Electric Automation and in Beijing Zhongheng Hengxing Automation Equipment Co., Ltd, both entities being located in China, for a consideration of respectively €12.1 million and €6.1 million (the latter being paid in January 2015). As a result of these transactions, the Group holds 100% ownership interest in these two subsidiaries.

5. | SEGMENT REPORTING

The reportable operational segments are Europe, North America and Asia-Pacific. Latin America reporting segment is no longer presented following the divestment of Latin America operations on September 15, 2015 and is disclosed as discontinued operations (see note 11).

Information by geographic segment for the year ended December 31, 2015 and 2014

2015 *(in millions of euros)*	Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the year ended December 31,						
Sales to external customers	7,289.3	4,898.1	1,349.7	**13,537.1**	0.5	**13,537.6**
EBITA [(1)]	415.0	188.3	10.4	**613.7**	(40.8)	**573.0**
Goodwill impairment.............................	(43.8)	-	(50.5)	**(94.3)**	-	**(94.3)**
As of December 31,						
Working capital..................................	572.1	588.1	175.1	**1,335.3**	(21.5)	**1,313.8**
Goodwill	2,543.7	1,465.4	257.6	**4,266.6**	-	**4,266.6**

2014 *(in millions of euros)*	Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the year ended December 31, [(2)]						
Sales to external customers	7,145.2	4,477.9	1,200.9	**12,824.0**	0.3	**12,824.3**
EBITA [(1)]	452.9	204.0	35.8	**692.7**	(46.0)	**646.7**
Goodwill impairment................................	(18.3)	-	(2.4)	**(20.7)**	-	**(20.7)**
As of December 31, [(3)]						
Working capital....................................	598.1	558.9	185.7	**1,342.7**	56.5	**1,399.3**
Goodwill [(4)]	2,548.3	1,394.2	290.5	**4,232.9**	11.0	**4,243.9**

[(1)] EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
[(2)] Restated for Latin America reporting segment presented as discontinued operations (see note 11)
[(3)] Latin America working capital and goodwill are included under the caption “Corporate Holdings and other reconciling items”.
[(4)] In 2015, following the change in marketing servicing policy within the group, Rexel reallocated existing goodwill to the related CGUs. The table shows goodwill for the main CGUs after reallocation taking effect as of December 31, 2014.

The reconciliation of EBITA with the Group’s consolidated income before income taxes is presented in the following table:

(in millions of euros)	**For the year ended December 31,** **2015**	**2014 [(1)]**
EBITA - Total continuing operations..	**573.0**	**646.7**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(17.0)	(15.5)
Other income and other expenses..	(176.5)	(105.0)
Net financial expenses..	(210.0)	(184.4)
Net income before tax from continuing operations......................................	**169.4**	**341.8**

[(1)] Restated for Latin America reporting segment presented as discontinued operations (see note 11)

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

(in millions of euros)	As of December 31,	
	2015	**2014**
Working capital	1,313.8	1,399.3
Goodwill	4,266.6	4,243.9
Total allocated assets & liabilities	**5,580.4**	**5,643.2**
Liabilities included in allocated working capital	2,842.7	2,792.2
Accrued interest receivable	0.7	0.7
Other non-current assets	1,430.5	1,395.9
Deferred tax assets	159.0	175.2
Current tax assets	47.6	9.7
Assets classified as held for sale	53.8	3.7
Derivatives	2.4	-
Cash and cash equivalents	804.8	1,159.8
Group consolidated total assets	**10,922.1**	**11,180.4**

6. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31,	
	2015	**2014** (1)
Personnel costs (salaries & benefits)	1,612.7	1,500.7
Building and occupancy costs	272.3	261.8
Other external costs	638.6	601.5
Depreciation expense	90.7	78.7
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	17.0	15.5
Bad debt expense	35.3	29.2
Total distribution and administrative expenses	**2,666.6**	**2,487.4**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

7. | SALARIES & BENEFITS

(in millions of euros)	**For the year ended December 31,**	
	2015	**2014** (1)
Salaries and social security charges	1,543.9	1,432.0
Share-based payments	10.5	14.4
Pension and other post-retirement benefits-defined benefit plans	6.1	7.9
Other employee expenses	52.2	46.4
Total employee expenses	**1,612.7**	**1,500.7**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

8. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the year ended December 31, 2015	2014 [(1)]
Gains on disposal of tangible assets		0.5	2.1
Write-back asset impairment		0.2	0.2
Release of unused provisions		4.1	2.3
Gains on earn-out		0.1	6.4
Other operating income		0.2	0.5
Total other income		**5.1**	**11.6**
Restructuring costs	(2)	(58.7)	(57.0)
Losses on non-current assets disposed of		(1.8)	(3.3)
Impairment of goodwill and asset write-offs	(3)	(85.7)	(33.5)
Impairment of assets held for sale in Poland, Slovakia & Baltics	(4)	(27.1)	-
Shutdown of operations in Czech Republic		-	(9.4)
Acquisition related costs		(2.5)	(8.0)
Other operating expenses		(5.9)	(5.4)
Total other expenses		**(181.7)**	**(116.6)**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

(2) Restructuring costs were mainly related to network optimization and logistics rationalization in Europe (mainly in Germany, the United Kingdom and Spain) and branch and banner reorganizations in North America.

(3) In 2015, goodwill impairment was recognized for €84.4 million, of which €50.5 million attributable to Australia and €33.9 million to The Netherlands. In 2014, goodwill impairment was recognized for €20.7 million, of which €12.0 million related to The Netherlands, €3.4 million to Slovakia, €2.7 million to Luxembourg and €2.4 million to India (see note 12.1).

(4) Impairment of assets held for sale related to Poland, Slovakia and Baltics operations to be disposed of in 2016 in accordance with sale agreements entered into with the Würth group. The group of assets held for sale was subject to an impairment loss of €27.1 million to bring down its net carrying value to the fair value less cost to sale (see note 14).

9. | NET FINANCIAL EXPENSES

(in millions of euros)	For the year ended December 31, 2015	2014 [1]
Interest income on cash and cash equivalents	0.4	2.7
Interest income on receivables and loans	1.4	1.8
Financial income	**1.8**	**4.5**
Interest expense on financial debt (stated at amortized cost)	(132.0)	(167.3)
Interest gain / (expense) on interest rate derivatives	5.8	10.7
Gains and losses on derivative instruments previously deferred in other comprehensive income and reclassified in the income statement	(0.0)	0.1
Change in fair value of interest rate derivatives through profit and loss	3.3	(8.4)
Interest expense on borrowings	**(122.9)**	**(164.8)**
Non-recurring redemption costs [2]	**(52.5)**	**-**
Foreign exchange gain (loss)	*(4.8)*	*(3.3)*
Change in fair value of exchange rate derivatives through profit and loss	*(0.7)*	*0.3*
Net foreign exchange gain (loss)	(5.4)	(3.0)
Net financial expense on employee benefit obligations	(12.0)	(10.4)
Others	(19.0)	(10.7)
Other financial expenses	**(36.4)**	**(24.1)**
Net financial expenses	**(210.0)**	**(184.4)**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

(2) Non-recurring costs related to the early repayment of the senior notes due 2018 and 2019 (see note 22.1.2)

10. | INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

10.1 |Income tax expense

(in millions of euros)	For the year ended December 31, 2015	2014 [1]
Current tax	(55.8)	(97.7)
Deferred tax	(23.2)	(5.9)
Prior year adjustments on income tax	(5.4)	2.7
Total income tax expense	**(84.4)**	**(100.9)**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

10.2 |Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	2015	2014 [1]
Net deferred tax at the beginning of the year	**(21.7)**	**(10.5)**
Deferred tax income (expense)	(26.1)	(5.9)
Other comprenhensive income [2]	8.6	11.5
Change in consolidation scope	(2.1)	(0.1)
Currency translation adjustment	(11.1)	(8.3)
Other changes	0.3	(8.4)
Net deferred tax at the end of the year	**(52.1)**	**(21.7)**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

(2) Including the tax impact of the remeasurement of net defined benefit plans liability that accounted for a gain of €1.7 million in 2015 (a gain of €7.0 million in 2014)

Analysis of deferred tax assets and liabilities by nature is as follows:

	As of December 31,	
(in millions of euros)	2015	2014
Intangible assets	(377.4)	(340.8)
Property, plant and equipment	(4.9)	(2.6)
Financial assets	24.0	22.5
Trade accounts receivable	13.1	16.6
Inventories	20.0	17.2
Employee benefits	100.9	103.8
Provisions	13.7	11.8
Financing fees	(7.0)	(6.7)
Other items	11.3	18.5
Tax losses carried forward	309.8	318.4
Deferred tax assets / (liabilities), net	**103.5**	**158.7**
Valuation allowance on deferred tax assets	(155.6)	(180.4)
Net deferred tax assets / (liabilities)	**(52.1)**	**(21.7)**
of which deferred tax assets	159.0	175.2
of which deferred tax liabilities	(211.2)	(196.9)

A valuation allowance on deferred tax assets of €155.6 million was recognized as of December 31, 2015 (€180.4 million as of December 31, 2014), as a result of the recoverability assessment of the net deferred tax assets by each tax entity. The recoverable amount excludes risks arising from notified tax reassessments that are contested by the Group and is based on the expected taxable profits over the next 5 years. As of December 31, 2015, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in the United Kingdom, Spain, France and Germany. The expiry date of such tax losses carried forward is as follows:

	As of December 31,	
(in millions of euros)	2015	2014
One year	-	7.9
Two years	0.8	5.0
Three years	1.0	2.2
Four years	1.3	3.8
Five years	0.9	9.0
Thereafter	453.8	431.4
Total tax losses carried forward (tax basis) subject to a valuation allowance	**457.8**	**459.3**

10.3 |Effective tax rate

(in millions of euros)		For the year ended December 31, 2015		2014 [1]	
Income before tax and before share of profit in associates		169.4		341.8	
French legal tax rate			*38.0%*		*38.0%*
Income tax calculated at the legal tax rate		(64.4)		(129.9)	
Differences of tax rates between french and foreign jurisdictions		19.0	*(11.2%)*	30.3	*(8.9%)*
Changes in tax rates		(3.9)	*2.3%*	0.7	*(0.2%)*
(Current year losses unrecognized), prior year losses recognized		(3.7)	*2.2%*	2.2	*(0.7%)*
(Non-deductible expenses), tax exempt revenues	(2)	(33.5)	*19.8%*	(22.4)	*6.5%*
Tax credits and other tax reductions	(3)	2.1	*(1.2%)*	18.0	*(5.3%)*
Actual income tax expense		**(84.4)**	***49.8%***	**(100.9)**	***29.5%***

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 11)

(2) In 2015, non-deductible expenses and tax exempt revenues mainly relate to the €23.7 million tax impact of non-deductible goodwill impairment. In 2014, they included a €5.5 million tax impact of non-deductible goodwill impairment as well as share based payment adverse tax effects for €7.1 million. For further information on Goodwill impairment see note 12.1.

