

# Letter to shareholders

REXEL, global leader in the professional distribution of products and services for the energy world



## Dear shareholders,

Our 2014 annual results, published on the February 12, were in line with the targets we announced earlier in July. At slightly more than €13 billion, our sales were up 1.1% year on year, on a constant and same-day basis, strongly driven by organic growth from North America. Operating margin stood at 5.0% and we generated strong free cash flow before interest and tax of €562.4m.

Our strategy remains focused on improving our commercial effectiveness, enhancing customer centricity, driving operational excellence and strengthening our business portfolio. To reflect our continued confidence in our business model, we will propose to our shareholders to maintain the 2015 dividend at last year's level of €0.75 per share.

Looking ahead, the persistently challenging environment leads us to continue to dedicate our resources and efforts to distinct areas of profitable organic growth, such as energy efficiency and renewable energy, as well as to further enhance our business transformation with the optimization of our logistics network and the ongoing development of a strong IT backbone and digital platform for better productivity and cus-

tomers service. To strengthen our market positions, we also continue to pursue bolt-on acquisitions for external growth.

Since our last newsletter, we have further streamlined our management structure to reinforce organizational effectiveness by placing all our European operations under a single regional head with the appointment of Patrick Berard as Senior Vice President Rexel Europe, effective July 1, 2015.

I would also like to take this opportunity to update you on our commitments to drive a more sustainable energy future. In the run up to the UN Climate Change Conference taking place in Paris in December, the Rexel Foundation has joined the Yale Climate Change Dialogue initiative. Spearheaded by the Yale Center for Environmental Law & Policy, this initiative aims at delivering action-oriented solutions to respond to climate challenges and I look forward to reporting on its progress.

I hope you are able to take part in our Annual General Shareholders meeting on May 27.

Thank you for your continued support,

**Rudy Provoost**  
Chairman and CEO



To reflect our continued confidence in our business model, we will propose to our shareholders to maintain the 2015 dividend at last year's level of €0.75 per share.

## REXEL & YOU

### Annual Shareholders' Meeting

(May 27)  
Proposition for a dividend of €0.75 per share

## ZOOM

### Eneasy Solar

Promoting renewable energies

## FINANCE

### 2014 Results

Performance in line with targets

# Promoting renewable energies

**The development of renewable energies remains strongly related to the support policies implemented by local authorities in each country. By offering solutions adapted to its customers' needs, Rexel contributes to promoting these new energies, particularly solar and wind power.**

**T**he installation of photovoltaic panels is a sustainable, cost effective and low-carbon solution. In 2014, Rexel launched a new commercial program, **Energieasy Solar**, which gives users access to a comprehensive range of practical and innovative services aimed at supporting the development of solar projects.

## A global program

This global program gives homeowners access to a dedicated online portal where they can calculate the energy generation potential of their rooftop installation and the revenue they are likely to receive from the government incentive schemes available, and equip their homes with solar panels produced by manufacturers known for their quality products.

## A 5-year production guarantee

This is also the first time a single platform brings together everything homeowners need to understand how solar power can benefit them personally and make the transition to installation easy. It offers clients the opportunity to connect with selected installers who signed a commitment charter certifying their



**energieasy solar**  
by **REXEL**

experience and the quality of their services.

Moreover, and this is a first for the solar energy market, Rexel offers customers a 5-year production guarantee. If the effective production is lower than the estimate by more than 10%, the difference will be refunded.

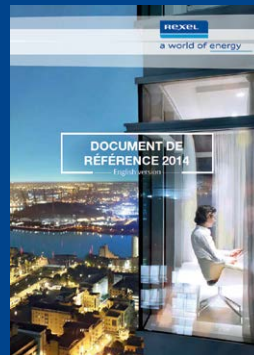
## A worldwide rolling out

Energieasy Solar has been trialed in Belgium since June 2014, for which it has won the "Solar Industry Development" award in the Solar Industry Awards 2014. Following its success, it was launched in the UK and the Netherlands and will be further rolled out in Europe and the United States in 2015.



## Registration Document

**Registration Document** ("Document de référence") is now available in both French and English on the [rexel.com](http://rexel.com) website. It contains the annual financial report, Group regulatory information and information regarding next annual meeting of shareholders on May 27, 2015.



## Home automation

Rexel launched its 3i Home Automation Specialist Certification at the 2015 edition of **Rexel Expo**, its trade fair showcasing Rexel's France commercial offering and innovations held last March at the Lyon Eurexpo exhibition center. 300 installers, members of the 3i program, were provided with marketing tools designed to help them promote and sell home automation solutions.



## Rexel Foundation

The Rexel Foundation has teamed up with a comprehensive solar energy plant/Green IT Classroom initiative intended to provide students at San Xing Elementary School, located in the province of Hebei, **China**, with access to new technologies and better information.

**Rexel**  
foundation   
FOR A BETTER ENERGY FUTURE

# 2014 Results

**In a macro-economic environment that remained challenging, 2014 was a transition year for Rexel with the launch of major operational projects and increased investments to accelerate profitable growth. Financial results were in line with targets announced in July as organic sales growth reached 1%, margin stood at 5% and free cash flow generation was solid.**

€13,1 bn  
Sales

€649 m  
Adjusted  
EBITA<sup>1</sup>

€278 m  
Recurring net  
income

## Sales growth driven by North America

In 2014, revenue increased by 0.5% on a reported basis, to €13.1 bn. It raised by 1.1% on a constant and same day basis, reflecting recovery in North America in the second half of the year.

Profitability was impacted by gross margin evolution which faced unfavourable mix and country-specific effects and dropped to 24.3% from 24.8% in 2013 while operating expenses control remained strict. In this context, adjusted EBITA margin stood at 5.0%, in line with target announced in July.