(3) Mainly including in 2014 the release of a tax exposure reserve of €17.5 million following the favourable decision of French appeal court regarding the tax dispute on the transfer price of the shareholding in Rexel Inc. (Rexel US subsidiary)

11. | DISCONTINUED OPERATIONS

Effective on September 15, 2015, the Group sold its operations in Latin America to Sonepar for a selling price of €17.2 million ($ 18.6 million). As a result, the Group recognized a divestment loss of €60.0 million, part of the €69.3 million net loss from discontinued operations.
For the year ended December 31, 2015, proceeds received from the buyer were €16.7 million less €5.1 million of cash disposed of representing a net cash amount of €11.6 million. The outstanding balance was €0.5 million as of December 31, 2015. This operation had no significant tax impact.
The sale and purchase agreement provides for indemnification by Rexel for any damage incurred by the purchaser. The aggregate liability for indemnification shall not exceed $ 9.0 million.

The income statement of Latin America operating segment is presented below:

(in millions of euros)	For the year ended December 31, 2015	2014
Sales	169.7	256.8
Cost of goods sold	(134.4)	(200.6)
Gross profit	**35.3**	**56.3**
Distribution and administrative expenses	(37.0)	(56.7)
Operating income before other income and expenses	**(1.7)**	**(0.5)**
Other income and expenses	(62.5)	(29.8)
Operating income	**(64.2)**	**(30.3)**
Net financial expenses	(7.0)	(4.5)
Net income / (loss) before income tax	**(71.2)**	**(34.8)**
Income tax	2.0	(6.0)
Net income / (loss) from discontinued operations	**(69.3)**	**(40.8)**
Earnings per share for discontinued operations:		
Basic earnings per share (in euros)	*(0.23)*	*(0.15)*
Fully diluted earnings per share (in euros)	*(0.23)*	*(0.14)*

Distribution and administrative expenses

(in millions of euros)	2015	2014
Personnel costs (salaries & benefits)	20.6	32.0
Building and occupancy costs	4.6	6.9
Other external costs	8.7	14.1
Depreciation expense	1.3	2.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	0.4	0.6
Bad debt expense	1.4	1.2
Total distribution and administrative expenses	**37.0**	**56.7**

Other income and other expenses

	For the year ended December 31,	
(in millions of euros)	**2015**	**2014**
Gains on disposal of tangible assets	0.0	0.1
Other operating income	0.1	-
Total other income	**0.1**	**0.1**
Restructuring costs	(0.7)	(1.9)
Losses on non-current assets disposed of	(25.1)	(0.0)
Impairment of goodwill and other intangible assets	(15.8)	(27.8)
Impairment of tangible assets	(14.0)	-
Other operating expenses	(6.9)	(0.2)
Total other expenses	**(62.6)**	**(30.0)**
Other income and expenses	**(62.5)**	**(29.8)**

12. | LONG-TERM ASSETS

12.1 | Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks	Software and other intangible assets	**Total intangible assets**	**Goodwill**
Gross carrying amount as of January 1, 2014	**185.6**	**638.6**	**530.7**	**1,354.9**	**4,428.3**
Change in consolidation scope	-	-	4.7	**4.7**	**46.9**
Additions	-	-	43.1	**43.1**	**-**
Disposals	-	-	(2.6)	**(2.6)**	**-**
Currency translation adjustment	-	24.5	29.3	**53.8**	**137.2**
Other changes	-	-	(2.6)	**(2.6)**	**-**
Gross carrying amount as of December 31, 2014	**185.6**	**663.1**	**602.5**	**1,451.3**	**4,612.4**
Change in consolidation scope	-	-	(7.3)	**(7.3)**	**(29.7)**
Additions	-	-	52.6	**52.6**	**-**
Disposals	-	-	(2.1)	**(2.1)**	**-**
Currency translation adjustment	-	18.4	25.1	**43.5**	**100.1**
Other changes	-	-	(6.8)	**(6.8)**	**(26.5)**
Gross carrying amount as of December 31, 2015	**185.6**	**681.6**	**664.0**	**1,531.2**	**4,656.3**
Accumulated amortization and depreciation as of January 1, 2014	**-**	**(5.8)**	**(310.7)**	**(316.5)**	**(317.1)**
Change in consolidation scope	-	-	(0.5)	**(0.5)**	**-**
Amortization expense	-	-	(40.9)	**(40.9)**	**-**
Impairment losses	-	-	(0.1)	**(0.1)**	**(48.5)**
Release	-	-	2.1	**2.1**	**-**
Currency translation adjustment	-	-	(16.0)	**(16.0)**	**(2.9)**
Other changes	-	-	4.6	**4.6**	**-**
Accumulated amortization and depreciation as of December 31, 2014	**-**	**(5.8)**	**(361.4)**	**(367.2)**	**(368.5)**
Change in consolidation scope	-	-	7.3	**7.3**	**46.9**
Amortization expense	-	-	(50.8)	**(50.8)**	**-**
Impairment losses (1)	-	-	(6.7)	**(6.7)**	**(105.7)**
Release	-	-	1.9	**1.9**	**-**
Currency translation adjustment	-	-	(14.0)	**(14.0)**	**11.1**
Other changes	-	-	6.2	**6.2**	**26.5**
Accumulated amortization and depreciation as of December 31, 2015	**-**	**(5.8)**	**(417.4)**	**(423.2)**	**(389.7)**
Carrying amount as of January 1, 2014	**185.6**	**632.8**	**220.0**	**1,038.4**	**4,111.2**
Carrying amount as of December 31, 2014	**185.6**	**657.3**	**241.2**	**1,084.0**	**4,243.9**
Carrying amount as of December 31, 2015	**185.6**	**675.8**	**246.6**	**1,108.0**	**4,266.6**

(1) Of which impairment losses on goodwill (€50.5 million attributable to Australia, €33.9 million to The Netherlands, €11.4 million to Latin America and €9.9 million to Slovakia) and on other intangible assets (€4.4 million to Latin America, €1.3 million to Slovakia and €1.0 million to Baltics)

Strategic partnerships

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Software and other intangible assets

This caption includes mainly the net book value of software for €127.8 million in 2015 (€113.1 million in 2014) and customer relationships for €51.9 million in 2015 (€64.3 million in 2014).

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition ranging from 5 to 15 years.

Goodwill

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration. Goodwill is tested at least annually for impairment purposes.

Impairment

The Group performs impairment tests of goodwill at the country level, which represents the lowest level at which operations are monitored by management for the purpose of measuring return on investment.

(in millions of euros)		As of December 31, 2015			As of December 31, 2014		
CGU	**Geographic segment**	**Goodwill**	**Intangible assets** [1]	**Total**	**Goodwill** [2]	**Intangible assets** [1]	**Total**
France	Europe	1 010.1	169.4	1 179.5	1 010.1	169.4	1 179.5
United States	North America	1 015.6	157.4	1 173.0	910.7	141.2	1 051.9
Canada	North America	449.8	67.0	516.8	483.4	72.0	555.5
United Kingdom	Europe	235.7	69.7	305.4	222.1	65.7	287.8
Switzerland	Europe	276.7	38.9	315.6	249.3	35.0	284.3
Germany	Europe	184.4	51.7	236.1	184.4	51.7	236.1
Sweden	Europe	201.4	20.5	221.9	197.0	20.0	217.1
Norway	Europe	161.9	12.9	174.8	171.9	13.7	185.6
Australia	Asia-Pacific	122.3	26.0	148.3	173.1	26.2	199.3
Austria	Europe	88.5	13.0	101.5	88.5	13.0	101.5
Belgium	Europe	72.5	-	72.5	72.5	-	72.5
The Netherlands	Europe	18.9	17.3	36.2	52.8	17.3	70.1
Other		428.8	217.6	646.4	428.0	217.7	645.7
	Total	**4 266.6**	**861.4**	**5 128.0**	**4 243.9**	**843.0**	**5 086.9**

(1) with indefinite useful life

(2) In 2015, following the change in marketing servicing policy within the group, Rexel reallocated existing goodwill to the related CGUs. The table shows goodwill for the main CGUs after reallocation taking effect as of December 31, 2014

Value-in-use key assumptions

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan prepared in June 2015 and updated during the yearly budget process in November 2015 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A perpetual growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and equity risk premium. The weighted average cost of capital reflects the time value of money and the specific risks of the assets, not already factored in the projected cash-flow, by taking into account the capital structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetual growth rate:

- EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

- Discount rate

The following after tax discount rates were used to estimate the value-in-use of the CGUs:

	2015	2014
France	7.5%	7.7%
United States	8.0%	8.5%
Canada	8.0%	7.5%
United Kingdom	7.8%	8.4%
Switzerland	6.3%	6.7%
Germany	7.2%	7.9%
Sweden	7.3%	7.8%
Norway	7.9%	8.2%
Australia	9.5%	10.0%
Austria	7.7%	7.4%
The Netherlands	7.7%	7.2%
Belgium	7.5%	7.6%
Other	5.6% to 14.7%	6.6% to 15.7%

- Perpetual growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation. The perpetual growth rate used to measure the terminal value was 2% except for Australia: 2.5% (in line with 2014).

Impairment loss

As a result of impairment testing, a loss of €84.4 million was recognized in 2015 and allocated to goodwill: in Australia for €50.5 million mainly due to deteriorated market conditions related to the steady decline in demand of electrical supplies from the mining industry; and in The Netherlands for €33.9 million as recovery takes longer time than expected initially.

In 2014, the Group recognized a goodwill impairment expense of €20.7 million, of which €12.0 million attributable to The Netherlands, €3.4 million to Slovakia, €2.7 million to Luxembourg and €2.4 million to India (see note 8).

Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and perpetual growth rate on the impairment expense:

	Goodwill & intangible assets with an indefinite useful life	**Discount rate**	**Perpetual growth rate**	**EBITA margin *(-50 bps)***	**Discount rate *(+50 bps)***	**Perpetual growth rate *(-50 bps)***
France	1,179.5	7.5%	2.0%	-	-	-
United States	1,173.0	8.0%	2.0%	-	-	-
Canada	516.8	8.0%	2.0%	-	-	-
United Kingdom	305.4	7.8%	2.0%	-	-	-
Switzerland	315.6	6.3%	2.0%	-	-	-
Germany	236.1	7.2%	2.0%	-	-	-
Sweden	221.9	7.3%	2.0%	-	-	-
Norway	174.8	7.9%	2.0%	-	-	-
Australia	148.3	9.5%	2.5%	(17.4)	(15.7)	(9.8)
Austria	101.5	7.7%	2.0%	-	-	-
The Netherland	36.2	7.7%	2.0%	(13.9)	(6.5)	(3.8)
Belgium	72.5	7.5%	2.0%	-	-	-
Other	646.4	5.6% to 14.7%	5.2% to 2.0%	(10.9)	(0.5)	(0.2)
Total	**5,128.0**			**(42.2)**	**(22.7)**	**(13.8)**

12.2 | Property, plant & equipment

(in millions of euros)	Land & Buildings	Plant & Equipment	Other tangible assets	**Total property, plant and equipment**
Gross carrying amount as of January 1, 2014	**257.5**	**639.9**	**28.8**	**926.2**
Change in consolidation scope	1.3	2.5	0.3	**4.0**
Additions	6.5	45.8	10.5	**62.7**
Disposals	(8.0)	(41.2)	(0.7)	**(49.9)**
Currency translation adjustment	7.1	16.4	0.6	**24.0**
Other changes	0.2	(0.3)	(2.6)	**(2.7)**
Gross carrying amount as of December 31, 2014	**264.5**	**663.0**	**36.8**	**964.4**
Change in consolidation scope	-	(10.6)	0.1	**(10.5)**
Additions	9.6	53.9	5.4	**68.9**
Disposals	(3.8)	(37.2)	(2.1)	**(43.2)**
Currency translation adjustment	8.0	10.3	1.0	**19.3**
Other changes	(7.4)	(1.7)	(10.2)	**(19.2)**
Gross carrying amount as of December 31, 2015	**270.9**	**677.8**	**31.0**	**979.7**
Accumulated amortization and depreciation as of January 1, 2014	**(135.1)**	**(494.9)**	**(18.1)**	**(648.1)**
Change in consolidation scope	-	(1.6)	-	**(1.6)**
Depreciation expense	(10.5)	(43.3)	(2.1)	**(56.0)**
Impairment losses	(0.2)	(0.5)	(0.0)	**(0.7)**
Release	4.5	39.4	0.5	**44.4**
Currency translation adjustment	(2.9)	(12.9)	(0.1)	**(15.8)**
Other changes	(0.3)	0.8	-	**0.5**
Accumulated amortization and depreciation as of December 31, 2014 ..	**(144.4)**	**(513.0)**	**(19.8)**	**(677.3)**
Change in consolidation scope	-	6.4	5.0	**11.4**
Depreciation expense................................	(10.5)	(45.9)	(2.2)	**(58.6)**
Impairment losses......................................	(4.3)	(1.0)	(6.8)	**(12.1)**
Release	1.9	34.4	0.9	**37.2**
Currency translation adjustment	(3.4)	(8.5)	0.8	**(11.1)**
Other changes	7.8	7.5	4.1	**19.4**
Accumulated depreciation and amortization as of December 31, 2015 ...	**(153.0)**	**(520.0)**	**(18.0)**	**(691.0)**
Carrying amount as of January 1, 2014	**122.4**	**145.0**	**10.7**	**278.1**
Carrying amount as of December 31, 2014	**120.1**	**150.0**	**17.0**	**287.1**
Carrying amount as of December 31, 2015	**117.9**	**157.8**	**13.0**	**288.7**

Additions of the year 2015 include €10.0 million of assets (€4.7 million in 2014) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in “Net change in finance lease liabilities” in cash flows from financing activities.

12.3 | Long-term investments

(in millions of euros)	As of December 31, 2015	2014
Loans	-	0.1
Deposits	25.3	24.5
Derivatives	8.3	-
Other long-term investments	0.2	0.2
Long-term investments	**33.8**	**24.8**

13. | CURRENT ASSETS

13.1 | Inventories

(in millions of euros)	As of December 31, 2015	2014
Cost	1,623.8	1,582.1
Allowance	(88.7)	(94.9)
Inventories	**1,535.0**	**1,487.2**

Changes in impairment losses

(in millions of euros)	2015	2014
Allowance for inventories as of January 1,	**(94.9)**	**(95.0)**
Change in consolidation scope	3.7	(1.4)
Net change in allowance	(7.6)	1.8
Currency translation adjustment	(2.2)	(4.4)
Other changes	12.4	4.1
Allowance for inventories as of December 31,	**(88.7)**	**(94.9)**

13.2 | Trade accounts receivable

(in millions of euros)	As of December 31, 2015	2014
Nominal value	2,247.6	2,342.4
Impairment losses	(118.3)	(136.3)
Trade accounts receivable	**2,129.4**	**2,206.0**

Trade accounts receivable include sales taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €259.4 million as of December 31, 2015 (€239.8 million as of December 31, 2014).

The Group has put in place credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €781.9 million as of December 31, 2015 (€753.9 million as of December 31, 2014).

Also, in some countries, the Group benefits from additional guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €247.6 million as of December 31, 2015 (€263.6 million as of December 31, 2014).

Changes in impairment losses:

(in millions of euros)	2015	2014
Impairment losses on trade accounts receivable as of January 1,	**(136.3)**	**(150.7)**
Change in consolidation scope	4.7	(1.5)
Net allowance [(1)]	14.7	18.5
Currency translation adjustment	(1.4)	(2.6)
Impairment losses on trade accounts receivable as of December 31,	**(118.3)**	**(136.3)**

(1) Of which receivables written-off for €44.6 million in 2015 (€41.3 million in 2014)

As of December 31, 2015, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €87.8 million (€103.0 million as of December 31, 2014).

In accordance with the accounting principle stated in note 3.8.3, all past due receivables above 30 days are subject to an impairment loss estimated on the basis of the ageing for €30.5 million as of December 31, 2015 (€33.3 million as of December 31, 2014).

The summary of overdue receivables is as follows:

	As of December 31,	
(in millions of euros)	2015	2014
From 1 to 30 days	261.8	273.6
From 31 to 60 days	72.7	82.6
From 61 to 90 days	35.4	33.3
From 91 to 180 days	36.4	34.3
Above 180 days	34.3	32.1

13.3 | Other accounts receivable

	As of December 31,	
(in millions of euros)	2015	2014
Purchase rebates	339.2	351.6
VAT receivable and other sales taxes	22.0	45.5
Prepaid expenses	39.9	33.5
Derivatives	2.4	0.1
Other receivables	91.8	68.2
Total accounts receivable	**495.3**	**499.0**

14. | ASSETS HELD FOR SALE

Assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

In 2015, the Group entered in a round of exclusive negotiations to dispose of its operations in Poland, Slovakia and Baltics. As a result, on January 19, 2016, the Group entered into a master agreement and local sale agreements with the Würth group that provide for a selling price based on an enterprise value of €10 million less working capital adjustments calculated at the closing of the transaction. This transaction remains subject to approval by the relevant anti-trust authorities and is expected to be completed in 2016. The sales agreements also provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This transaction does not qualify as discontinued operations as Poland, Slovakia and Baltics do not represent a major geographical area. Therefore, related results of operations are not presented separately in the income statement.

As of December 31, 2015, the group of assets to be disposed of has been reclassified as assets and liabilities held for sale. An impairment charge of assets held for sale was recognized for €27.1 million to bring down the net carrying value of assets held for sale to the amount of the fair value less costs to sell.

Assets and liabilities of countries classified as held for sale are as follows:

(in millions of euros)	As of December 31, 2015
Assets	
Inventories	8.0
Trade accounts receivable	36.3
Other accounts receivable	3.5
Cash and cash equivalents	2.9
Total assets	**50.7**
Liabilities	
Interest bearing debt	0.2
Trade accounts payable	38.2
Other liabilities	12.3
Total liabilities	**50.6**
Net assets held for sale	**0.1**

As of December 31, 2015, accumulated foreign currency translation adjustment recognized in equity was €6.2 million. Foreign currency translation adjustment will be recycled to income statement at completion date of the transaction.

The Group also recognized other net assets held for sale of €3.1 million mainly related to properties in Europe.

15. | CASH AND CASH EQUIVALENTS

(in millions of euros)	As of December 31, 2015	2014
Cash equivalents	481.3	926.1
Cash at bank	322.5	232.6
Cash in hand	1.1	1.2
Cash and cash equivalents	**804.8**	**1,159.8**

As of December 31, 2015, short-term investments include units in mutual funds, valued at their fair market value, for a total of €481.3 million (€926.1 million as of December 31, 2014). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

16. | SUMMARY OF FINANCIAL ASSETS

(in millions of euros)	Note	IAS 39 Category	Fair Value Hierarchy*	As of December 31, 2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Hedging derivatives ……… [1]		FV P&L	2	8.0	8.0	-	-
Hedging derivatives ……… [1]		FV OCI	2	0.2	0.2	-	-
Other derivative instruments not elligible to hedge accounting….		FV P&L	2	0.2	0.2	-	-
Loans ………		L&R		-	-	0.1	0.1
Deposits ………		L&R		25.3	25.3	24.5	24.5
Others ……… [2]		N/A		0.2	N/A	0.2	N/A
Total long-term investments ………	***12.3***			**33.8**	**-**	**24.8**	**-**
Trade accounts receivable ………	***13.2***	L&R		**2,129.4**	**2,129.4**	**2,206.0**	**2,206.0**
Supplier rebates receivable ………		L&R		339.2	339.2	351.6	351.6
VAT and other taxes receivable ……… [2]		N/A		22.0	N/A	45.5	N/A
Other accounts receivable ………		L&R		91.8	91.8	68.2	68.2
Other derivative instruments not elligible to hedge accounting….		FV P&L	2	2.4	2.4	0.1	0.1
Prepaid expenses ……… [2]		N/A		39.9	N/A	33.5	N/A
Total other current assets ………	***13.3***			**495.3**	**-**	**499.0**	**-**
Cash equivalents ………		FV P&L	2	481.3	481.3	926.1	926.1
Cash ………		L&R		323.5	323.5	233.8	233.8
Cash and cash equivalents ………	***15***			**804.8**	**-**	**1,159.8**	**-**

[1] Specific accounting treatment for hedging

[2] Not a financial instrument under IAS 39

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4

17. | SHARE CAPITAL AND PREMIUM

17.1 | Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

	Number of Shares	Share capital	Share premium
		(in millions of euros)	
As of January 1, 2014	**283,337,214**	**1,416.7**	**1,510.8**
Exercise of share subscription rights	17,000	0.1	-
Issuance of shares in connection with payments of dividends	9,269,384	46.3	99.5
Employee share purchase plan	35,237	0.2	0.5
Issuance of shares in connection with free shares plans	846,741	4.2	-
Reduction in share capital	(1,500,000)	(7.5)	(14.1)
Allocation of free shares	-	-	(8.2)
Free shares cancelled	-	-	11.3
As of December 31, 2014	**292,005,576**	**1,460.0**	**1,599.8**
Exercise of share subscription rights (1)	14,900	0.1	-
Issuance of shares in connection with payments of dividends (2)	8,955,801	44.8	82.1
Employee share purchase plan	109,181	0.5	-
Issuance of shares in connection with free shares plans (3)	785,920	3.9	-
Allocation of free shares	-	-	(9.0)
Free shares cancelled	-	-	7.5
As of December 31, 2015	**301,871,378**	**1,509.4**	**1,680.5**

(1) For the year ended December 31, 2015, 14,900 shares options were exercised by key managers (17,000 for the year ended December 31, 2014).

(2) The Shareholders' Meeting of May 27, 2015 approved the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.21, at the option of each shareholder. The total amount of the dividend distributed was €218.5 million, of which €91.2 million was paid in cash and €127.3 million was settled by the issuance of 8,955,801 new shares. Capital increase related costs of €0.3 million were recognized in reduction of the share premium.

(3) Issuance of 774,796 shares in connection with the 2011 bonus shares plans ("Plan 4+0") and 11,124 shares in connection with the 2013 bonus free shares plans ("Plan 2+2").

17.2 | Capital Management and treasury shares

The Shareholders' Meeting of May 27, 2015 authorized the Board of Directors, with the option of sub-delegation, to have Rexel buy up to a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €30 per share. This program is capped at €250 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 26, 2016).

The objectives of this program in decreasing order of priority are as follows:

- Ensuring liquidity and activity in the market for the shares through an investment services provider;
- Setting up any stock option plan of the Company;
- Retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions within the limit of 5% of the share capital of Rexel;
- Granting shares in connection with the exercise of rights attached to securities conferring access to Rexel shares;
- Cancelling all or part of any shares so repurchased;
- Any other actions that comply with applicable regulations in force.

In connection with this share buy-back program, Rexel entered into a mandate with a financial institution, complying with a Code of Ethics recognized by the *Autorité des Marchés Financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel shares transactions for an amount of €15.1 million as of December 31, 2015 (€16.2 million as of December 31, 2014).

In addition to this share buy-back program, Rexel repurchased 1,132,736 treasury shares to serve its free share plans.

As of December 31, 2015, Rexel held in aggregate 1,602,736 treasury shares (1,737,761 as of December 31, 2014) valued at an average price of €12.48 per share (€13.18 per share as of December 31, 2014) that were recognized as a reduction in shareholders' equity, for a total of €20.0 million (€22.9 million as of December 31, 2014).

Net capital losses realized on the sale of treasury shares in 2015 amounted to €0.6 million net of tax and were recognized as a decrease in shareholders' equity (net capital loss of €0.8 million in 2014).

17.3 | Dividends

	For the year ended December 31,	
	2015	**2014**
Dividends on ordinary shares ……………………………………………………………	€ 0.75	€ 0.75
Dividends paid (in millions of euros)	**218.5**	**211.9**
of which: - dividends paid in cash ……………………………………………………	91.2	65.6
- dividends paid in shares ……………………………………………………	127.3	146.3

18. | SHARE BASED PAYMENTS

18.1 |Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,798,393 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (July 29, 2018), these being restricted for an additional two-year period (until July 29, 2020), the so-called “3+2 Plan”;
- Or four years after the grant date (July 29, 2019) with no subsequent restrictions, the so-called “4+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017 (iii) Rexel share market performance compared to peers	Four year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017 (iii) Rexel share market performance compared to peers	**Total**
Plan	3+2	4+0	
Delivery date	July 29, 2018	July 29, 2019	
Share fair value at grant date July 28, 2015	10.56	9.91	
Maximum number of shares granted on July 28, 2015	**795,775**	**1,002,618**	**1,798,393**
Forfeited in 2015 …………………………………….	(6,325)	(34,275)	**(40,600)**
Total maximum number of shares granted as of December 31, 2015	**789,450**	**968,343**	**1,757,793**

The fair value of Rexel’s shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2014

On May 22, 2014, Rexel entered into free share plans for the members of the top executive managers amounting to a maximum of 1,641,008 shares. According to these plans, the beneficiaries will either be eligible to receive Rexel shares:

- Two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called “2+2 Plan”;
- Three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called “3+2 Plan”;
- Four years after the grant date (May 23, 2018) with no subsequent restrictions, the so-called “4+0 Plans”.

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013/2015 adjusted EBITA margin increase (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2015 (iii) Rexel share market performance compared to peers		Three year service condition from grant date and performance conditions based on: (i) 2013/2016 adjusted EBITA margin increase (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2016 (iii) Rexel share market performance compared to peers		**Total**
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Share fair value at grant date May 22, 2014	13.49	12.14	12.78	12.11	
Maximum number of shares granted on May 22, 2014	**348,980**	**471,524**	**348,980**	**471,524**	**1,641,008**
Forfeited in 2014 ……………………………	(4,263)	(11,963)	(4,263)	(11,963)	**(32,452)**
Forfeited in 2015 ……………………………	(18,021)	(96,041)	(18,021)	(96,041)	**(228,124)**
Total maximum number of shares granted as of December 31, 2015	**326,696**	**363,520**	**326,696**	**363,520**	**1,380,432**

The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the two or three-year vesting period. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Beneficiaries	Members of Group Executive Committee and top managers		Operational Managers		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax to EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v)Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions		Three-year service condition from grant date		Total
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013	13.70	12.04	14.37	12.71	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	15.73	14.07			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013 ………………………………………………	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Forfeited in 2014 ………………………………………………	(155,619)	(274,550)	-	(31,500)	**(461,669)**
Forfeited in 2015 ………………………………………………	(119,717)	(177,006)	(7,000)	(45,900)	**(349,623)**
Delivered in 2015 ………………………………………………	(200,520)	-	-	-	**(200,520)**
Total maximum number of shares granted as of December 31, 2015	**-**	**272,814**	**81,000**	**326,900**	**680,714**

The fair value of Rexel's shares subject to market condition was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the two years vesting period. Also, the impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2012 and before

In 2012 and 2011, Rexel entered into several bonus share plans for its senior executives and key employees subject to service and performance conditions. The table below shows the number of shares granted and not delivered:

	Plans issued in 2012	**Plans issued in 2011**
Average share fair value at the grant date	*€13.32*	*€11.64*
Maximum number of shares granted initially	**2,262,404**	**2,752,789**
Forfeited ………………………………………………………………………………………………	(1,666,130)	(1,976,243)
Delivered ………………………………………………………………………………………………	(204,328)	-
Maximum number of shares granted as of December 31, 2014 and not delivered	**391,946**	**776,546**
Forfeited in 2015 ………………………………………………………………………………	(437)	(1,750)
Delivered in 2015 ………………………………………………………………………………	-	(774,796)
Maximum number of shares granted as of December 31, 2015 and not delivered	**391,509**	**-**

18.2 | Stock option plans

In 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares. Vesting conditions included the occurrence of certain events including in particular the admission of the Company's shares to trading on a regulated market.

In April 2007, options granted under this program vested in full upon the Initial Public Offering of Rexel shares.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans are qualified as equity-settled transactions.

Date of allocation / beneficiaries	Number of instruments originally allocated	Number of options active as of December 31, 2015	Options term	Exercise price
Options allocated to key managers ("Plan No.1")				
- on October 28, 2005	2,711,000	32,820	October 28, 2016	€5
- on May 31, 2006	169,236	-		
- on October 4, 2006	164,460	-		
Options allocated to key employees ("Plan No.2")				
- on November 30, 2005	259,050	106,278	November 30, 2016	€5
- on May 31, 2006	34,550	3,976		€6.5
Total options allocated by Rexel	**3,338,296**	**143,074**		

18.3 |Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

(in millions of euros)	For the year ended December 31, 2015	2014
Plans issued in 2011	-	1.4
Plans issued in 2012	0.1	2.2
Plans issued in 2013	3.5	5.8
Plans issued in 2014	4.2	4.1
Plans issued in 2015	1.8	-
Expense related to employee share purchase plan	0.8	0.8
Total free share plans expense	**10.5**	**14.4**

19. | EARNINGS PER SHARE

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	For the year ended December 31,	
	2015	**2014**
Net income attributed to ordinary shareholders *:*		
- of which continuing operations (in millions of euros) …………………………………	*86.2*	*240.5*
- of which discontinuing operations (in millions of euros) ……………………………	*(69.3)*	*(40.8)*
Net income attributed to ordinary shareholders *(in millions of euros*)………………	***16.9***	***199.7***
Weighted average number of ordinary shares (*in thousands*) ……………………………	295,041	286,128
Potential dilutive shares in connection with payments of dividends (in thousands) ……….	128	562
Non-dilutive potential shares (in thousands) …………………………………………………	881	1,324
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands) …………………………………………………	***296,050***	***288,014***
Basic earning per share (in euros)	**0.06**	**0.69**
Dilutive potential shares (in thousands) ………………………………………………………	1,008	2,550
- of which share options (in thousands) …………………………………………………	*94*	*110*
- of which bonus shares (in thousands) ………………………………………………… [(1)]	*914*	*2,439*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands) ………………………………………………………………	***297,058***	***290,564***
Fully diluted earnings per share (in euros)………………………………………………	**0.06**	**0.69**

[(1)] The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date

20. | PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of December 31,	
	2015	**2014**
Provisions …………………………………………………………………………………………	57.0	64.4
Derivatives ………………………………………………………………………………………	5.1	19.2
Other non-current liabilities ………………………………………………………………	10.2	10.1
Provisions and other non-current liabilities ……………………………………………	**72.3**	**93.7**

Other non-current liabilities comprise profit sharing related payables to French employees in the amount of €10.2 million (€10.1 million at December 31, 2014).

The variation in provisions is detailed in the table below:

(in millions of euros)	Restructuring [1]	Tax litigation	Other litigation & warranty claims [2]	Vacant properties [3]	**Total provisions**
As of January 1, 2014	**17.5**	**6.8**	**22.5**	**18.7**	**65.4**
Increase	29.9	-	5.9	10.5	**46.3**
Use	(19.8)	(0.7)	(7.0)	(13.8)	**(41.3)**
Release	(1.3)	(4.7)	(0.4)	(1.0)	**(7.4)**
Currency translation adjustment	0.4	0.1	-	1.0	**1.5**
Other changes	(0.1)	-	-	-	**(0.1)**
As of December 31, 2014	**26.6**	**1.5**	**21.0**	**15.3**	**64.4**
Increase	17.0	2.4	6.8	7.3	**33.5**
Use	(24.7)	-	(2.9)	(9.1)	**(36.7)**
Release	(3.3)	(1.1)	(0.5)	(0.6)	**(5.5)**
Currency translation adjustment	0.1	-	(0.2)	0.7	**0.6**
Other changes	1.1	-	(0.3)	(0.1)	**0.7**
As of December 31, 2015	**16.8**	**2.8**	**23.9**	**13.5**	**57.0**

Provisions mainly comprise:

(1) Provisions for redundancy plans to adapt the Group’s structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2015, mainly concerned Europe for €10.9 million (€20.2 million in 2014), North America for €2.6 million (€4.6 million in 2014) and Asia-Pacific for €3.3 million (€1.7 million in 2014).

(2) Other litigations and warranty claims amounted to €23.9 million (€21.0 million in 2014), of which €10.8 million relating to litigation with French social security authorities (€8.6 million in 2014), €2.9 million for employee claims (€2.5 million in 2014) and €1.6 million for trade disputes litigation litigations (€1.8 million in 2014).