The Group's net income reached €200.0 m (vs. €210.9 m in 2013) and recurring net income reached €278.1 m (vs. €328.1 m in 2013).

## Solid cash flow generation

Rexel generated free cash flow before interest and tax of €562.4 m (vs €600.6 m in 2013) and of €322.1 m after interest and tax (vs €337.2 m in 2012). Conversion rate versus EBITDA<sup>2</sup> were respectively 77% and 44%, in line with targets of above 75% and around 40%.

## Sound financial structure

Net financial debt and indebtedness ratio were broadly stable at year end 2014 compared to 2013 and stood respectively at €2.2 bn and at 2.7x EBITDA.

In 2014, Rexel continued to optimize its financing structure and further reduce its financial expenses by renegotiating

its €1 bn Senior Credit Agreement and extending its US securitization program.

## Portfolio review

Rexel conducted a portfolio review in the second half of 2014. As a result of this review, a divestment program was approved by the Board and will be completed by the end of 2016 with the expected following financial impacts based on full-year 2014 consolidated accounts:

- > A reduction of around 5% in the Group's consolidated sales,
- > A positive contribution of c. 20bps to the Group's adjusted EBITA margin,
- > A moderate increase in the Group's FCF before interest and tax.

Proceeds from disposals will primarily be allocated to targeted acquisitions.

Also find the **2014 results** on the Rexel website

1. Constant and adjusted basis: at comparable scope of consolidation and exchange rates, excluding the non-recurring effect related to changes in copper-based cables price and before amortization of purchase price allocation;

2. Free Cash flow as a % of EBITDA.

# 2015 outlook

**The current economic environment leads us to be cautious (uncertain economic outlook in Europe, mixed environment in emerging countries, lower copper prices, decreasing oil prices...).**

**In this context, Rexel aims at delivering in 2015:**

> **Organic sales** growth of between -2% and +2% (on a constant and same-day basis),

> **Adjusted EBITA margin** of between 4.8% and 5.2% (vs. 5.0% recorded in 2014),

> **Solid free cash flow** of:

- At least 75% of EBITDA before interest and tax,
- Around 40% of EBITDA after interest and tax.

In addition, Rexel confirms its dividend policy of paying out at least 40% of recurring net income.

# Shareholders' Meeting

**Rexel's Annual Shareholder's Meeting will be held on May 27, 2015 in Paris.**

## TO TAKE PART

- > Read full text of resolutions on page 306 of [2014 Document de référence](#) or soon in the [AGM section](#) on our website;
- > Request an admission card to your financial intermediary if you wish to come;
- > Vote:
  - by filling the [proxy](#) (which also allow you to give a proxy to the Chairman or to the person of your choice);
  - by connecting to [BNP Paribas Planetshares](#) website between May 7 and 3.00pm (Paris time) on May 26;
- > and [follow the AGM](#) live or in replay on our website.

## 2015 Calendar

- Thursday April 30**  
> First quarter results
- Wednesday May 27**  
> Annual General Shareholders' Meeting, Paris
- Thursday June 11**  
> Meeting with shareholders in Paris
- Wednesday July 29**  
> Second quarter results

## Contact us

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- Mail**  
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**13, boulevard du Fort de Vaux**  
**75017 Paris**

## Dividend

Rexel will propose to you a dividend of €0.75 per share, representing 78% of the Group's recurring net income (vs. 64% last year). It will be paid in cash or shares. The record date is set as of June 2, 2015.

If you choose to be paid in shares, you need to talk to your financial intermediary between June 3 and June 23 included. Payment and settlement will take place as of July 1, 2015.

## NEW ORGANISATION

Rexel reinforces the accountability structure at regional level in order to streamline decision making, optimize the go-to-market model inside regions, and the ways of working with our international customers and suppliers.

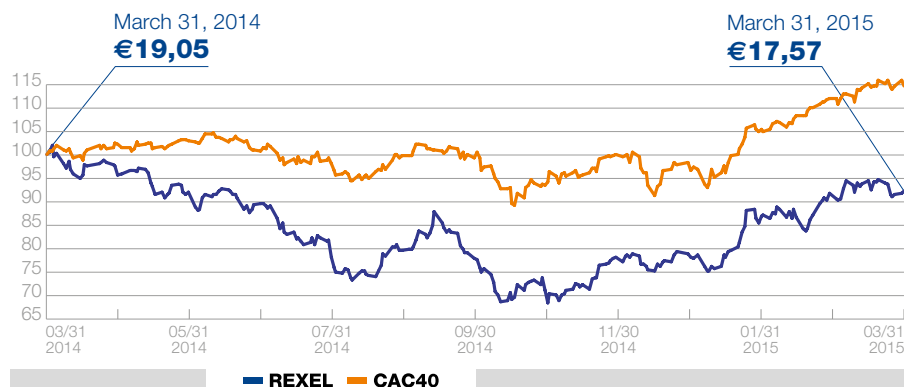
As a consequence, **Patrick Berard** has been appointed Senior Vice President Rexel Europe. He will take the head of all European operations as of July 1, 2015.

With this appointment, each of the group's 3 main regions has one single head. The Executive Committee will thus comprise 9 members, which reflects Rexel's diversity both in terms of nationality, with 5 members out of 9 non-French, and gender, as one third are women.

## Securities services

**BNP Paribas Securities Services**  
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93761 Pantin Cedex  
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## SHARE PRICE



## Company details

- > ISIN **FR0010451203**
- > Mnemonic code **RXL**
- > Market **Eurolist by NYSE Euronext**
- At March 31, 2015**
- > Number of shares **292,013,076**
- > Market capitalisation **€5.2 Bn**