(3) Provisions for lease commitments related to vacant properties mainly in the United Kingdom for €4.3 million (€6.7 million in 2014), the United States for €2.9 million (€2.9 million in 2014) and France for €1.4 million (€2.1 million in 2014).

21. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

21.1 |Defined benefit plans description

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees.

The most significant funded defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2014 and was rolled forward up to December 31, 2015 for accounting purposes. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund "*Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board "*Conseil de Fondation*" is responsible to set up adequate company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In The Netherlands, until December 31, 2013, the main pension plan in force was a mix between defined benefit and defined contribution ("hybrid-type" plan). The defined benefit portion was subject to a ceiling. Above the defined benefit portion, a defined contribution section applied. Defined benefit pension plan was a salary average plan open for new entrants. As from January 1, 2014, a Collective Defined Contribution (CDC) plan has been implemented in *lieu et place* of the former Defined benefit Plan (DB Plan). The CDC arrangement establishes the new contribution formula for all future accruals. The employer risk related to past service has been transferred to the pension fund with increases in accrued benefits being granted solely on the available means in the pension fund. As such, all further legal or constructive obligations for the benefits provided under the DB Plan have been eliminated. There was no impact neither on the balance sheet nor on the profits and losses in 2014 associated with the DB Plan derecognition as the net defined benefit obligation liability was nil as of December 31, 2013 (the fair value of the defined benefit liability and the plan assets was €351.5 million).

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan ["SERP"] which provides retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

A full actuarial valuation is performed every three years. The most recent valuations were performed as at December 31, 2013. The 2015 quantitative information on these plans was prepared based on a roll forward of these full valuations.

21.2 |Employee Benefit Plan information

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	Defined benefit obligations					
(in millions of euros)	*The Netherlands*	*United Kingdom*	*Canada*	*Switzerland*	*Other*	*Group*
As of January 1, 2014	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**
Service cost	-	0.1	2.7	5.1	4.9	12.9
Interest cost	1.8	17.3	10.5	3.3	5.4	38.3
Benefit payments	(1.6)	(12.8)	(13.3)	(4.4)	(7.8)	(39.9)
Employee contributions	-	-	0.6	3.0	0.1	3.6
Change in consolidation scope	-	-	-	7.3	-	7.3
Currency translation adjustment	-	29.4	10.9	3.8	4.2	48.3
Past service cost / settlement and other	(351.5)	-	-	-	(19.7)	(371.3)
Remeasurements						
Effect of change in demographic assumptions	*(10.4)*	-	*1.9*	-	*3.2*	*(5.3)*
Effect of change in financial assumptions	*11.5*	*67.2*	*23.4*	*15.9*	*9.8*	*127.8*
Effect of experience adjustments	*(0.0)*	*11.2*	*(1.3)*	*(1.1)*	*(2.2)*	*6.6*
As of December 31, 2014	**58.9**	**490.1**	**263.9**	**195.0**	**144.9**	**1,152.8**
Service cost	-	0.1	3.2	7.5	6.0	16.8
Interest cost	1.2	18.2	10.2	2.7	3.8	35.9
Benefit payments	(1.6)	(15.4)	(14.4)	(5.6)	(7.2)	(44.3)
Employee contributions	-	-	0.6	3.6	0.1	4.3
Change in consolidation scope	-	-	-	-	-	-
Currency translation adjustment	-	29.9	(18.0)	21.2	2.9	36.0
Past service cost / settlement and other	-	-	(4.4)	(1.2)	(4.8)	(10.5)
Remeasurements						
Effect of change in demographic assumptions	-	*4.9*	-	-	*0.3*	*5.3*
Effect of change in financial assumptions	-	*5.1*	*(0.0)*	*8.8*	*0.8*	*14.7*
Effect of experience adjustments	-	*(5.6)*	*(0.4)*	*0.2*	*(1.0)*	*(6.9)*
As of December 31, 2015	**58.5**	**527.3**	**240.5**	**232.1**	**145.8**	**1,204.2**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	Plan assets					
(in millions of euros)	*The Netherlands*	*United Kingdom*	*Canada*	*Switzerland*	*Other*	*Group*
As of January 1, 2014	**405.9**	**305.6**	**166.4**	**160.3**	**43.0**	**1,081.2**
Employer contributions	0.2	10.0	7.4	4.4	6.2	28.1
Employee contributions	-	-	0.6	3.0	0.1	3.6
Interest income	1.8	13.4	7.8	3.3	1.6	27.8
Benefit payments	(1.6)	(12.8)	(13.3)	(4.4)	(7.3)	(39.4)
Change in consolidation scope	-	-	-	5.0	-	5.0
Currency translation adjustment	-	23.1	7.6	3.6	1.1	35.3
Past service cost / settlement and other	(351.5)	-	-	-	(14.0)	(365.5)
Return on plan assets excluding interest income (OCI)	4.2	11.5	7.3	9.6	(0.0)	32.5
As of December 31, 2014	**58.9**	**350.8**	**183.7**	**184.6**	**30.6**	**808.6**
Employer contributions	-	13.3	7.3	6.5	5.2	32.2
Employee contributions	-	-	0.6	3.6	0.1	4.3
Interest income	1.2	12.0	7.2	2.7	0.9	23.9
Benefit payments	(1.6)	(15.4)	(14.4)	(5.6)	(7.5)	(44.6)
Change in consolidation scope	-	-	-	-	-	-
Currency translation adjustment	-	21.3	(12.6)	20.1	0.3	29.1
Past service cost / settlement and other	-	-	-	-	-	-
Return on plan assets excluding interest income (OCI)	-	5.9	(3.8)	5.1	0.0	7.3
As of December 31, 2015	**58.5**	**387.9**	**167.9**	**217.0**	**29.6**	**860.7**

The change in the net liability / (asset) breaks down as follows:

(in millions of euros)	Net liability / (asset)					
	The Netherlands	United Kingdom	Canada	Switzerland	Other	Group
As of January 1, 2014	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**
Service cost	-	0.1	2.7	5.1	4.9	12.9
Interest cost	-	3.9	2.7	(0.0)	3.7	10.4
Past service cost/settlement and other	-	-	-	-	(5.8)	(5.8)
Employer contributions	(0.2)	(10.0)	(7.4)	(4.4)	(6.1)	(28.1)
Benefit payments	-	-	-	-	(0.5)	(0.5)
Change in consolidation scope	-	-	-	2.4	-	2.4
Currency translation adjustment	-	6.3	3.3	0.2	3.1	13.0
Remeasurements	(3.1)	66.9	16.8	5.2	10.9	96.5
As of December 31, 2014	**0.0**	**139.4**	**80.1**	**10.4**	**114.3**	**344.2**
Service cost	-	0.1	3.2	7.5	6.0	16.8
Interest cost	-	6.1	3.0	0.0	2.9	12.0
Past service cost/settlement and other	-	-	(4.4)	(1.2)	(4.8)	(10.5)
Employer contributions	-	(13.3)	(7.3)	(6.5)	(5.2)	(32.2)
Benefit payments	-	-	-	0.0	0.3	0.3
Change in consolidation scope	-	-	-	-	-	-
Currency translation adjustment	-	8.6	(5.4)	1.1	2.7	6.9
Remeasurements	-	*(1.5)*	*3.4*	*3.9*	*0.1*	*5.9*
As of December 31, 2015	**0.0**	**139.4**	**72.6**	**15.2**	**116.2**	**343.4**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	Liability reconciliation					
	The Netherlands	United Kingdom	Canada	Switzerland	Other	Group
For the year ended December 31, 2014						
Defined benefit obligations	**58.9**	**490.1**	**263.9**	**195.0**	**144.9**	**1,152.8**
of which Funded schemes	*58.9*	*488.2*	*231.6*	*192.0*	*60.0*	*1,030.7*
of which Unfunded schemes	*-*	*2.0*	*32.2*	*3.0*	*84.9*	*122.1*
Fair value of plan assets	(58.9)	(350.8)	(183.7)	(184.6)	(30.6)	(808.6)
Recognized net liability for defined benefit obligations	**0.0**	**139.4**	**80.1**	**10.4**	**114.3**	**344.2**
of which "Employee benefits"	*0.0*	*139.4*	*80.1*	*10.4*	*114.3*	*344.2*
of which "Other financial assets"	-	-	-	-	-	-
For the year ended December 31, 2015						
Defined benefit obligations	**58.5**	**527.3**	**240.5**	**232.1**	**145.8**	**1,204.2**
of which Funded schemes	*58.5*	*526.9*	*213.8*	*228.6*	*62.7*	*1,090.4*
of which Unfunded schemes	*-*	*0.4*	*26.7*	*3.6*	*83.2*	*113.8*
Fair value of plan assets	(58.5)	(387.9)	(167.9)	(217.0)	(29.5)	(860.7)
Recognized net liability for defined benefit obligations	**0.0**	**139.4**	**72.6**	**15.2**	**116.2**	**343.4**
of which "Employee benefits"	*0.0*	*139.4*	*72.6*	*15.2*	*116.2*	*343.4*
of which "Other financial assets"	-	-	-	-	-	-

21.3 |Re-measurements of the net defined benefit liability

(in millions of euros)	Other comprehensive income					
	The Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Return on plan assets excluding interest income	(4.2)	(11.5)	(7.3)	(9.6)	0.0	(32.5)
Effect of change in demographic assumptions	(10.4)	-	1.9	-	3.2	(5.3)
Effect of change in financial assumptions	11.4	67.2	23.4	15.7	9.1	126.7
Effect of experience adjustments	(0.0)	11.2	(1.3)	(1.1)	(2.2)	6.6
OCI recognized for the year ended December 31, 2014	**(3.3)**	**66.9**	**16.7**	**4.9**	**10.1**	**95.4**
Return on plan assets excluding interest income and asset ceiling	-	(5.9)	3.8	(5.2)	0.1	(7.3)
Effect of change in demographic assumptions	-	4.9	-	-	0.3	5.3
Effect of change in financial assumptions	-	5.1	-	8.7	0.8	14.7
Effect of experience adjustments	-	(3.7)	(0.4)	0.0	(1.2)	(5.3)
OCI recognized for the year ended December 31, 2015	**-**	**0.4**	**3.4**	**3.6**	**0.1**	**7.4**

21.4 | Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

(in millions of euros)	Expense					
	The Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Service cost [(1)]	-	0.1	2.7	5.1	4.9	12.9
Past service costs [(1)]	-	-	-	-	(5.8)	(5.8)
Net Interest expense [(2)]	0.1	3.9	2.7	(0.0)	3.7	10.4
Other [(1)]	-	-	0.0	0.3	0.4	0.8
Expense recognized for the year ended December 31, 2014	**0.1**	**4.1**	**5.5**	**5.4**	**3.3**	**18.3**
Service costs [(1)]	-	0.1	3.2	7.5	6.0	16.8
Past service costs [(1)]	-	-	(4.0)	(1.2)	(4.2)	(9.4)
Net Interest expense [(2)]	-	6.1	3.0	0.0	2.9	12.0
Other [(1)]	-	(1.9)	(0.0)	0.3	0.4	(1.3)
Expense recognized for the year ended December 31, 2015	**-**	**4.3**	**2.2**	**6.6**	**5.0**	**18.1**

[(1)] Recognized as personnel costs (see note 7)

[(2)] Recognized as net financial expenses (see note 9)

Significant plan amendments and settlements

For the year ended December 31, 2015

The Group amended its post-retirement Medical and Heathcare plans in Canada and in the United States to reduce medical coverage benefits. As a result of these amendments, the Group recognized gains of respectively €4.2 million and € 3.9 million in the income statement (salaries and benefits).

For the year ended December 31, 2014

In the United States, health and life insurance benefits to certain eligible participants were reduced such that, effective January 1, 2015, post-65 retiree medical coverage is available at a higher cost to the participant and life insurance coverage is no longer offered for active members and retirees who are not yet 60 on January 1, 2015. These changes resulted in a gain of €4.8 million recognized in the third quarter of 2014 as a reduction in salaries and benefits.

The Group also initiated the termination of a qualified pension plan for US employees by purchasing annuities and paying lump sums in 2014. This resulted in a settlement gain of €1.2 million recognized as a reduction in salaries and benefits. The full termination process is expected to end in 2016.

In The Netherlands, a Collective Defined Contribution plan has been implemented *in lieu et place* of the former Defined Benefit plan which have been eliminated without any impact, neither on the balance sheet nor in profit and loss (see note 21.1).

21.5 |Plan asset allocation

(in millions of euros)	*The Netherlands*	*United Kingdom*	*Canada*	*Switzerland*
	Plan assets class			
Cash and cash equivalents…………………………………	-	19.2	0.9	10.2
Equity instruments (quoted in an active market)…………	-	20.3	79.6	61.6
Debt instruments (quoted in an active market)……………	-	154.4	99.9	70.0
Real estate …………………………………………………	-	-	-	35.7
Investment funds …………………………………………	-	156.2	-	0.8
Asset held by insurance company…………………………	58.9	-	3.4	-
Other ………………………………………………………	-	0.6	-	6.5
As of December 31, 2014 ………………………………	**58.9**	**350.8**	**183.7**	**184.6**
Cash and cash equivalents…………………………………	-	19.9	0.8	9.0
Equity instruments (quoted in an active market)…………	-	14.7	72.8	74.5
Debt instruments (quoted in an active market)……………	-	141.1	91.3	84.0
Real estate …………………………………………………	-	-	-	45.8
Investment funds …………………………………………	-	211.7	-	-
Asset held by insurance company…………………………	58.5	-	3.1	0.1
Other ………………………………………………………	-	0.6	-	3.4
As of December 31, 2015 ………………………………	**58.5**	**387.9**	**167.9**	**217.0**

21.6 |Actuarial assumptions

The main actuarial assumptions are as follows:

	The Netherlands		United Kingdom		Canada		Switzerland	
	2015	2014	2015	2014	2015	2014	2015	2014
Average plan duration *(in years)* ……………	18	19	18	18	13	14	17	16
Discount rate *(in%)* ……………………………	2.00	2.00	3.50	3.50	4.00	4.00	0.75	1.25
Future salary increases *(in %)* ………………	3.00	3.00	N/A	N/A	3.12	3.12	2.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor’s, Moody’s and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash-flows, results in the same interest cost as the application of the individual rates would have produced.

21.7 | Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

- Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

- Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	Sensitivity to a 50 basis points decrease in discount rate					
(in millions of euros)	*The Netherlands*	*United Kingdom*	*Canada*	*Switzerland*	*Other*	*Group*
Service cost	-	-	0.2	0.6	0.3	1.1
Defined Benefit Obligation	5.6	49.3	17.7	20.0	8.3	100.9

	Sensitivity to a 10% downturn in financial market					
(in millions of euros)	*The Netherlands*	*United Kingdom*	*Canada*	*Switzerland*	*Other*	*Group*
Plan assets	-	(1.5)	(7.3)	(7.5)	(0.5)	(16.7)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- Closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights;
- Rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps;
- Selective additional cash contributions to increase funding level, on top of regular contributions;
- Inflation and Interest rate hedging;
- Adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration;
- Regular meetings with trustees;
- Periodic review of investment performance by independent advisors to monitor investment volatility.

21.8 |Expected cash flows

(in millions of euros)	Expected cash flow					
	The Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Expected benefit payments for 2016..........................	1.7	15.0	11.4	6.1	5.4	39.5
Expected benefit payments for 2017..........................	1.8	15.9	11.8	6.2	7.1	42.7
Expected benefit payments for 2018..........................	1.8	17.5	12.1	6.3	14.3	52.1
Expected benefit payments for 2019..........................	1.9	17.7	12.5	6.8	7.0	46.0
Expected benefit payments for 2020 and after.............	12.4	126.2	82.5	44.8	46.4	312.4
Expected benefit contributions for 2016......................	-	12.8	6.9	4.8	4.2	28.7

22. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2015. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

22.1 | Net financial debt

As of December 31, 2015, Rexel's consolidated net debt stood at €2,198.7 million, consisting of the following items:

(in millions of euros)	As of December 31, 2015			As of December 31, 2014		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes..	-	1,637.1	1,637.1	-	1,992.2	1,992.2
Securitization	378.7	710.8	1,089.4	128.2	1,013.9	1,142.1
Bank loans	57.2	1.5	58.7	65.0	4.4	69.3
Commercial paper	134.6	-	134.6	85.9	-	85.9
Bank overdrafts and other credit facilities	88.4	-	88.4	81.7	-	81.7
Finance lease obligations	8.0	19.5	27.6	8.8	18.4	27.2
Accrued interests .... (1)	8.1	-	8.1	9.7	-	9.7
Less transaction costs	(6.5)	(26.9)	(33.3)	(8.0)	(32.9)	(40.9)
Total financial debt and accrued interest..	***668.5***	***2,342.1***	***3,010.6***	***371.2***	***2,995.9***	***3,367.1***
Cash and cash equivalents			(804.8)			(1,159.8)
Accrued interest receivable.....................			(0.7)			(0.7)
Debt hedge derivatives........................... (2)			(6.4)			6.5
Net financial debt			**2,198.7**			**2,213.1**

(1) Of which accrued interests on Senior Notes for €3.3 million as of December 31, 2015 (€4.9 million as of December 31, 2014)

(2) Debt hedge derivatives includes fair value hedge interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

22.1.1 |Senior Facility Agreement

The Senior Facility Agreement executed on March 13, 2013 and further amended on November 13, 2014 provides for a five-year multicurrency revolving credit facility for an aggregate maximum initial amount of €1,100 million reduced to €982 million with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners. Facilities can also be drawn down through swingline loans for an aggregate amount of €157.5 million. The original maturity of this credit facility was extended on October 19, 2015, by one year to November 12, 2020 and may be extended by one year.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain *premia* for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 1.25% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.85% to 2.5%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted total net debt relative to adjusted EBITDA, as such terms are defined below:

"Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:

- Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *pro rata* the participation of the Group;
- Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
- After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
- After adding back net operational depreciation/amortization;
- Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
- After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit sharing, to the extent the balance of it is taken into account in financial indebtedness;
- Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
- After adding back any other restructuring and/or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
    - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
    - Exclude intragroup loans between members of the Group;
    - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
    - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
- Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
- Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

As of December 31, 2015, this credit facility was not drawn down.

In addition to the Senior Facility Agreement, Rexel entered into two bilateral term loan agreements of €36.7 million ($ 40 million) and €45 million. On June 26, 2015, Rexel extended the maturity of its $40 million Revolving Credit Facility Agreement (RCFA) with Wells Fargo Bank International for a period of two years ending on June 27, 2017. The €45 million Facility matures in March 2018. As of December 31, 2015, these facilities were undrawn.

22.1.2 |Senior notes

As of December 31, 2015, the carrying amount of the existing senior notes is detailed as follows:

	As of December 31, 2015					As of December 31, 2014				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**	**Nominal amount** *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**
Senior notes due 2018	-	-	-	-	**-**	EUR	488.8	488.8	10.2	**499.0**
Senior notes due 2019	-	-	-	-	**-**	USD	500.0	411.8	(4.1)	**407.7**
Senior notes due 2020	USD	500.0	459.3	4.5	**463.8**	USD	500.0	411.8	0.8	**412.6**
Senior notes due 2020	EUR	650.0	650.0	19.7	**669.7**	EUR	650.0	650.0	22.8	**672.8**
Senior notes due 2022	EUR	500.0	500.0	3.8	**503.8**	-	-	-	-	**-**
TOTAL			1,609.3	28.0	**1,637.1**			1,962.5	29.7	**1,992.2**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 23.1)

Repayment of €488.8 million notes due 2018

On March 16, 2015, Rexel redeemed its 7% senior notes due 2018 for a total amount of €522.6 million, including the principal amount of €488.8 million, an applicable "make-whole" redemption premium of €25.4 million and interests due for the period December 18, 2014 to March 16, 2015 of €8.5 million.

In relation to the repayment of the senior notes due 2018, the Group revised the amortized cost of such notes and recognized a financial expense of €19.6 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €3.9 million and minus fair value hedge adjustments for a profit of €9.7 million.

Issuance of €500 million notes due 2022

On May 27, 2015, Rexel issued €500 million of senior unsecured notes due 2022 which bear interests at 3.25% annually.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2015. The notes mature on June 15, 2022 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2018 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2018, the notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on:	Redemption price (as a % of principal amount)
June 15, 2018 …………………………………	101.625%
June 15, 2019 …………………………………	100.813%
June 15, 2020 and after ………………………	100.000%

Repayment of $500 million notes due 2019

On June 22, 2015, Rexel redeemed its 6.125% senior notes due 2019 for a total amount of €468.6 million, including the principal amount of €442.5 million ($500 million), an applicable "make-whole" redemption premium of €25.5 million and interests due for the period June 15, 2015 to June 22, 2015 of €0.5 million.

In relation to the repayment of the senior notes due 2019, the Group revised the amortized cost of such notes and recognized a financial expense of €33.0 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €6.5 million and fair value hedge adjustments for a loss of €0.9 million.

The financial expense related to the redemption of the senior notes due 2018 and 2019 is detailed as follows:

(in millions of euros)	For the period ended December 31, 2015
Make-whole redemption premium ………………………………………………	51.0
Write back of transaction fees ………………………………………………	10.4
Less fair value adjustments …………………………………………………	(8.9)
Non-recurring redemption costs ………………………………………	**52.5**

Notes due 2020

Rexel issued on April 3, 2013, €650 million and $500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on:	Redemption price (as a % of principal amount)	
	euro Bonds	dollar Bonds
June 15, 2016 ……………………………………..	103.844%	103.938%
June 15, 2017 …………………………………….	102.563%	102.625%
June 15, 2018 …………………………………….	101.281%	101.313%
June 15, 2019 and after ………………………….	100.000%	100.000%

22.1.3 |Securitization programs

Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of an off-balance sheet US program described in the following paragraphs, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

In addition to these on-balance sheets programs, in 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of CALYON, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). The maturity of this program was extended to December 2017.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or as a risk attached to the servicing of the receivables that is guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2015, derecognized receivables totaled €195.2 million (€180.1 million as of December 31, 2014). For the year ended December 31, 2015, expense incurred under this program reflecting the discount granted to the purchaser of the trade receivables was recognized as a financial expense for €8.3 million (€5.5 million in 2014). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €34.2 million and was recognized in financial liabilities (€23.1 million as of December 31, 2014).

The Group did not retain any interests in the receivables sold under this program.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of December 31, 2015, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

Program	Commitment	Amount of receivables assigned as of December 31, 2015	Amount drawn down as of December 31, 2015	Balance as of		Repayment Date
				December 31, 2015	December 31, 2014	
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia	EUR 425.0	EUR 470.2	EUR 345.7	345.7	396.1	12/18/2017
United States	USD 545.0	USD 658.3	USD 484.4	444.9	422.9	12/20/2017
Canada [1]	CAD 175.0	CAD 264.4	CAD 175.0	115.8	128.2	01/18/2019
Europe	EUR 384.0	EUR 540.2	EUR 378.2	378.2	374.9	12/20/2016
TOTAL				**1 284.6**	**1 322.2**	
Of which :	***- on balance sheet:***			***1 089.4***	***1 142.1***	
	- off balance sheet :			***195.2***	***180.1***	

(1) On November 30, 2015, Rexel amended its Canadian securitization program and extended the maturity date from December 2016 to January 2019

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of December 31, 2015, the total outstanding amount authorized for these securitization programs was €1,452.9 million, of which €1,284.6 million were used.

22.1.4 | Promissory notes

In order to manage its credit risk in China, the Group discounts with no recourse to various financial institutions non-matured promissory notes issued by banks ("Bank Acceptance Drafts") that are received from customer as payment of trade receivables. Rexel transfers risks and benefits associated with discounted Bank Acceptance Drafts. As of December 31, 2015, Bank Acceptance Drafts have been derecognized from the balance sheet for €68.3 million (€48.2 million as of December 31, 2014).

22.1.5 |Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2015, the company had issued €134.6 million of commercial paper (€85.9 million as of December 31, 2014).

22.2 |Change in net financial debt

As of December 31, 2015 and December 31, 2014, the change in net financial debt was as follows:

(in millions of euros)	2015	2014
As of January 1,	**2,213.1**	**2,192.0**
Issuance of senior notes net of transaction cost	489.7	-
Repayment of senior notes	(991.2)	-
Transaction costs and refinancing costs	(0.7)	(1.8)
Net change in credit facilities, commercial papers and other financial borrowings	76.2	(5.6)
Net change in credit facilities	**(426.0)**	**(7.4)**
Net change in securitization	(86.1)	19.3
Net change in finance lease liabilities	1.1	(5.1)
Net change in financial liabilities	***(511.0)***	***6.7***
Change in cash and cash equivalents	333.0	(178.9)
Effect of exchange rate changes on net financial debt	130.7	135.7
Effect of acquisition	8.9	6.1
Effect of divestment	(33.6)	-
Amortization of transaction costs	8.2	10.8
Non recurring refinancing costs	52.5	-
Other changes [(1)]	(3.1)	40.6
As of December 31,	**2,198.7**	**2,213.1**

(1) Of which in 2014, €36.4 million relating to the settlement of interest swaps qualified as fair value hedge of the senior notes

23. | MARKET RISKS AND FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

23.1 | Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

(in millions of euros)	**As of December 31,**	
	2015	**2014**
Senior Notes and other fixed rate debt	1,639.3	2,003.5
Floating to fixed rate swaps	1,496.9	1,515.1
Fixed to floating rate swaps	(1,109.3)	(823.7)
Sub total fixed or capped rate instruments	***2,026.9***	***2,695.0***
Floating rate debt before hedging	1,364.2	1,369.4
Floating to fixed rate swaps	(1,496.9)	(1,515.1)
Fixed to floating rate swaps	1,109.3	823.7
Cash and cash equivalents	(804.8)	(1,159.8)
Sub total floating rate debt instruments	**171.7**	**(481.8)**
Total net financial debt	**2,198.7**	**2,213.1**

Fair value hedge derivatives

As of December 31, 2015, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of its senior notes disclosed in note 22.1.2:

	Total notional amount *(in millions of currency)*	**Total notional amount** *(in millions of euros)*	**Maturity**	**Weighted average fixed rate received**	**Floating rate paid**	**Fair value [1]** *(in millions of euros)*	**Hedged item**
Swaps paying variable rate							
American dollar…………………	500.0	459.3	June 2020	1.78%	3M Libor	2.9	Notes due 2020
Euro………………………………	150.0	150.0	June 2020	0.29%	3M Euribor	1.1	Notes due 2020
	500.0	500.0	June 2022	0.55%	3M Euribor	4.4	Notes due 2022
Total		**1,109.3**				**8.4**	

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.5 million

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

Any adjustment to carrying value of items carried at amortized cost is amortized through profit or loss over the remaining term.

The change in fair value of these fair value hedging swaps for the year ended December 31, 2015 represented a gain of €13.4 million, partially offset by a loss of €13.1 million resulting from the change in the fair value of the senior notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until October 2018. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group’s expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2015, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount *(in millions of currency)*	Total notional amount *(in millions of euros)*	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value [1] *(in millions of euros)*
Swaps paying fixed rate						
American dollar……………….	200.0	183.7	September 2016	1M Libor	0.71%	(0.5)
	50.0	45.9	December 2017	3M Libor	1.02%	0.1
	100.0	91.9	June 2018	3M Libor	1.24%	(0.0)
	250.0	229.6	September 2018	3M Libor	1.33%	(0.2)
Canadian dollar…………………	100.0	66.2	October 2018	3M CDOR	1.23%	(0.7)
Australian dollar……………….	100.0	67.1	June 2016	1M BBSW AUD	2.98%	(1.2)
	80.0	53.7	July 2018	3M BBSW AUD	2.26%	(0.1)
Total		**738.1**				**(2.6)**

[1] Derivative instruments are presented at fair value, including accrued interest payable for €1.6 million

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2015 was recorded as a €0.1 million increase in cash-flow hedge reserve (before tax). The ineffectiveness recognized in 2015 was immaterial.

<u>Derivatives not eligible for hedge accounting</u>

	Total notional amount *(in millions of currency)*	Total notional amount *(in millions of euros)*	Maturity	Floating rate received (paid)	Weighted average fixed rate paid (received)	Fair value [1] *(in millions of euros)*
Swaps paying fixed rate						
American dollar……………….	300.0	275.6	June 2016	3M Libor	0.79%	(0.2)
	100.0	91.9	December 2017	3M Libor	1.01%	0.2
Swedish Krona……………….	1,300.0	141.5	September 2016	3M Stibor	1.73%	(2.2)
	450.0	49.0	September 2017	3M Stibor	-0.16%	(0.0)
Swiss franc……………………	150.0	138.4	December 2016	3M Libor	0.39%	(1.6)
Euro…………………………….	62.5	62.5	May 2018	6M Euribor	3.21%	(5.9)
Total		**758.8**				**(9.7)**

[1] Derivative instruments are presented at fair value, including accrued interest payable of €1.4 million

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 provisions.

Sensitivity to interest rate variation

As of December 31, 2015, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the current annual interest expense estimated to €10.3 million and a €20.6 million gain related to the change in fair value of the hedging instruments of which a €8.1 million in the income statement and €12.5 million in other comprehensive income.

23.2 |Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the Group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, the Group issued senior notes denominated in US dollars in 2015 for an amount of $500 million of which $419 million were qualified as net investment hedges of the US dollars denominated Group's net assets. For the year ended December 31, 2015, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €113.3 million before tax.

As of December 31, 2015, the notional value of foreign exchange derivatives was €636.5 million (€487.5 million of forward sales and €149.0 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €1.5 million. The change in fair value of forward contracts for the year ended December 31, 2015 was recorded as a financial loss of €0.3 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €328.9 million and a decrease (increase) in operating income before other income and other expenses of €11.6 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2015 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €79.5 million and €111.7 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krone	Swedish krona	British pound	Swiss franc	Chinese Renminbi	Other currencies	Total
Financial liabilities …………………	1,774.7	765.7	115.8	86.4	0.7	0.3	175.3	0.1	57.9	26.4	3,004.1
Cash and cash equivalents………	(819.9)	251.3	(19.9)	41.7	(21.0)	(8.7)	(163.6)	(56.3)	(22.3)	14.1	(804.8)
Net financial position before hedging……………………………	**954.7**	**1,017.0**	**95.9**	**128.1**	**(20.3)**	**(8.5)**	**11.7**	**(56.2)**	**35.6**	**40.5**	**2,198.7**
Impact of hedges…………………	(346.1)	4.8	(7.1)	0.4	-	174.1	6.8	166.1	-	1.0	0.0
Net financial position after hedging……………………………	**608.7**	**1,021.8**	**88.8**	**128.5**	**(20.3)**	**165.7**	**18.5**	**109.9**	**35.6**	**41.5**	**2,198.7**
Impact of a 5% increase in exchange rates……………………	*-*	*51.1*	*4.4*	*6.4*	*(1.0)*	*8.3*	*0.9*	*5.5*	*1.8*	*2.1*	*79.5*

23.3 | Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	As of December 31,	
Due within	**2015**	**2014**
One year	675.0	379.1
Two years	602.8	384.2
Three years	4.0	644.8
Four years	118.5	501.5
Five years	1,134.0	409.3
Thereafter	509.6	1,088.9
Total gross financial debt before transaction costs	**3,043.9**	**3,407.9**
Transaction costs	(33.3)	(40.9)
Gross financial debt	**3,010.6**	**3,367.1**

As of December 31, 2015, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros) ***Due within***	**Financial debt & interests**	**Derivatives**	**Total**
One year	792.4	0.2	792.7
Two years	706.7	(4.1)	702.6
Three years	83.4	(2.2)	81.2
Four years	197.5	1.2	198.6
Five years	1,180.7	2.3	1,182.9
Thereafter	533.6	4.4	537.9
Total gross financial debt	**3,494.2**	**1.7**	**3,495.9**

The €650 million and the $500 million senior notes issued in April 2013 mature in June 2020, the €500 million senior notes issued in May 2015 mature in June 2022.

The Senior Facility Agreement was amended in November 2014 for a period of 5 years ending in November 2020. The Senior Facility Agreement together with the €45 million Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,027.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million (see note 22.1.1).

On June 26, 2015, Rexel extended the maturity of its $40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of December 31, 2015, this facility was not drawn down.

Lastly, securitization programs mature in 2016, 2017 and 2019. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €2,138.3 million as of December 31, 2015 (€2,126.8 million as of December 31, 2014) and are due in less than one year.

As of December 31, 2015, the Group's liquidity amounted to €1,645.5 million (€2,052.2 million as of December 2014) in excess of €970.5 million compared to €675.0 million expected to be paid within the next twelve months with respect to debt repayment.

(in millions of euros)	As of December 31,	
	2015	**2014**
Cash and cash equivalents	804.8	1 159.8
Bank overdrafts	(88.4)	(81.7)
Commercial paper	(134.6)	(85.9)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	81.7	77.9
Liquidity	**1 645.5**	**2 052.2**

23.4 |Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. As of December 31, 2015, the maximum risk corresponding to the total accounts receivable amounted to €2,129.4 million and is detailed in note 13.2 Trade receivables.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €804.8 million as of December 31, 2015 (€1,159.8 million as of December 31, 2014), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €529.1 million (€523.8 million as of December 31, 2014) and mainly corresponds to supplier discounts receivable.

24. | SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	Fair value Hierarchy*	As of December 31, 2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Bonds	AC	1	1,637.1	1,646.2	1,992.2	2,045.9
Other financial debts, including accrued interest	AC		1,373.5	1,373.5	1,374.9	1,374.9
Total financial liabilities			**3,010.6**		**3,367.1**	
Hedging derivatives [(1)]	FV P&L	2	-	-	6.5	6.5
Hedging derivatives [(1)]	FV OCI	2	0.6	0.4	0.7	0.4
Other derivative instruments not elligible to hedge accounting	FV P&L	2	4.5	4.5	11.6	11.6
Other liabilities [(2)]	N/A		10.1	N/A	10.1	N/A
Total other non-current liabilities			**15.2**		**29.0**	
Trade accounts payable	AC		**2,138.3**	**2,138.3**	**2,126.8**	**2,126.8**
Vendor rebates receivable	AC		127.6	127.6	119.3	119.3
Personnel and social obligations [(2)]	N/A		231.4	N/A	231.9	N/A
VAT payable and other sales taxes [(2)]	N/A		75.2	N/A	82.3	N/A
Hedging derivatives [(1)]	FV OCI	2	0.5	0.8	0.3	0.8
Other derivative instruments not elligible to hedge accounting	FV P&L	2	8.0	8.0	0.5	0.5
Other liabilities	AC		259.8	259.8	223.4	223.4
Deferred income	N/A		10.4	N/A	8.4	N/A
Total other debts			**712.9**		**666.2**	

[(1)] Specific accounting measurements for hedging
[(2)] Not classified as a financial instrument under IAS 39

Financial liabilities - stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4

25. | OPERATING LEASES

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

(in millions of euros) *Due within*	Payments outstanding as of December 31, 2015	2014
One year	202.0	189.9
Two years	156.9	150.4
Three years	117.9	112.9
Four years	79.2	77.3
Thereafter	143.7	148.1
Total	**699.8**	**678.6**

The total expense under operating lease contracts was €217.9 million for the year ended December 31, 2015 (€211.2 million as of December 31, 2014).

26. | RELATED PARTY TRANSACTIONS

Executive compensation

Expenses relating to compensation of the Executive Committee members of the Group are as follows:

(in millions of euros)	For the year ended December 31, 2015	2014
Salaries and other short-term benefits	10.9	11.7
Post-employment benefits (service costs)	1.2	1.0
Indemnities at termination of contract	1.2	0.6
Free shares and stocks options [(1)]	3.3	4.8

[(1)] Share-based payment expense is detailed in Note 18 – Share based payments

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

In the event of a breach of employment contract, the Group could have to compensate the Executive Committee members a total amount of €10.4 million.

27. | LITIGATION & OTHER CONTINGENCIES

27.1 | Litigation

Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim, the Group cannot precisely assess the financial consequences that may result from these proceedings.

ACCC (Australia) claim against Olex and others

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings have been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia.

At this stage in the proceedings, it is not possible either to predict the outcome of this claim or to meaningfully quantify its financial impact.

The principal tax proceedings involving Group companies as of December 31, 2015 are described below:

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely and referred the case to the Administrative Court in April 2014. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

Hagemeyer Finance BV Finnish branch

In a final report received in May 2014, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. The Group disputed this analysis in a response letter sent in September 2014. In December 2014, Finnish tax authorities issued the reassessment decision for years 2008-2012, resulting in an amount of tax payable of 11.3 million euros for fiscal years 2008-2012. Rexel Group lodged an appeal in 2015 before the Tax Adjustment Board. In December 2015, reassessments for fiscal years 2013 and 2014 were issued, resulting in additional amount of tax of €1.5 million, which Rexel Group contests also. Rexel considers that it is more likely than not that the matter will be resolved favorably in its interest and has therefore not recorded a provision.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

27.2 |Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called as of the balance sheet date, except where stated otherwise.

Latin America

With respect to the divestment of Latin America operations, the Group committed to indemnify any dommage incurred by the purchaser up to $9 million.

Tax warranties

In connection with previous divestment transactions, the Group committed to indemnify purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.
As of December 31, 2014, Techpac Holdings Ltd had notified to Hagemeyer B.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer B.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

28. | EVENTS AFTER THE REPORTING PERIOD

On January 4, 2016, Rexel realized the following acquisitions:

- Sofinther, a French distribution company specializing in thermal, heating and control solutions which realized annual sales of €106 million. The acquisition price was €83 million and may be adjusted further depending on the actual level of net cash available at the closing date. A down payment of €80 million was paid to the sellers and the outstanding amount will be paid after issuance of the completion accounts.
- Cordia, a French €11 million sales distributor engaged in the provision of fire prevention equipment and services. The acquisition price was set to €10.7 million before adjustment of the working capital and net cash available. At the closing date, a down payment of €10.0 million was paid to the sellers.

On January 20, 2016, Rexel announced the sale of its operations in Poland, Slovakia and the Baltics to the Würth group (see note 14).

On February 3, 2016, the Group announced the acquisition of Brohl & Appell, a US €24 million sales company specialized in industrial automation.

29. | CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2015

All these subsidiaries are fully consolidated.

	Head office	***% Interest***
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
Bizline S.A.S.	Paris	100.00
BCCT	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Neuilly-Plaisance	100.00
SBEM	Paris	100.00
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deuthschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00
Senate Group Ltd	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Potters Bar	100.00
Rexel (UK) Ltd	Potters Bar	100.00
Newey & Eyre Ltd.	Potters Bar	100.00
Parker Merchanting Limited	Potters Bar	100.00
WF Electrical Plc	Potters Bar	100.00
Newey & Eyre (C.I.) Ltd.	Guernsey	100.00
Warrior Ltd.	Potters Bar	100.00
H.A. Wills (Southampton) Ltd.	Potters Bar	100.00
Rexel UK Pension Trustees Ltd.	Potters Bar	100.00
A&A Security Technologies Limited	Potters Bar	100.00
Defiance Contractor Tools Limited	Potters Bar	100.00
J&N Wade Limited	Potters Bar	100.00
Clearlight Electrical Company	Potters Bar	100.00
Power Industries Limited	Potters Bar	100.00

	Head office	*% Interest*
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke Elektro-Grosshandel GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
B.V. Electrotechnische Groothandel J.K. Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Gouda	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Rexel Holding Netherlands B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Electro-Industrie en Acoustiek	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Tralee	100.00
Hagemeyer Industrial Ireland Ltd.	Limerick	100.00
Astrotek Ireland Limited	Dublin	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Lichtexpress.ch SA	Bedano	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
REXEL RE S.A.	Luxembourg	100.00
Rexel Holding Luxembourg	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Slovakia		
Hagard. Hal, spol. Sr.o.	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services kft	Fót	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00

	Head office	% Interest
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Dallas	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Consolidated Electrical Supply Limited	Dallas	99.99
General Supply & Services Inc.	Dallas	100.00
Gesco General Supply & Services Puerto Rico LLC	Shelton	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00

ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd	Kowloon	100.00
Huazhang Electric Automation Holding Co. Ltd	Hong Kong	100.00
LuckyWell Int'l Investment LTD	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd	Beijing	55.00
Rexel Hailongxing Electrical Equipment Co. Ltd	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co. Ltd	Shanghai	100.00
Zhejiang Huazhang Automation Equipment Co. Ltd	Huanzhou	100.00
Rexel Integrated Solutions (Shanghai) Co. Ltd	Shanghai	100.00
Rexel China Management Co. Ltd	Shanghai	100.00
Suzhou Xidian Co. Ltd	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co. Ltd	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co. Ltd	Beijing	100.00
Henan Qixin Automation Equipment Co. Ltd	Zhengzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
Shanghai Maxqueen Industry Development Co. Ltd	Shanghai	60.00
Zhonghao (Shanghai) Technology Co. Ltd.	Shanghai	60.00
India		
Yantra Automotion Private Limited	Pune	100.00
Rexel India Private Limited	Pune	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
Gexpro Supply (Macau) Company Limited	Macau	100.00

	Head office	% Interest
Korea		
Gexpro korea Co. Ltd	Seoul	100.00
Indonesia		
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
P.T. General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
Rexel Luxlight SDN. BHD.	Kuala Lumpur	100.00
Singapore		
Rexel Singapore Pte. Ltd.	Singapore	100.00
Rexel South East Asia Pte. Ltd.	Singapore	100.00
Luxlight Pte, Ltd.	Singapore	100.00
Lenn International Pte. Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co. Ltd	Bangkok	100.00
Rexel Quality Trading Co. Ltd	Bangkok	70.00
Vietnam		
Rexel Vietnam CO. Ltd	Ho Chi Minh City	100.00
Australia		
Rexel Holdings Australia Pty Ltd	Sydney	100.00
Rexel Electrical Supplies Pty Ltd	Sydney	100.00
Australian Regional Wholesalers Pty Ltd	Sydney	100.00
EIW Holding Pty Ltd	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
Rexel Arabia Electrical Supplies LLC	Riyadh	65.00
United Arab Emirates		
Redco FZE	Dubaï	100.00
Rexel Middle East FZE	Dubaï	100.00
Rexel Emirates LLC	Abu Dhabi	90.00

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

Year ended December 31, 2015

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Rexel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 3.5 and 12.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 8 and 12.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis.
- Your company has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described in note 3.11 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in note 21 to the consolidated financial statements is appropriate.
- Your company also makes estimates in respect of the measurement of financial instruments (notes 3.8.4 and 22), provisions and contingent liabilities (notes 3.13, 20 and 27) and deferred taxes (notes 3.17 and 10). Our work consisted in examining the data and assumptions used as well as the procedure implemented by management to approve these estimates. We have also reviewed, using sampling techniques, the calculations made by the group and verified that the information disclosed in the notes to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group’s management report.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 11, 2016,

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu