

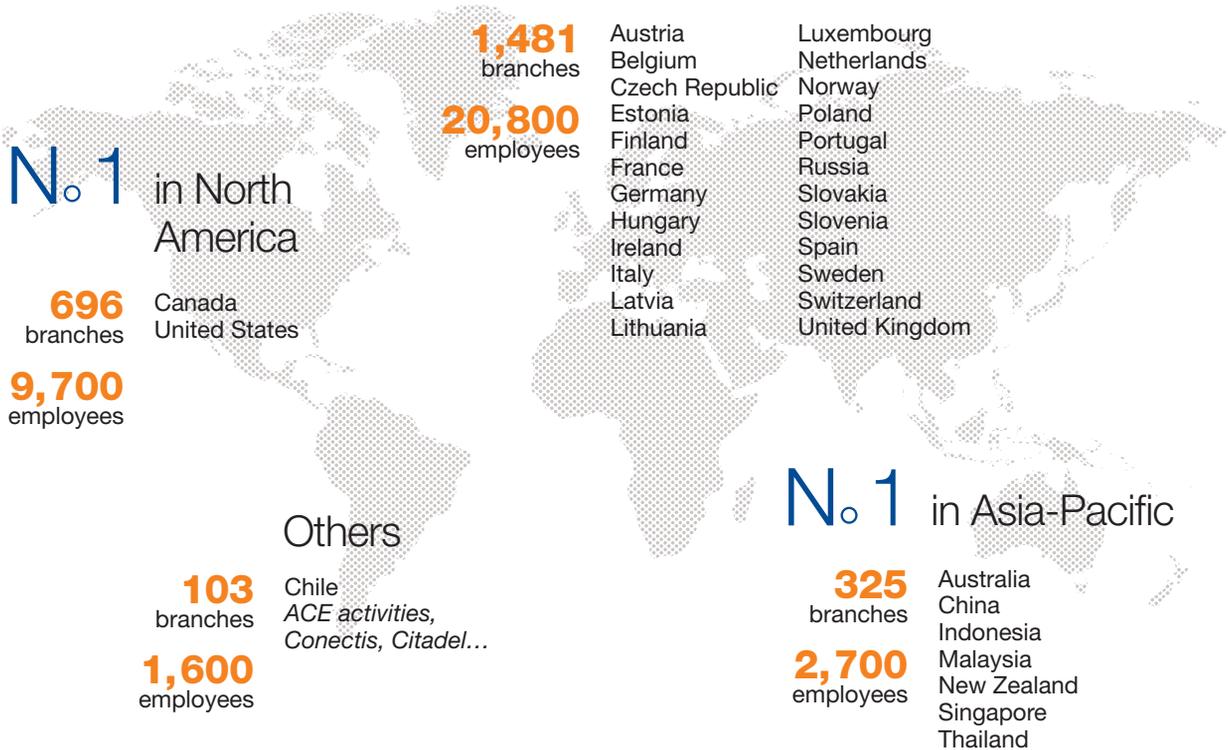


Activity report 2007



Distributor
of electrical
supplies
and solutions

N^o 2 in Europe



€14.3
 billion in 2007
 pro forma sales

2,600
 branches

34,800
 employees

Contents

■ Our market, our customers, our business	2
■ Strategy	
Message from the Chairman of the Supervisory Board	8
Interview with the Chairman of the Management Board	10
Corporate governance	13
The executive committee	14
A three-pronged strategy for sustainable, profitable growth	16
2007 key figures	18
Hagemeyer acquisition: Rexel takes on new dimensions	20
■ Offering: Creating added value for our customers	
Distributing to meet market needs	26
Innovative products and services	30
Adapting our customer-focused business model	33
■ Organization: Promoting operational excellence	
Optimizing the supply chain	38
Strengthening supplier relationships	40
■ Responsibilities: Taking a long-term view	
Mobilizing and developing skills	44
Legitimate concern for the environment	48
■ Financial activity: Building profitable growth	
Rexel's financial strategy	52
Shareholder relations	54
Simplified Director's report	56
Consolidated financial statements	57

Building value at the core of Rexel's business model

Our products

+ Relevance

An offering structured by key functions

- Smart buildings
- Climate control
- Energy management
- Lighting
- Security
- Industrial automation
- ...

+ Quality

Solutions selected from major brands

3M	La Triveneta
ABB	Legrand
Acuity Brands	Leviton
Atlantic	Nexans
CME Wire & Cable	Osram
Cooper	Panduit
Eaton	Philips Lighting
EGS Electrical	Prysmian
General Cable	Rockwell Automation
General Electric	Schneider Electric
Genlyte	Siemens
Hager	Southwire
Hubbel	Thomas & Betts
	...

Our distribution network

+ Proximity

2,600 sales outlets

- Counter sales
- Telephone sales
- Traveling sales representatives

E-commerce

+ Expertise

Tailored to all needs

- Specialized banners and labels
- Key Accounts teams
- Business experts

+ Availability

Distribution centers providing next-day delivery for 35,000 product references

Our services

+ Commitment

Giving the best advice

- Product choice
- Project assistance
- Technical audits, design and installation monitoring
- Management of large international projects

+ Assistance

At all stages from pre- to after sales

- Product recommendations
- Suggesting alternative solutions
- In-branch training
- Cost control

+ Efficiency

Delivery services according to needs

- In branches
- To the customer site, project location
- Express and batch deliveries
- Customer inventory management

Our customers and markets

Industry

Food processing, automotive industry, petrochemicals, health, etc.

Installation & maintenance

Residential

Individual and collective housing

Construction & renovation

Commercial

Airports, offices, hospitals, shopping centers, etc.

Contractors

Small, mid-sized and large electrical contractors

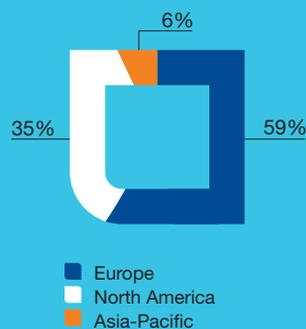
Rexel, leading distributor worldwide of electrical supplies and solutions

With over 2,600 sales outlets in 34 countries, Rexel distributes electrical supplies and solutions used in the industrial, residential and commercial markets.

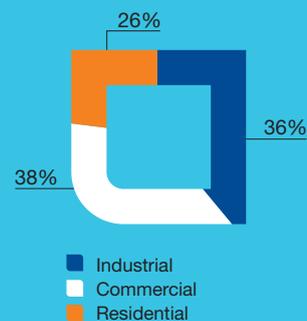
From small contractors to key accounts, we provide each of our professional customers unmatched choice and product availability for a broad selection of electrical equipment, lighting, security and communications systems and energy-saving devices. Day after day, our 34,800 employees contribute their expertise and added-value service.

Our strategy of profitable growth, based on the spirit of commercial conquest, operational excellence and financial discipline, makes Rexel a top-performing world leader and sector reference.

2007 pro forma sales* by geographical area

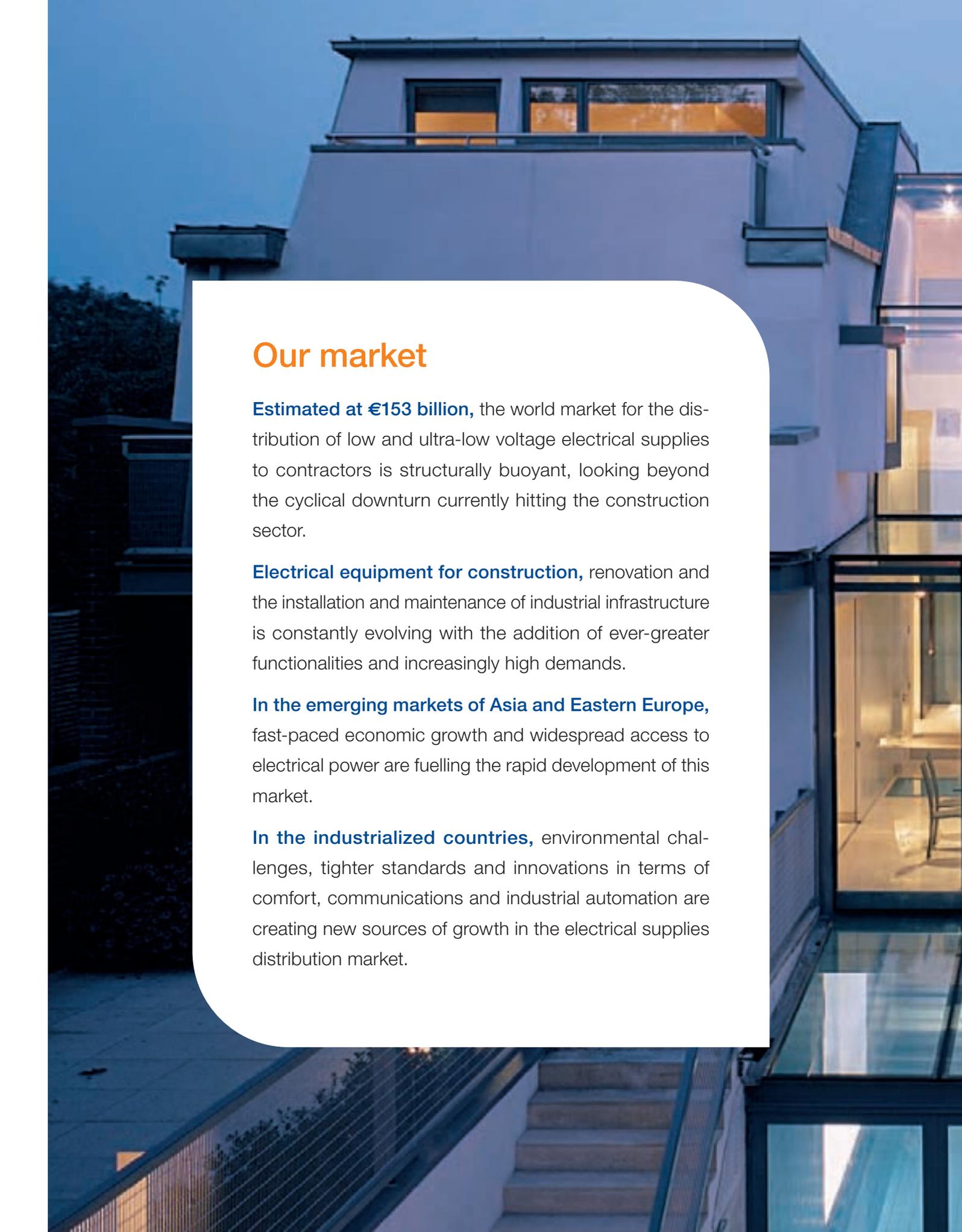


2007 pro forma sales* by market



Data of these two pages are given on a pro forma basis: as if the following events had been carried out as of January 1, 2007: acquisitions closed in 2007, the purchasing of Hagemeyer, the disposals and asset swaps agreed upon with Sonepar and the divestment of certain of Hagemeyer's activities in Ireland.

* Excluding Chile, ACE activities and some Group sales support activities (Conectis, Citadel, etc.).

A photograph of a modern, multi-story building at dusk. The building has a light-colored facade and large windows. Some windows are illuminated from within, showing a warm orange glow. The sky is a deep blue. In the foreground, there are concrete steps leading up to the building, and a glass railing is visible on the right side. The overall scene is a mix of architectural lines and natural light.

Our market

Estimated at €153 billion, the world market for the distribution of low and ultra-low voltage electrical supplies to contractors is structurally buoyant, looking beyond the cyclical downturn currently hitting the construction sector.

Electrical equipment for construction, renovation and the installation and maintenance of industrial infrastructure is constantly evolving with the addition of ever-greater functionalities and increasingly high demands.

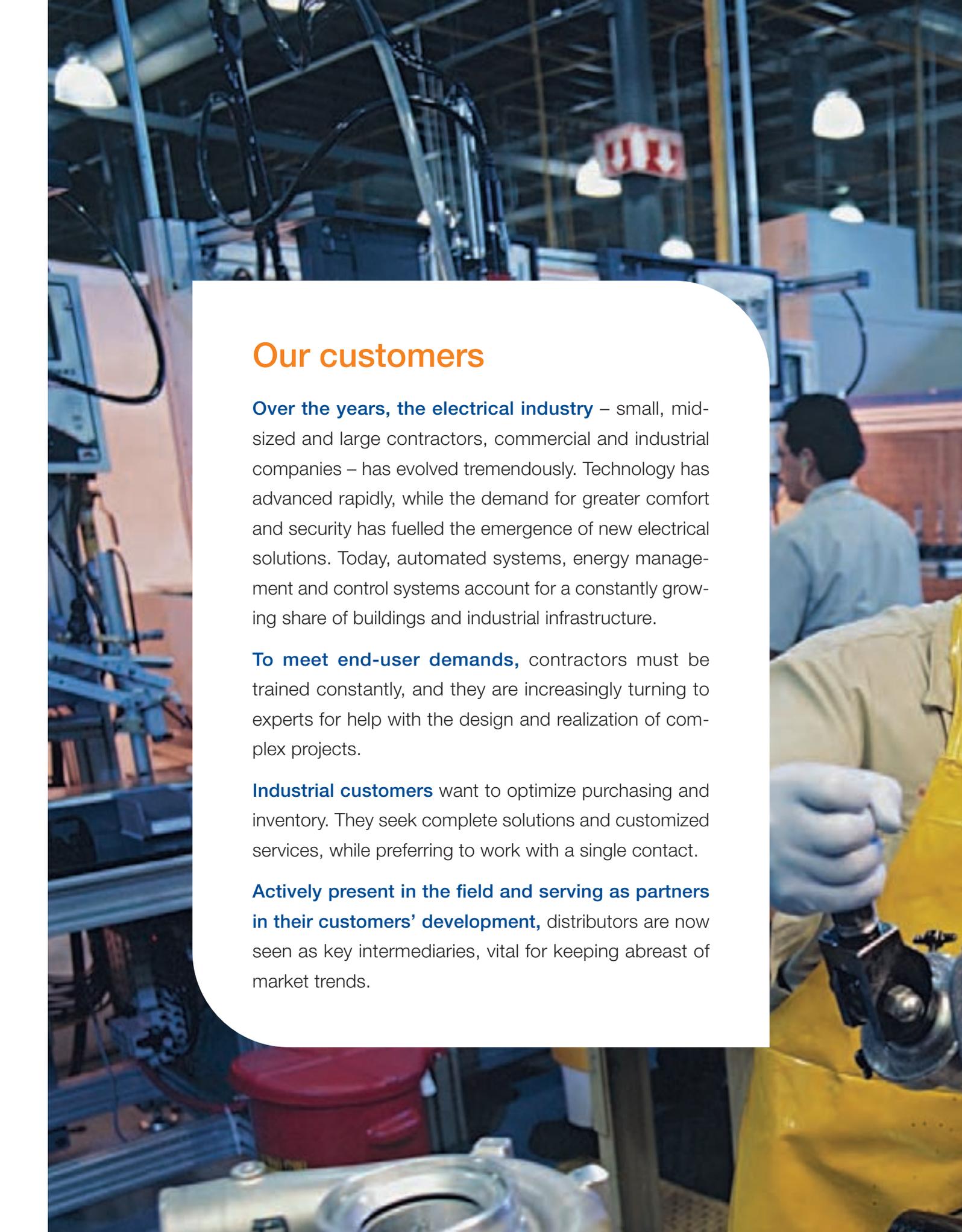
In the emerging markets of Asia and Eastern Europe, fast-paced economic growth and widespread access to electrical power are fuelling the rapid development of this market.

In the industrialized countries, environmental challenges, tighter standards and innovations in terms of comfort, communications and industrial automation are creating new sources of growth in the electrical supplies distribution market.



In China, Rexel is now the largest international distributor

In 2007 and 2008, Rexel signed two partnership agreements in China with Huazhang Electric Automation and Suzhou Xidian, strengthening its position in industrial automation as it keeps pace with strong growth in the Chinese economy.



Our customers

Over the years, the electrical industry – small, mid-sized and large contractors, commercial and industrial companies – has evolved tremendously. Technology has advanced rapidly, while the demand for greater comfort and security has fuelled the emergence of new electrical solutions. Today, automated systems, energy management and control systems account for a constantly growing share of buildings and industrial infrastructure.

To meet end-user demands, contractors must be trained constantly, and they are increasingly turning to experts for help with the design and realization of complex projects.

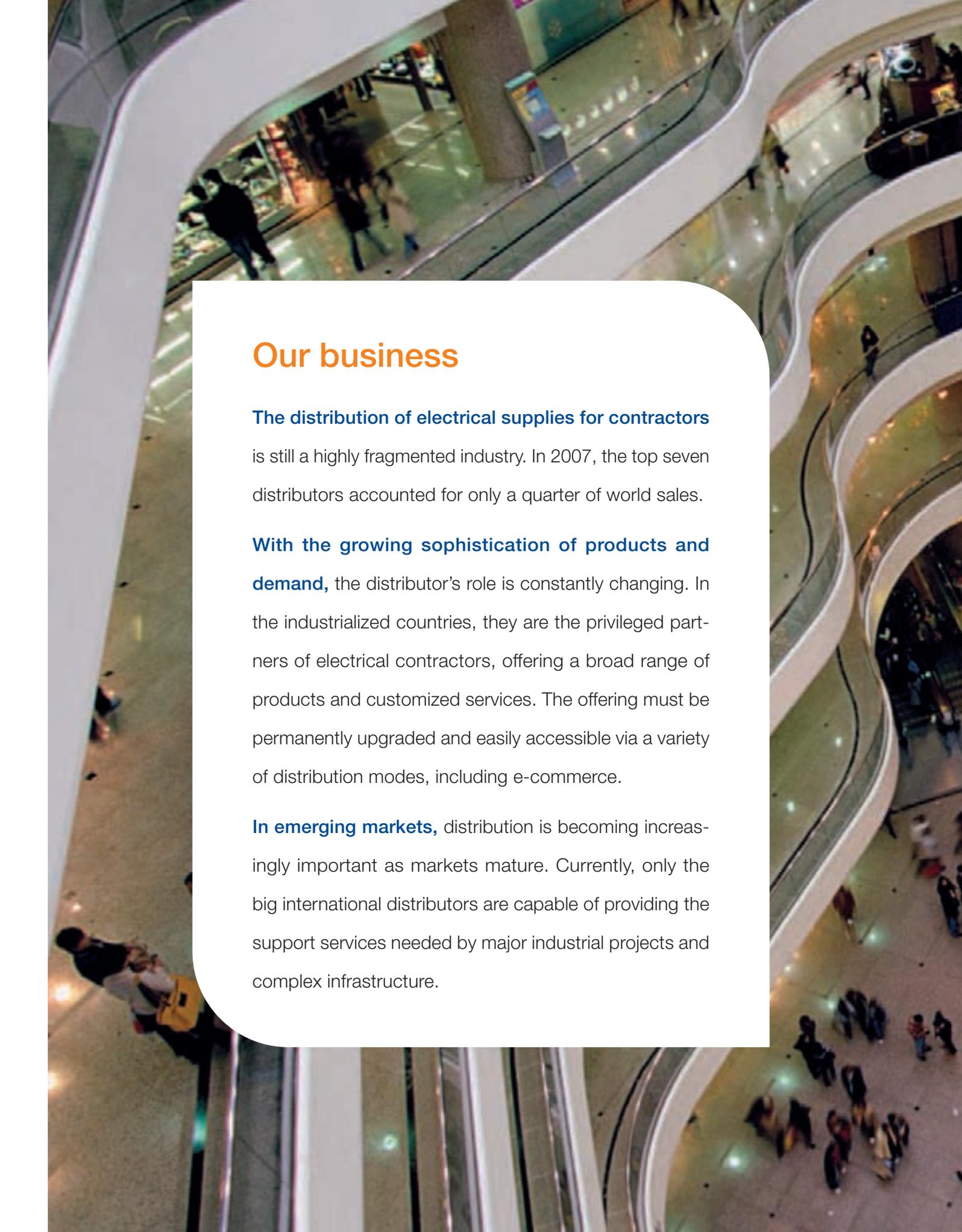
Industrial customers want to optimize purchasing and inventory. They seek complete solutions and customized services, while preferring to work with a single contact.

Actively present in the field and serving as partners in their customers' development, distributors are now seen as key intermediaries, vital for keeping abreast of market trends.



Rexel develops online transactions to serve all its customers

In 2007, Rexel continued to develop e-commerce systems for small and mid-sized contractors, and strengthened electronic data interchange (EDI) with key accounts. These software bundles help improve productivity and share the supervision of operations, from ordering to real-time monitoring of shipments.



Our business

The distribution of electrical supplies for contractors is still a highly fragmented industry. In 2007, the top seven distributors accounted for only a quarter of world sales.

With the growing sophistication of products and demand, the distributor's role is constantly changing. In the industrialized countries, they are the privileged partners of electrical contractors, offering a broad range of products and customized services. The offering must be permanently upgraded and easily accessible via a variety of distribution modes, including e-commerce.

In emerging markets, distribution is becoming increasingly important as markets mature. Currently, only the big international distributors are capable of providing the support services needed by major industrial projects and complex infrastructure.



The Hagemeyer acquisition strengthens Rexel's European leadership

In 2008, Rexel acquired a significant stake in the European shareholder equity of Hagemeyer, the world's third largest electrical supplies distributor. The many complementary aspects of both companies' businesses, and the contribution of €3.5 billion in additional sales, will strengthen the Group's presence in Europe and enrich its expertise, especially for industrial customers and key accounts.



Roberto Quarta Chairman of the Supervisory Board

**2007 was a watershed year
for Rexel.**

In addition to delivering solid operational performance amid a mixed global economic backdrop, the company undertook two projects of great strategic importance which will be important factors for future growth: returning Rexel to the stock market in

April 2007, and launching an offer to buy Hagemeyer, the number three business in the sector.

Before I return to these two events, I would like to congratulate all Group employees for their excellent performance during 2007. We have a strong expansion model, combining

The Group has delivered
solid operational performance
amid a mixed global
economic backdrop.

The Group's excellent performance in 2007 is the result of a **strong expansion model**, combining growth and profitability.

growth and profitability, but it also requires the committed efforts of our employees, for which I am grateful. Our successful performance has enabled Rexel to bolster its cash generation and reduce its debt burden rapidly.

These results were achieved by a strong management team that has effectively implemented the Group's expansion strategy. It has shown pragmatism and adaptability against the backdrop of a challenging environment, particularly in the United States. Given the slowdown in the US residential construction market, initiatives were taken to rapidly adjust our sales and marketing and our cost base appropriately.

This good performance provides a platform from which Rexel can capture the considerable growth and development opportunities that the Hagemeyer deal provides. Combining with Hagemeyer has not only reinforced Rexel's position as global leader in its

field, but also transformed its scale and footprint across Europe, in a similar way that the Gexpro deal in August 2006 transformed Rexel's US position. The leadership position Rexel now enjoys in Europe will confer financial and operating benefits in the years ahead that will add to profits.

2007 also saw Rexel return to the stock market, a decision taken to increase the growth options for the company. A 24% stake in the company was sold to investors, with the legacy shareholders demonstrating their confidence in the company by holding onto their shareholding. The share price performance since listing has been under expectation, with good operating performance overshadowed by concerns about economic slowdown and unsettled financial markets.

I remain completely confident, however, in the fundamental strength of Rexel and have no doubt that this will ultimately be reflected in the share price.

The electrical supplies distribution market remains highly fragmented and offers considerable opportunities both in emerging markets, where distribution is still taking shape, and in mature markets, where regional strengthening measures and demand for value-added services have made for significant performance improvements.

The Board remains confident that Rexel has the underlying business strengths and management capability to trade well in the short-term, where the economic outlook remains uncertain. In the longer term, the company's strong strategic position will translate into sustained value creation for shareholders. ■



Jean-Charles Pauze

Chairman of the Management Board

What is your impression of Rexel's 2007 results?

Rexel reported a very solid performance in 2007. We surpassed our profitability targets, with operating income of €658 million and an operating margin of 6.1%. Sales rose 15.1% to €10.7 billion and net income was €312 million, excluding IPO-related costs. At the same time, we generated increased cash flow of €670 million, up 37% compared to year-end 2006.

We have also demonstrated our ability to reduce debt rapidly. The pro forma net debt to Ebitda ratio was reduced from 3.1 in 2006 to 2.3 at the end of 2007.

This is a particularly remarkable performance considering the tough market environment. It confirms the pertinence of our business model and the effective implementation of our strategy.

The Hagemeyer acquisition is a **major industrial merger** for the industry and for our Group.

What measures have you taken to address an increasingly challenging situation, notably in the United States?

Our ability to react quickly has been vital. Over half of our costs are either adjustable or flexible, which makes us extremely adaptable. We reduced our staff in the United States by 6.3%, which is equivalent to a 1.4% cutback in Group employees at constant scope.

The smooth integration of Gexpro (formerly GE Supply) was unquestionably one of our big successes in 2007. Gexpro has injected new expertise into the Group, notably in terms of large project development, and has generated significant synergies much faster than expected. This success story illustrates the Group's ability to smoothly integrate teams, businesses and systems.

What are the keys to the Group's remarkable performance?

We have a three-pronged strategy combining organic growth, constant improvements in operational leverage and a policy of selective acquisitions.

All of our markets – industrial, residential and commercial – are constantly demanding more innovation and greater technical content in electrical products and solutions, whether for industrial automation, energy efficiency, greater comfort or security. To keep pace with these developments, we provide our customers with closer proximity, better guidance, more customized services, and a broader portfolio of products and specialized offers. In 2007, we optimized

These growth and profitability levers still harbor **considerable potential** for the years ahead.

our branch network and continued our breakthrough into e-commerce. We also managed to offer greater value-added services to our key accounts, resulting in an 11% increase in business in this segment.

Through numerous operating levers, notably our partnerships with suppliers, the optimization of pricing structures and the selective development of our own brands, we managed to increase the gross margin by 30 basis points. We also continued to optimize costs by streamlining our logistics structures in accordance with the geographic density of our customers and by converging information systems, resulting in a better return on capital employed (ROCE). These growth and profitability levers still harbor considerable potential for the years ahead.

We owe these improvements and progress to the commitment and professionalism of our employees. It is for this reason that Rexel launched an employee shareholding plan along with its IPO, and nearly 20% of our personnel subscribed to the plan. I believe it is vital to continue associating as many of our employees as possible in the Group's performance and growth.

In late 2007, you launched a takeover bid for Hagemeyer, the world's third largest distributor, which was finalized in March 2008. How will this acquisition change the Group's profile?

With the acquisition of most of Hagemeyer's European assets, Rexel becomes stronger, more resilient and better placed to create value.

This is a major industrial merger for the industry and for our Group. The acquisition consolidates Rexel's position as world leader, with pro forma 2007 sales of €14.3 billion and a dense commercial network that has been expanded to 34 countries. It also bolsters our positions in Europe, which will account for 59% of Group sales, up from 48% at the end of 2007. It builds Rexel's presence in Eastern Europe and Scandinavia, as well as in bigger markets like the UK and Spain, where we have become the leader. Countries in which we have over a 10% market share now account for 96% of sales (vs. 78% previously). With Hagemeyer's expertise in the industrial market and key accounts, we will expand our business in these particularly buoyant segments.

INTERVIEW WITH JEAN-CHARLES PAUZE



More attractive and powerful,
Rexel is well on its way to
**enhancing
its performances**
and creating value.



Given our track record with past acquisitions and our strong results with Gexpro, by 2011 we expect annual synergies to account for 1.5% of acquired 2007 sales. We are already working actively with Hagemeyer teams to ensure a smooth transition, combining our strengths to accelerate the Group's performance.

Does Rexel have the resources to pursue an active acquisition policy?

Rexel has always been, and will always be, a key player in sector consolidation. In a world market estimated at €153 billion, we currently have only a 9% market share. Naturally, we will continue to pursue

our acquisition strategy in the years ahead to strengthen our local positions, a key factor in our development and profitability. In 2008, we will be very selective about any further acquisitions, investing about €100 million in small and mid-sized companies.

What are Rexel's prospects in 2008?

Currently, we see contrasting macroeconomic trends, both in terms of end markets and from a regional perspective. In Europe, we expect regular but measured growth in industrial and commercial markets, with a leveling off in residential activity. In North America, we do not expect the residential segment to improve before 2009, while the commercial sector weakens. Industrial activity, however, which accounts for over half of our North American sales, will continue to grow. In the Asia-Pacific region, growth will remain strong in all three of our end markets.

Based on these assumptions and using our pro forma 2007 financial

profile, which integrates Hagemeyer over a full 12 months, we expect Rexel to report limited sales growth and a similar EBITA margin in 2008. In the medium term, organic and external sales growth are expected to range between 4% and 6%, with an EBITA margin at least 100 points higher than in 2007, including Hagemeyer.

Why invest in Rexel today?

Our business model has shown its worth and is supported by solid fundamentals: an entrepreneurial spirit to gain market share, operational excellence and financial discipline.

Using the same determination and rigor, we will now apply our strategy of profitable growth to a broader, better-balanced platform. With the acquisition of Hagemeyer's European assets, Rexel is in an even better position to take advantage of structural sources of growth, notably in industrial markets, emerging countries and key accounts. More attractive and powerful, Rexel is well on its way to enhancing its performances and creating value. ■

Corporate governance

Following Rexel's IPO on April 4, 2007, the Group made adjustments to its governance structure. Rexel is a *société anonyme* (limited company) with a Management Board and Supervisory Board enabling it to carry out a public offering and to split the management and control functions, which have been attributed to the Management Board and Supervisory Board respectively.

The Management Board

■ Jean-Charles Pauze

Chairman of the Management Board

■ Nicolas Lwoff

Group Senior Vice President,
Finance, Control and Legal Affairs

■ Pascal Martin

Group Senior Vice President, Business
Development and Corporate Operations

■ Jean-Dominique Perret

Group Senior Vice President,
Human Resources -
Group Delegate Latin America

The Supervisory Board

Chairman

■ Roberto Quarta

Vice-Chairman

■ Patrick Sayer

Members

■ François David*

■ Eurazeo represented
by Gilbert Saada

■ Fritz Fröhlich*

■ Luis Marini-Portugal

■ Djamal Moussaoui

■ David Novak

■ Guido Padovano

■ Joseph L. Rice

Observer

■ Joe Adorjan

*Independent member.

Statutory auditors

PRINCIPAL AUDITORS

- Ernst & Young Audit
- KPMG Audit

DEPUTY AUDITORS

- M. Gabriel Galet
- SCP Jean-Claude André
et Autres

SUPERVISORY BOARD COMMITTEES

Audit Committee

The Audit Committee is composed of Fritz Fröhlich (Chairman), Luis Marini-Portugal, Djamal Moussaoui and David Novak. Its role is to ensure the accuracy and fair presentation of the individual and consolidated financial statements and to issue recommendations on finance, accounting and internal controls.

It met three times during 2007. Under the aegis of the governance in force prior to Rexel SA's admission to the Euronext Paris market, Rexel Distribution's Audit Committee met to approve the 2006 financial statements.

Nominations Committee

The Nominations Committee is composed of Patrick Sayer (Chairman), Fritz Fröhlich, Guido Padovano and Roberto Quarta. Its main missions are to issue recommendations on potential nominations, to replace/dismiss members of the Management Board, Executive Committee and Supervisory Board, and to ensure that independent members of the Supervisory Board effectively meet independence criteria. It met once during 2007.

Compensation Committee

The Compensation Committee is composed of Guido Padovano (Chairman), Joe Adorjan, François David, Luis Marini Portugal, and Roberto Quarta. Its main missions are to make recommendations and issue opinions on the compensation of members of the Management Board

and Executive Committee members and on stock option grants and free shares policy. It met three times during 2007.

Strategic Committee

The Strategic Committee is composed of David Novak (Chairman), François David, Djamal Moussaoui and Patrick Sayer. Its main missions are to issue recommendations for the Supervisory Board on strategic planning and annual budget proposals, as well as on any of the Group's strategic projects (such as acquisitions, disposals or investments). It met four times during 2007.

Internal rules of the Supervisory Board are available on the Group's website: www.rexel.com.

THE EXECUTIVE COMMITTEE



The Executive Committee

The Executive Committee assists the Management Board with the management of the Group's main businesses. The Executive Committee, which meets every two months, brings together the regional senior vice presidents, the Communications vice president and the Management Board members. The Executive Committee is a special body for discussing strategic planning, coordinating initiatives, monitoring performance and initiating cross-functional projects in compliance with the Group's corporate governance.

1 Mitch Williams

Senior Vice President and CEO,
Gexpro

2 Jérémy de Brabant

Senior Vice President and CEO,
Rexel, Inc.

3 Patrick Bérard

Senior Vice President,
Southern Continental Europe



5



6



7



11



12



13

4 Henri-Paul Laschkar
Senior Vice President,
UK, Ireland and Asia-Pacific

5 Nicolas Lwoff
Group Senior Vice President,
Finance, Control and Legal Affairs

6 Jean-Charles Pauze
Chairman of the Management Board,
and Chief Executive Officer

7 Pascal Martin
Group Senior Vice President,
Business Development and
Corporate Operations

8 Laetitia Olivier
Senior Vice President, Communications

9 Chris Hartmann
Executive Vice President and CEO,
Int. Electric Supply Corp (Rexel USA)

10 Paul Zekhuis
Senior Vice President,
Northern Continental Europe

11 Jeff Hall
Senior Vice President, Canada

12 Jean-Dominique Perret
Group Senior Vice President,
Human Resources,
Group Delegate Latin America

13 Werner Hardt
Senior Vice President, Northern Europe
and European Key Accounts

A three-pronged strategy

for sustainable, profitable growth

Rexel follows a three-pronged development strategy based on accelerating **organic growth**, enhancing **operating profitability** and pursuing **selective external growth** to strengthen its local presence and enrich its know-how.

These three strategic pillars are supported by high-performance **logistics facilities** and **information systems**. They are implemented by the Group's workforce, **women and men** who strive daily to make Rexel the leading reference in the distribution of electrical products and solutions for professionals.

■ Developing organic growth over the long term

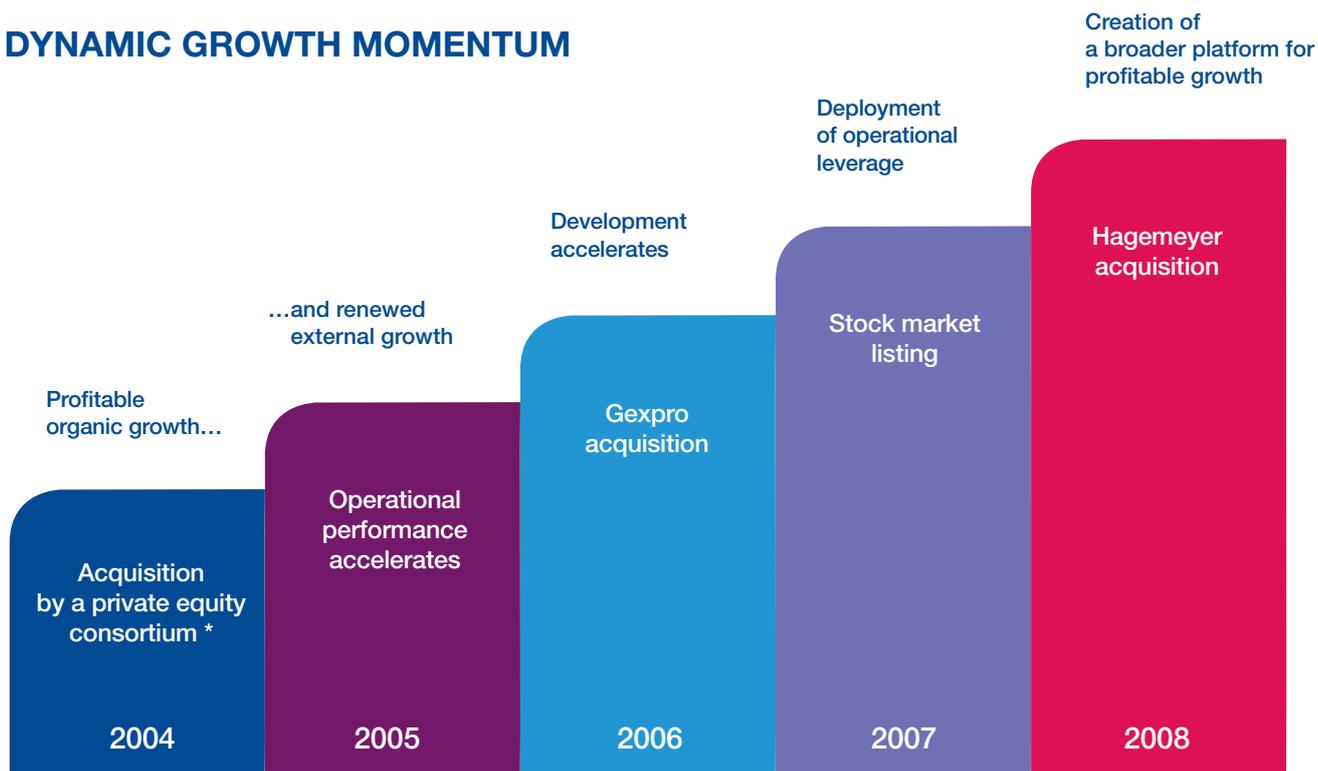
Each year, Rexel strengthens its regional positions by adapting its **branch network** to the needs of local economic basins and by rolling out the necessary technical expertise. It has expanded its offer through specialized product lines marketed via a **multi-banner commercial organization**. With customer satisfaction and loyalty a top priority, the Group is developing new **distribution modes** such as **e-commerce**, regularly upgrading its **product offer** to take into account new demands and technological advances, and constantly improving **customer services**.

Rexel supports the dynamic momentum in each of its three end markets. Special attention is given to **key accounts**, a segment offering significant growth potential.

Operating targets

- Increase the share of sales via Internet.
- Increase the market share of industrial customers.
- Develop business with key accounts and large projects.
- Propose new training and delivery services.

DYNAMIC GROWTH MOMENTUM



* Comprised mainly of Clayton, Dubilier & Rice, Eurazeo and Merrill Lynch Global Private Equity

■ Fostering operational excellence and optimizing capital employed

Rexel is strengthening **partnerships with suppliers** to improve profitability and supply chain management. It is **optimizing sales prices** and **developing its own brands** to round out its product offer and boost gross margins while preserving competitiveness. To reduce operating costs, the Group is pursuing an ongoing policy of increasing productivity of its **logistics facilities**, reducing the cost of deliveries and inventory while optimizing product availability.

Rexel is also working to reduce payment periods between customers and suppliers and optimize inventories to **reduce working capital requirements**.

Operating targets

- Increase the share of purchases made with the top 25 suppliers.
- Lower working capital requirements.
- Reduce the number of IT systems used by the Group worldwide.

■ Pursuing a selective acquisitions strategy

In three years, Group sales have more than doubled. This performance is due not only to strong organic growth, but also to an acquisition strategy carried out on two levels: the selective buyout of **small and mid-sized companies**, which remain the core of Rexel's acquisition strategy, and **major acquisitions**

such as Gexpro in 2006 and Hagemeyer in 2008, attractive industrial opportunities seized by the Group.

Rexel has demonstrated its ability to integrate new subsidiaries and to rapidly generate a return on investment. Through these acquisitions, the Group confirms its role as a key player in the consolidation of the electrical supplies distribution market. In the years ahead, Rexel intends to pursue its selective acquisitions policy.

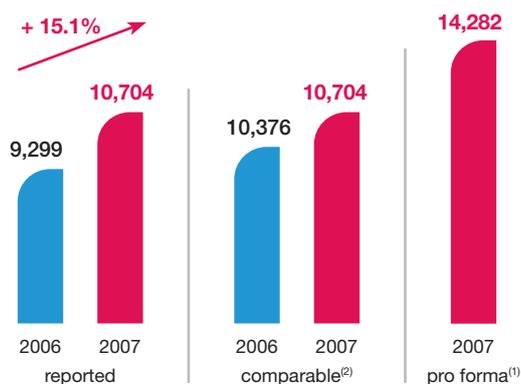
Operating targets

- Acquire small and mid-sized companies that are complementary in terms of sectors, regions or expertise.
- Generate additional sales growth of 2% to 3% a year through acquisitions.

2007 KEY FIGURES

In 2007, Rexel confirmed its **buoyant growth** and maintained a **high level of profitability**

Rexel is now embarking on a new era following the acquisition of most of Hagemeyer's European activities in 2008. Consequently, we present the Group's key figures below as reported and on a pro forma 2007 basis ⁽¹⁾.

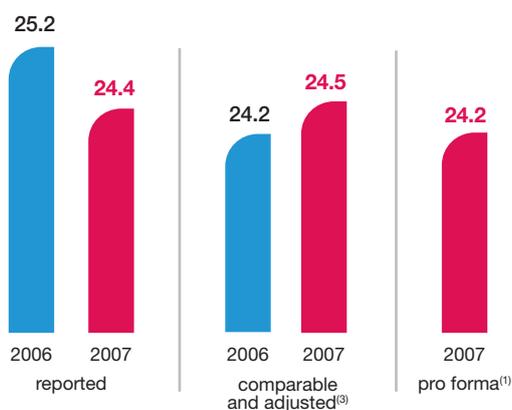


Consolidated sales (in €M)

In 2007, sales were up 15.1%, of which 14.3% relate to external growth, 2.9% to organic growth on a same-day basis, 0.3% to changes in the number of business days and -2.7% to the unfavourable exchange rates against the euro.

This strong improvement confirms the Group's ability to implement a business model based on both organic growth and acquisitions.

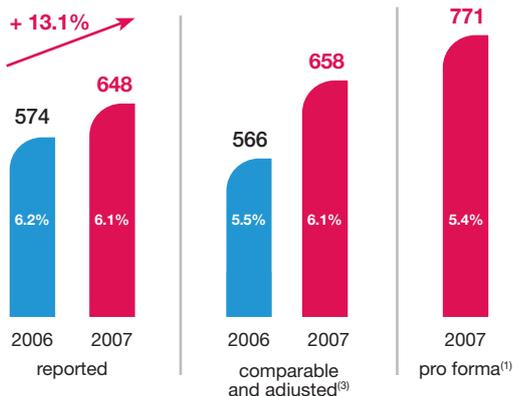
With the acquisition of Hagemeyer, Rexel increases its sales by almost a third.



Gross margin rate (as a % of sales)

In 2007 on a constant and adjusted basis, the gross margin was up 30 basis points, reflecting the adequacy of Group commercial initiatives, the implementation of synergies with Gexpro in the US and the efficiency of operating levers. The improvement attained 40 basis points in Europe and in North America while the gross margin went down 10 basis points in Asia-Pacific due to the growing weight of emerging countries with a lower gross margin, in the country mix.

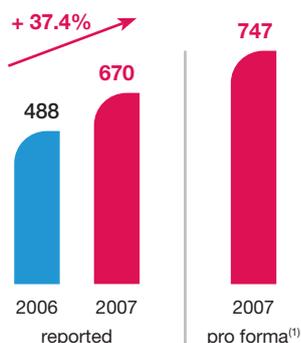
The gross margin of the retained Hagemeyer activities being below that of Rexel in 2007, the 2007 pro forma gross margin is below the reported one.



Operating income before other income and other expenses - EBITA (in €M and as % of sales)

In 2007, on a constant and adjusted basis, EBITA was up 16.2% to 658 million euros, or 6.1% of sales. This is a 60 basis point increase versus 2006, of which 30 basis points are due to gross margin improvement and 30 basis points to the reduction of operating expenses as a percentage of sales.

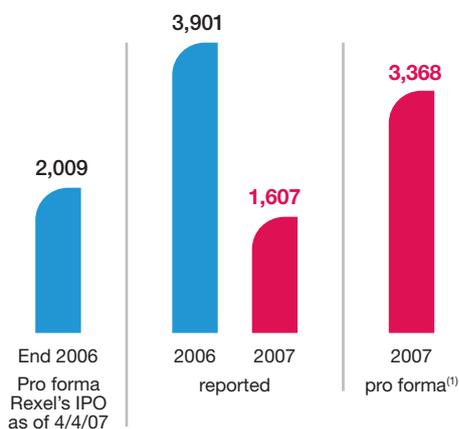
On a 2007 pro forma basis and therefore including Hagemeyer activities, the adjusted EBITA margin stands at 771 million euros, i.e. 5.4% of sales.



Free cash flow before interests and taxes (in €M)

In 2007, the 37% or 182 million euro increase in free cash flow before interest and taxes, reflects three factors of progress:

The growth of EBITDA; the improvement in working capital requirements which went down from 14.0% in 2006 to 13.6% in 2007 on a comparable basis; and the low Group capital intensity, with capital expenditures limited to 0.7% of sales.



Net financial debt (in €M)

Rexel's IPO in April 2007 has allowed the Group to significantly improve its financial structure, with an increase in shareholder equity of more than a billion euros. Also, the free cash flow generated by the Group has contributed to a 402 million euro reduction in net financial debt in 2007 pro forma Rexel's IPO.

At the end of 2007, on a constant basis, the gearing ratio was reduced to 50% and the leverage ratio (defined as net financial debt to EBITDA) was 2.3 at the end of 2007 versus 3.1 a year earlier.

(1) Pro forma: as if the following events had been carried out as of January 1, 2007: acquisitions closed in 2007, the purchasing of Hagemeyer, the disposals and asset swaps agreed upon with Sonepar and the divestment of certain of Hagemeyer's activities in Ireland.

(2) Comparable: at 2007 constant scope of consolidation, exchange rates and number of working days.

(3) Comparable and adjusted: excluding the non-recurring estimated impact on stock from changes in copper-based cable prices and, for EBITA, excluding the amortization of Hagemeyer's purchase price allocation estimated at 15 million euros p.a. from 2007.



€3.5 billion additional sales for Rexel

50% increase in the number of European branches

With Hagemeyer's European activities, Rexel takes on new dimensions

In March 2008, Rexel concluded its acquisition of Hagemeyer, the world's third-largest electrical supplies distributor. After selling off Hagemeyer's activities in North America and the Asia-Pacific region as well as certain European operations to Sonepar* - following completion of the deal -, and after asset swaps with Sonepar, the Group will gain €3.5 billion in additional sales through Hagemeyer's retained activities, located mainly in Europe.

With pro forma 2007 sales of €14.3 billion (vs. reported sales of €10.7 billion), this large-scale

industrial operation bolsters the Group's global leadership in the distribution of electrical supplies. The addition of Hagemeyer's European activities boosts Group sales in Europe by over 60%, expands the branch network by 50%, and reinforces the Group's presence among industrial customers.

Based on a solid industrial logic with significant potential for synergies, this strategic acquisition creates a stronger platform for profitable growth and value creation for shareholders.

* For more information on the Hagemeyer acquisition, asset swaps and disposal of assets to Sonepar, see Rexel's 2007 Reference Document.

** Pro forma 2007: as if the following events had been carried out as of January 1, 2007: acquisitions closed in 2007, the purchasing of Hagemeyer, the disposals and asset swaps agreed upon with Sonepar and the divestment of certain of Hagemeyer's activities in Ireland.

BOOSTING EUROPEAN LEADERSHIP

FOLLOWING THE HAGEMEYER ACQUISITION

■ New countries for Rexel

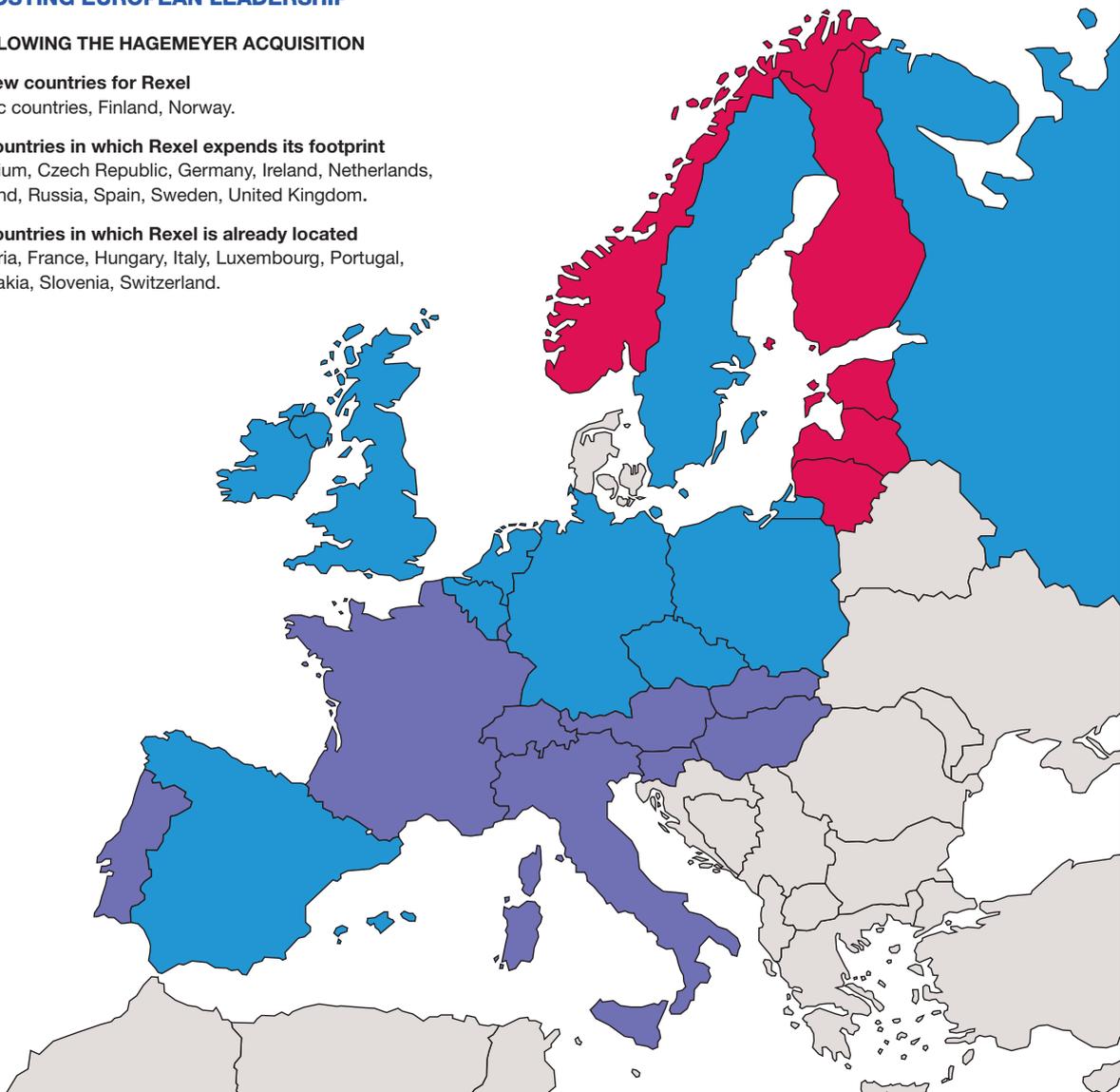
Baltic countries, Finland, Norway.

■ Countries in which Rexel expands its footprint

Belgium, Czech Republic, Germany, Ireland, Netherlands, Poland, Russia, Spain, Sweden, United Kingdom.

■ Countries in which Rexel is already located

Austria, France, Hungary, Italy, Luxembourg, Portugal, Slovakia, Slovenia, Switzerland.



COUNTRY HIGHLIGHTS

Germany

Rexel rises to the number 2 position (vs. fourth in 2007). Hagemeyer's logistics and commercial infrastructures enables Rexel to accelerate its development with industrial customers and national and international key accounts.

Nordic countries (Finland, Norway, Sweden)

Rexel becomes the market leader or number two in Norway, Sweden and Finland. The group strengthens its logistics network, with growth opportunities in key accounts.

Spain

In Spain, Rexel becomes the largest trade distributor with a broad range of products and services. The national coverage of its new branch network and logistics facilities will enable the Group to offer customers a high level of service nationwide.

United Kingdom

Rexel becomes the leader in the UK with a four fold increase in sales. With significant potential to improve its operating performance, the Group will operate under three new commercial banners: Newey & Eyre, WF and Parker Merchanting.



HAGEMEYER ACQUISITION

5 new countries:
Norway, Finland,
Baltic countries

9,200 employees and **630** branches
joining the Rexel Group

96% of European sales are generated in countries
in which Rexel has over **10%** market share



Rexel – Hagemeyer: unique strengths to meet market expectations

- A broader customer portfolio including industrial markets and service companies
- An expanded network of commercial banners
- Critical mass for developing more competitive services
- Unequaled capacity to keep pace with customers' growth in Eastern Europe
- A better offer thanks to streamlined logistics models

■ A major industrial merger and excellent opportunity to create value over the long term

A strong industrial logic underlies the Hagemeyer acquisition. The merger of two key players with complementary areas of expertise fosters the potential for major synergies to reduce costs, improve operational efficiency and develop revenue streams.

Through ongoing efforts to concentrate purchases with a select group of suppliers, streamline support functions and optimize and converge logistics and IT infrastructure, annual synergies are expected to account for 1.5% of acquired sales by 2011.



1. Newey&Eyre branch,
London, United Kingdom.

2. Regional distribution
center in Deventer,
Netherlands.

3. Product delivery on
customer's location,
Amsterdam,
Netherlands.

4. Employee preparing
an order in the
central warehouse in
Bergschenhoek,
Netherlands.

The new entity will also benefit from a stronger sales network, expanded marketing capacity and value-added services, enabling it to take full advantage of the market's potential.

With numerous potential synergies, the Hagemeyer acquisition offers a new source of long-term value creation for shareholders. Rexel has an excellent

track record for optimizing the benefits of acquisitions, rapidly integrating companies and making improvements for both the new entity and the Group.

Following this acquisition, Rexel's net debt to EBITDA ratio should rise to about 4, from 2.3 at the end of 2007. The goal is to reduce this ratio to between 2 and 3 through strong cash flow generation. ■

Hagemeyer's corporate governance during the transition period

Following Rexel's acquisition of Hagemeyer, a transitional governing body was set up on 28 March 2008 with full powers until certain Hagemeyer assets* are sold to Sonepar.

This governing body is comprised of a Management Board and a Supervisory Board. The Management Board has two specific members, the Trustee and the Hold Separate Manager, who are responsible for overseeing the transfer of these assets to Sonepar and ensuring compliance with competition rules during the transition period.

* For more information on the Hagemeyer acquisition, asset swaps and disposals to Sonepar, see Rexel's 2007 Reference Document.



**Harnessing
the latest
consumer trends**

Housing management, energy efficiency, industrial automation, etc. Structured by major functions, our products are categorized into specific offers with a choice of integrated solutions, supporting the work of contractors and electricians on a daily basis.



OFFERING

Creating added value for our customers

Our main growth drivers lie in the close ties we maintain with our customers and our understanding of their needs and expectations. As the sector leader, we have unique strengths for adapting and deploying our offering locally in a highly responsive manner, creating more added value for our clients while leading the transformation of our business.

25 acquisitions since 2004

61% increase in sales in the Chinese market in 2007*

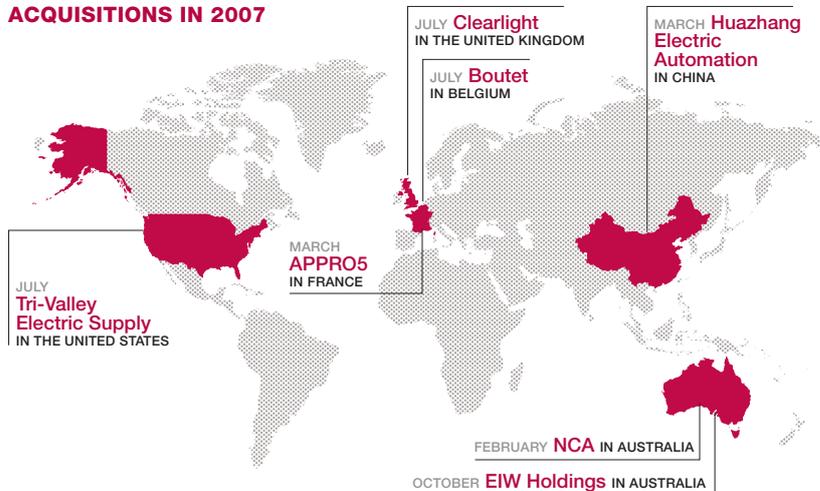
Distributing to meet market needs

Rexel distributes electrical products and solutions and advise to professionals on the front line. Each year, the Group moves closer to customers by strengthening its network of branches, introducing innovative distribution modes, and tailoring its expertise in the three major markets to meet specific expectations.

■ Denser geographical branch coverage

Selling electrical supplies to professionals is a business in which customized service and strong individual relationships are key assets. In this respect, sales outlets are a vital venue for developing commercial contacts. In 2007, to meet its customers' needs on the front line, Rexel opened 43 new branches worldwide. These new outlets help to further improve geographical coverage and foster even closer customer relationships.

ACQUISITIONS IN 2007



* Excluding the Hagemeyer acquisition



Enriching our offer for industrial customers

Acquisition of Boutet, a leading distributor in eastern Belgium. With the acquisition of this prominent distributor, Rexel Belgium, a 28-branch network, strengthens its offering for industrial customers – an expanding segment in the country.

Training for a new lighting product.

■ 7 acquisitions enhancing the Group's business expertise and geographical footprint

In 2007, the Group pursued its policy of selective acquisitions by purchasing 7 new companies in three geographical areas. These deals have reinforced Rexel's geographical positions and extended its sectoral expertise. With additional sales totaling over €150 million, these businesses have either been integrated within existing commercial networks, such as Clearlight, which has strengthened the Denmans network in the United Kingdom, and APPRO5 for Coaxel in France, or continue to run as a complementary network such as Huazhang Electrical in China and EIW Holdings in Australia. The Australian acquisition, specialized in industrial key

accounts, will enable Rexel, already number 1 in Australia, to become the number 1 distributor in western Australia, a region experiencing the strongest growth in the country.

■ In China, the Group has developed its expertise in industrial automation

2007 saw an acceleration in the pace of Rexel's expansion in China. Together with strong organic growth, the creation of two new joint ventures has bolstered the Group's positions in the Chinese industrial market. The acquisition of a 51% shareholding in Huazhang Electric Automation has expanded Rexel's distribution network and reinforced its strategic partnership with Rockwell Automation, a supplier of industrial automation solutions. The acquisition of a 73.5% stake in Suzhou Xidian, which was agreed in early 2008, has consolidated Rexel's positions in Shanghai and Beijing, where this new banner runs a total of 7 branches.

With majority shareholdings in four Chinese companies, the Group is now the largest international distributor present in the country.

■ The multi-banner commercial sales strategy succeeds in the United States

In a number of countries, notably Australia, Canada and France, Rexel operates through several networks of complementary banners. In the United States, Gexpro, formerly General Electric's distribution subsidiary, joined the Group during 2006. Rexel, which now ranks as the no. 1 distributor in the US, has introduced its multi-banner strategy to market an extensive range of products and services to a broader customer base from a geographical and business standpoint. The priority aim of Rexel, Inc. branches is to serve contractors operating in the three sectors, while Gexpro focuses on the industrial and commercial sectors, and on services for key accounts.



OFFERING: CREATING ADDED VALUE FOR OUR CUSTOMERS

+ **30%** growth in e-commerce sales in Europe during 2007*

■ ■ ■ To expand its business in the United States, Rexel also employs other innovative sales and marketing vehicles. Capitol Light, a business run by Rexel CLS, specializes in providing advice and installing lighting equipment, notably for major store chains. Gexpro Services, a unit dedicated to industrial customers, markets a whole range of services linked to

parts procurement and business inventory management.

■ **New sales methods to diversify distribution channels**

The branch remains the Group's key distribution channel. Customers can also buy products over the phone, by fax, online or

during a visit from a sales representative. In recent years, self-service areas have developed significantly at branches. Increasingly sophisticated, specialized by product, by manufacturer or by major function, self-service areas maximize product visibility and cut counter waiting times.

Alongside its traditional distribution channels, Rexel constantly experiments

A MULTI-BANNER COMMERCIAL ACTIVITY

NORTH AMERICA



EUROPE



ASIA-PACIFIC



And also: ABM, Boutet, Breva, Coaxel, Elektro-Material SA, Elektronabava, EIW, Elvo, Flores y Kersting, Hagard:HAL, Kelliher's Electrical, Lear&Smith, Mile, Page Data, Parker Merchating, Rexel Hailongxing, Rexel Hualian, Redeal Networks, Rexel Senate, Selga, Suzhou Xidian, V-Center, WF...

(this list takes into account the Hagemeyer acquisitions completed in 2008)

* Excluding the Hagemeyer acquisition



Capitalizing on our best practices

Making experience-sharing the driving force behind our organic growth. In 2007, Rexel set up a European e-commerce group whose members meet every quarter to share best practices and identify the most promising avenues for growth.

Rexel branch, France.

with innovative methods to provide suitable solutions for each and every customer. In 2007, two mobile branch systems were tested successfully in the United States, namely the Rexel Mobile-Branch serving electricians and industrial companies in Florida, and the Intellitruck with its on-board computer that manages procurement, orders and billing for key accounts in Ohio.

■ E-commerce comes of age

E-commerce is a booming distribution mode. It meets customer requirements in terms of speed, flexibility and productivity. In 2007, electronic transactions accounted for 6% of the Group's sales. In Europe, online business grew

by over 30% in one year. Switzerland and the Netherlands derived 38% and 30% respectively of their sales from this medium. Meanwhile, the proportion of online sales increased from 2% to 10% in the space of 18 months in Belgium. In the US and Australia, e-commerce has developed thanks to dedicated solutions created for key accounts (EDI, e-procurement, etc.). Gexpro's sales from online, orders jumped by 28% in 2007.

■ Marketing with online technology

Because they help to increase responsiveness, online technologies such as e-mailing, internet advertising and interactive catalogues, are set to become a powerful marketing lever for the Group. During the 2007 Rexel Leadership Days seminar, 70 Group managers were introduced to the best practices that have already been successfully rolled out by certain banners. In the Netherlands, for instance, Rexel has teamed up with Philips to run a marketing

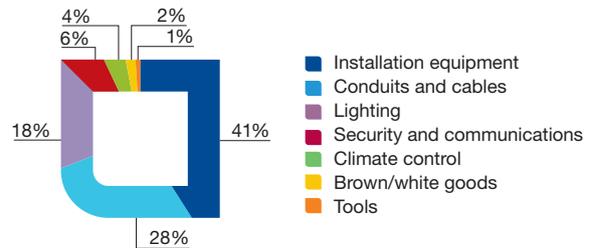
campaign for its new range of LEDs (light-emitting diodes). This experiment, which combined online and offline initiatives, saw sales of these products increase by 17%. Another fruitful experiment was carried out in the United States, where 20% of Gexpro's traveling sales representatives can now use their mobile phone to check the availability of a product by SMS and receive the prices negotiated with customers. In some countries, Rexel has launched a payment card system enabling customers with an account to collect supplies.

■ A higher profile and more effective Rexel logo

In late 2007, the commercial banners operating under the Rexel name adopted a new logo that will be deployed by year-end 2009 in 15 countries. More modern and with a greater impact, the new logo helps to unify and strengthen the brand's visual identity. A corporate version for use across the Group has also been designed. ■

7 major product families

Breakdown of 2007 sales by product category*



Innovative products and services

In its role as a distributor, Rexel helps its customers with their choices and recommendations to end users. Rexel's value-added derives from its ability to structure suppliers' products into an offering organized by major functions, while backing it up with specific services.

■ New technologies meet the needs of a diversified customer base

Each year, the offer of electrical supplies expands as manufacturers introduce new products featuring cutting-edge technologies. To help its contractors and industrial customers reap the full benefit of these developments, such as smart building technologies, energy efficiency, security, automation and multimedia equipment, Rexel has assembled an innovative offer. Together with services,

Rexel's specialized offer provides integrated solutions that are adapted to the needs of each market.

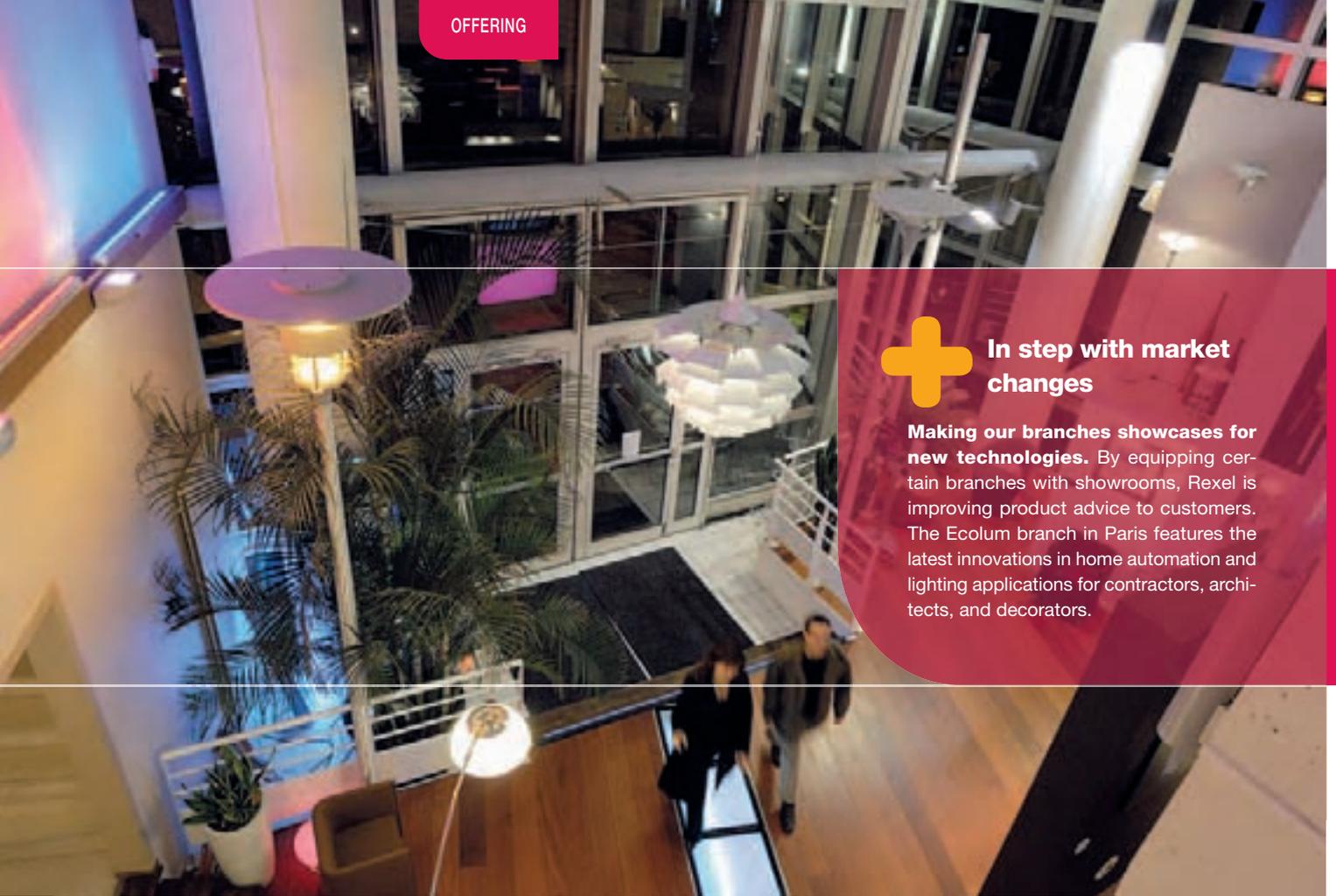
In 2007, this expertise enabled Rexel to continue diversifying its customer base. Thanks to its building security solutions, Rexel has won market share with alarm installation contractors. Likewise, the emergence of fluid-bearing equipment (heat pumps, air conditioning, solar water heaters, etc.) has prompted Rexel to move into new segments combining electrical and heating know-how.



Own brands for specific requirements

Alongside manufacturers' brands, Rexel has thirty or so own brands. These primarily cover tools and accessories for contractors (BizLine in Europe, ElectriPro in Canada) and complementary solutions for manufacturers' products. The Group's principal brands in this second category are Sector in the UK and Gigamedia whose VDV (voice-data-video) products are distributed in 15 countries. Rexel's own brands offer good value for money and enjoy genuine success with its customers. Sales are growing constantly and accounted for 2% of the Group's total sales* in 2007.

* Excluding the Hagemeyer acquisition



In step with market changes

Making our branches showcases for new technologies. By equipping certain branches with showrooms, Rexel is improving product advice to customers. The Ecolum branch in Paris features the latest innovations in home automation and lighting applications for contractors, architects, and decorators.

Rexel Ecolum
Showroom, Paris,
France.

■ Marketing a range of eco-efficient products

The energy performance of equipment and buildings has been a major concern in recent years. In each country, Rexel builds a range of eco-efficient products geared to meet national regulations and the specific needs of each market. In the United States, where energy-related expenditure has grown by 35% in 5 years, Gexpro markets solutions to help customers harness substantial savings.

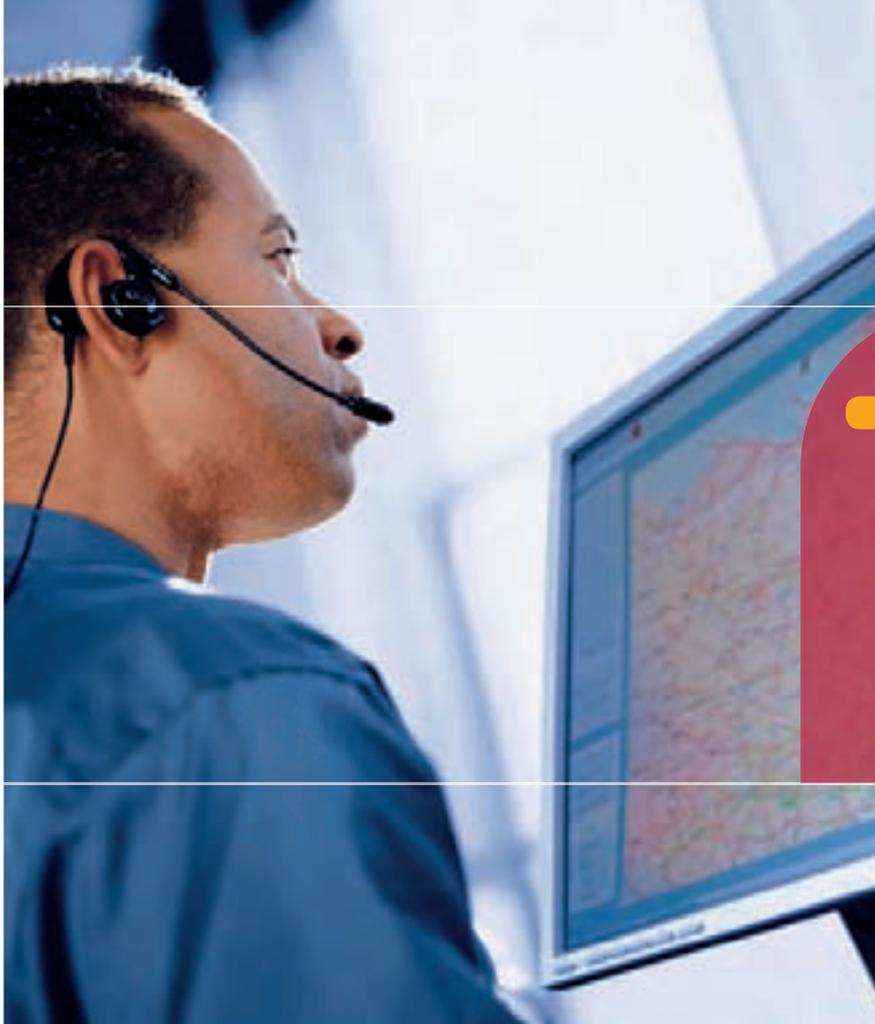
These solutions meet the needs of industrial and commercial customers (hotels, stores, food producers, etc.) by combining product expertise, cost control and installation assistance. During 2007, this offer enabled Gexpro to clinch several large contracts. In Las Vegas, for instance, the replacement of existing lighting with low-energy fluocompact lamps enabled The Venetian hotel casino complex to cut the electricity consumption in its rooms by 65%. ■ ■ ■

Energy eco-efficiency

Rexel currently provides two distinctive and complementary solutions for cost-effective and environmentally friendly products in the residential, industrial and commercial sectors:

- solutions facilitating **energy savings**, e.g. fluocompact lamps, dimmers, regulators, programming units, standby mode, etc.
- solutions employing **renewable energies**, e.g. solar water-heaters, heat pumps, photovoltaic systems, wind power, etc.





Specialized security offer

Citadel: a business dedicated to security products for the commercial market. Citadel is a complete skills-and-solutions platform for protecting people and property (video surveillance, public address system for buildings, access control, etc.). Rexel has regionally deployed security experts to promote these products and assist branch sales staff.

■ Home comfort and industrial automation

In residential and commercial buildings, electrical products are evolving in tandem with comfort and security standards. Rexel has seen its business expand in home automation (motorization, lighting and heating control, etc.) and in communication systems, such as VDV (voice-data-video) solutions, which combine both electrical and digital networks.

In industry, the trend is towards miniaturization and speed control, lending a predominant role for electronics and computerization. In this sector, Rexel's value-added is currently underpinned by the growing demand for automation with smart products that communicate intelligently and control industrial installations.

■ Better customer service, advice and guidance

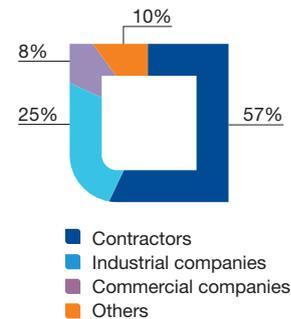
A competitive advantage and crucial factor affecting the customer's choice of distributor, advice is an area of expertise that Rexel is endeavoring to develop further, especially for small and mid-sized contrac-

tors faced with the growing sophistication of products. In the industrial sector, Rexel notably offers expertise in the optimization of installations' energy performance. More generally, Rexel has built a three-pronged service offering: **technical information about products**, which the Group disseminates at its branches, at trade fairs, in customer magazines, and in its brochures and catalogues; **high value-added advice** (project study, sales audit, cost management, installation assistance, etc.); and lastly, **training** for customers (at branches or on site, provided by Rexel's experts or as part of sessions organized by manufacturers). ■

OFFERING: CREATING ADDED VALUE FOR OUR CUSTOMERS

up **11%** Key Account customers:
in 2007 to over
€1.3 billion*

Breakdown of 2007 sales by customer*



Adapting our customer-focused business model

The Group offers products and services to a wide variety of customers operating in the residential, industrial and commercial markets. To satisfy all customers' expectations, Rexel has adopted a segmented approach to complement its general-purpose commercial model with specialized offers.

■ Diverse customer needs

When designing its ranges of products and services, Rexel analyzes the needs of each customer category.

Industrial companies place considerable importance on optimizing their manufacturing facilities from an operational and cost standpoint. Since the reliability and performance of the production chain are vital for their activities, these customers like to build lasting relationships with their suppliers. Rapid response times, extensive product ranges and related services are the key assets Rexel offers this segment.

Major electrical contractors appreciate assistance with project management and alternative product offerings that can help keep their costs down. Smaller contractors are particularly keen on customer advice and the training programs available through branches. The close, trusting relationship between Rexel and its customers is a key factor underpinning its competitive edge.

Commercial companies value project assistance, technical advice and turnkey solutions, which are major avenues of growth for Rexel.

The presence of Rexel's teams on the front line enables it to fine-tune and enrich its solutions while monitoring the latest consumer trends among end users.

■ Developing labels to harness expertise

To optimize the availability of specific expertise, Rexel is rolling out specialized labels in its network of branches in France. These labels guarantee innovative solutions and high value-added service for certain customer categories. Inexel provides advanced solutions aimed at the 150,000 small contractors in the residential sector.

* Excluding the Hagemeyer acquisition

OFFERING: CREATING ADDED VALUE FOR OUR CUSTOMERS



Our customers



Contractors:

generalists or specialists, they are small electricians or mid-sized and large contractors. They work in industry, in the commercial or residential sector, on construction, renovation and maintenance projects.

Industrial companies:

the customer may be the end user, an original equipment manufacturer, panel builder, systems integrator or a maintenance company.

Commercial companies:

these are businesses operating in the retail sector, commercial services, hotels and transportation infrastructure etc.

Other customers:

these include local authorities, government agencies, wholesalers, retailers and DIY superstores.



The DXI (Coaxial network) and Neoxis (Rexel network) labels cater specifically to the needs of industrial customers. The Neoxis label, which has a sales and advice team comprising numerous specialists, helped Rexel to win several major contracts in the food processing sector during 2007. This expanding market, in which Rexel is looking to strengthen its presence, requires significant health and safety expertise.

■ **Worldwide roll-out of Conectis**

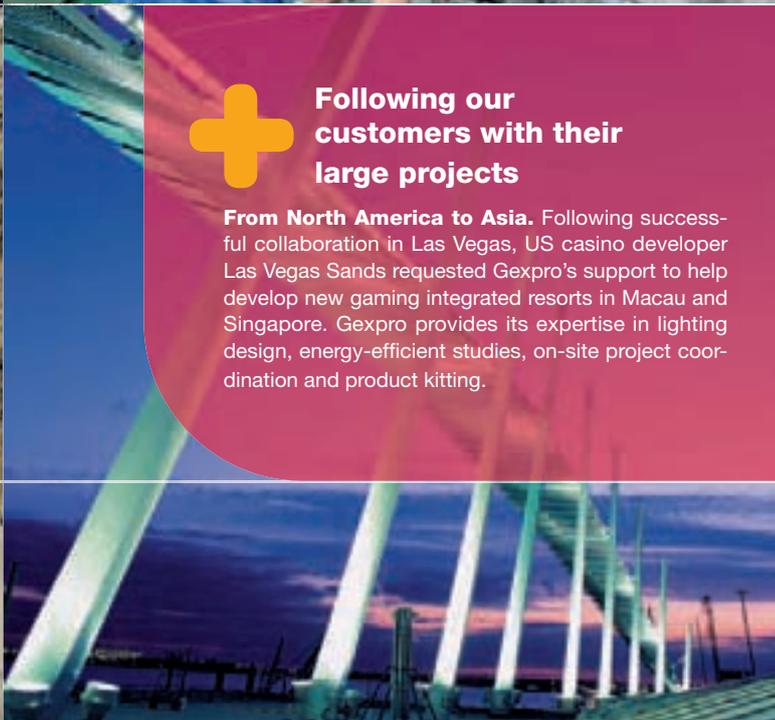
Created in 1994, Conectis is a Rexel subsidiary specializing in cabling and voice-data-video (VDV) communication networks. This leading specialized distributor in the French market has a dedicated logistics and expertise distribution center that is unique in Europe. Conectis carries over 7,000 product references, including one thousand items sold under the GigaMedia own brand. In 2007, Conectis

expanded its sales of optical fiber products (FTTX) and of so-called "active" products, such as 10G Ethernet, industrial Ethernet, access control, video and telephony over IP. Conectis is currently present in 21 countries, principally in Europe, but also in South America. The Conectis business operates under the name of Datacom in the United States, Nedco Telecom in Canada, and Page Data or Datacom in Australia and New Zealand.



Following our customers with their large projects

From North America to Asia. Following successful collaboration in Las Vegas, US casino developer Las Vegas Sands requested Gexpro's support to help develop new gaming integrated resorts in Macau and Singapore. Gexpro provides its expertise in lighting design, energy-efficient studies, on-site project coordination and product kitting.



1. Cargill salt mine in Ohio, United States.

2. Rexel Huazhang Electric's customer, China.

■ Expansion in the key accounts business

Key accounts generate a growing proportion of the Group's sales. In 2007, this business enjoyed stronger growth than Rexel's overall sales. The Group's national and international position and the expertise of its Gexpro subsidiary in project management and technical assistance, make Rexel a key partner helping to meet the needs of key accounts. In France, as

in the United States, the majority of this customer segment comprises large contractors and industrial customers.

■ ...and large projects

2007 also confirmed the expansion of Rexel's large projects business, notably in the petrochemical, mining and large hotel infrastructure sectors. The challenge for Rexel is to assist customers in

their large projects on all continents while maintaining the same quality of service. Thanks to its responsiveness and its cross-border organizational abilities, Rexel won numerous mining contracts during 2007 in South America (Chile, Argentina, Peru), while drawing on the expertise of several networks within the Group worldwide. Gexpro and several other Rexel subsidiaries teamed up to work on these projects with large engineering firms and their mine operating customers. This is a fast-expanding market estimated to be worth over \$30 billion. ■



**Offering
the shortest
response times**

Rexel imagines next-generation distribution centers. Specialized software optimizes and adjusts product flows. Swifter and more efficient, this new concept makes it possible to offer customers personalized packing and delivery.

ORGANIZATION

Promoting operational excellence

Our logistics and IT networks combined with excellent supplier relationships are the keys to the quality and availability of our product offer in 34 countries around the globe. Year after year, we strive to enhance our competitive edge to make our products and solutions available as rapidly as possible.

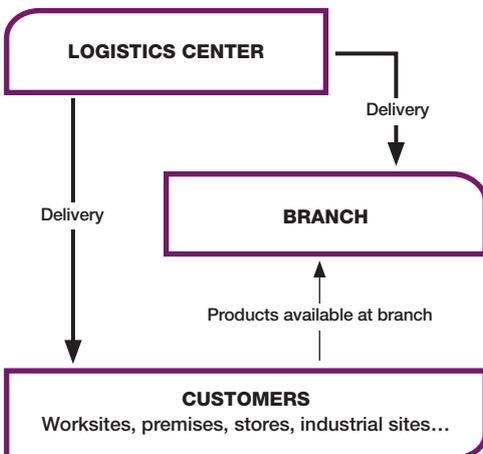
Over a **60**
logistics platforms
around the world*

More than **35,000**
items available for next-day
delivery from regional
distribution centers

Optimizing the supply chain

Logistics are a vital profitability driver and a key link in Rexel's value-creation chain. Every day, Rexel plans for its customers' needs by placing new orders, replenishing inventories and shipping products to its branch networks. To ensure maximum product availability for its customers, the Group continuously strives to improve its logistics units' size, location and procedures and optimize its IT systems.

A LOGISTICS MODEL...



Distribution center (see chart)

Procurement, storage, order preparation and customer deliveries are handled by regional distribution centers supplying between 20 to 65 branches dedicated to sales and marketing functions.

In Austria, Belgium, France, Netherlands, New Zealand, United States (partially), etc.

...GEARED TO GEOGRAPHICAL SITUATIONS

Stand-alone branch

The branch simultaneously handles procurement, storage and delivery, in addition to its traditional sales and advisory role for customers.

In Australia, China, Switzerland, United States (partially) etc.

The parent branch or hub (intermediate configuration)

Storage is handled primarily by a parent branch or hub that, in addition to its own sales and marketing activities, supplies 5 to 20 branches (spokes) in its region with products for sale to customers.

In Canada, Italy, Spain, United Kingdom, United States (partially), etc.



Adaptable logistics model

Operations in Austria reaped the benefit of the distribution center in 2007. Previously operating with multi-function stand-alone branches, Rexel has set up a national distribution center in Austria. Located close to Linz, this 16,000m² center supplies the 13 branches operating under the Regro and Schäcke banners and delivers to customers within a radius of 400 km.



Logistics center
in Dourges, France.

■ Further adaptation of the logistics model

From a distribution standpoint, Rexel's value-added derives primarily from its ability to make the broadest possible range of products available rapidly. The Group is pursuing this objective using a logistics model with a configuration varying from country to country (see chart) according to the density of the branch network, the maturity of the market and the needs of each customer category.

In 2007, Austria opened a national distribution center (DC). In Florida, where distribution used to be handled by 34 branches, Rexel is now rolling out its regional DC model. The first DC was set up in Tampa in 2007. By 2009, 5 new platforms will serve all the branches and customers in this region of the United States.

■ Modernization of warehouse processes

Distribution platforms safeguard the quality of customer deliveries and product availability at branches. Their business processes are constantly improved. In 2007, the roll-out of specialized supply chain software continued, with Logys in France and Path Guide in the United States. These systems help to boost productivity and reduce storage space. Concrete examples include: simultaneous handling of several orders by the same operator and the dynamic allocation of products in storage areas.

While maintaining a broad product range and customer service geared to demand, inventory reduction is another objective of the optimization program. Based on sales histories, seasonality and product turnover rates, order forecasts are fine-tuned and the quantities to be held in inventory adjusted as reliably as possible.

■ Expansion in delivery services

Delivery is a key ingredient required to achieve customer satisfaction. Rexel

adapts its services by customer category and constantly optimizes them in terms of flexibility, lead times and accessibility.

Small contractors in the residential sector prefer to collect supplies from the branch. Aside from the immediate availability of several thousand product references, customers can decide to place an order in the evening and pass by to collect it the following day. In certain countries, such as Switzerland, supplies can even be collected outside opening hours from secure lock-up units set up outside the branch.

In the industrial and commercial sectors, deliveries to customers or direct to worksites are vital. Rexel innovates with customized delivery solutions, such as the installation of storage containers on site. In the United States, Rexel, Inc. offers a night-time delivery service.

Large businesses are interested in the possibility of outsourcing their inventory management. In the United States, Rexel, Inc. and Gexpro Services are contracted to over 1,000 companies, to offer this service for their electrical supplies and spare parts inventory. ■

55% of purchases made from our top 25 suppliers*

Over € **8** billion in electrical supplies purchased in 2007*

Strengthening supplier relationships

Rexel has built a special relationship with a selection of suppliers supporting its strategic development. At national level, Rexel has forged partnerships with manufacturers offering specific expertise, enabling it to bolster its skilled know-how as a generalist distributor with specialized offers.

■ Enhancing performance together

Rexel has forged special partnerships with around forty strategic suppliers. Their relationship is based on a joint performance approach. Firstly, suppliers' expertise and quality products help to grow Rexel's business. Secondly, Rexel supports them with international expansion while raising their profile among its customers. For instance, the Group invites its suppliers to attend trade fairs dedicated to its customers and sales force. In its branches and catalogues, Rexel groups manufacturers'

products by major function categories that are geared to customers' requirements.

Thanks to its local and international leadership, Rexel runs this partnership network at three levels: at Group level, a cooperation agreement states the major areas for cooperation and development; at national level, the purchasing department adapts these agreements to the profile of the market and defines a pricing strategy specific to each customer segment; lastly, branches organize joint initiatives on the front line.

■ Consolidating the Group's competitive edge

2007 saw further concentration of our supplier portfolio. By streamlining its sourcing policy, the Group has consolidated the benefits of its scale, by negotiating more favorable commercial terms, exclusivity to certain ground-breaking products, and maximizing prices and payment terms.

Alongside its strategic partnerships, Rexel works with national and regional suppliers whose specific products have



Cultivating lasting relationships

By getting together with our principal partners for a strategic annual meeting. In June 2007, Rexel met with its top 40 suppliers as part of a two-day seminar to restate its strategy and consolidate their joint development opportunities.

Gexpro branch, Boston,
United States.

enabled it to consolidate its competitive edge among its customers.

■ Ongoing selective action plans with suppliers

In the field, partnerships with strategic suppliers take the form of joint marketing initiatives such as in-branch training for customers and the shared design of marketing solutions and communication tools. In 2007, Westburne, one of the Rexel group's Canadian banners, teamed up with Philips Lighting to pro-

mote energy-efficient lighting systems. This partnership led the manufacturer to set up a dedicated sales force, train experts at Rexel's branches and launch a magazine for customers.

■ Rexel conducts joint customer satisfaction surveys with its partners

In 2007, Rexel and Schneider Electric expanded their program of customer satisfaction surveys to Germany and Hungary. Inaugurated successfully in Belgium

during 2006, this program has benefited both companies. It has enabled Rexel to gauge satisfaction among buyers of the manufacturer's products at its branches, while the supplier has improved its understanding of Rexel customers' expectations. Conducted on a representative sample of customers, the survey (performed by a consultancy) covers aspects such as the commercial relationship, promotion, delivery and after-sales service.

In Belgium, this program has already helped to design a supply chain optimization plan to improve management of high-turnover products and customer returns. ■



Promoting energy savings

In 2007, our low-energy lighting source sales exceeded those of our incandescent light sources. As their customers' partners on a day-to-day basis, Rexel employees play a major role in recommending energy-efficient solutions.

RESPONSIBILITIES

Taking a long-term view

As the world leader in the distribution of electrical supplies to professionals, we face economic, social and environmental responsibilities. In the three major geographical areas in which we do business, we are committed to sustainable development and have developed concrete procedures with our clients and employees to promote ongoing improvements on a daily basis.

11 Rexel schools
within the Group

53% of Rexel's employees
received training
during 2007*

Mobilizing and developing skills

Rexel's human resources policy is based on dialogue, support and adaptation to local conditions. To enable its employees to share in the benefits of the Group's performance, Rexel strives to encourage continuous training and to create the right conditions for attractive career development.

■ Encouraging personalized continuous training

Rexel maintained staff training at a high level in 2007. During the year, 13,883 employees, or 53% of the total, attended at least one training session. Rexel also expanded the range of areas covered. These include training in products, business functions (sales, credit management, logistics) and Group-specific practices (recruitment, performance assessment, deployment of new systems). Self-assessment tools were set up in several countries, primarily through e-learning.

2007 also saw the creation of specialized management training.

■ Modernizing skills and career management tools

In 2007, Rexel expanded its annual performance review program, with 67.8% of employees taking part in the process. 2007 also saw the modernization of the Rexel Management Review. The Core Competency Model for managing the careers of the Group's executives was reviewed and simplified. This model helps managers to identify the key skills that

they need to acquire or develop and to spot those likely to move to a new position. Its scope will be extended to branch managers over the coming years, and the evaluation criteria are now based on a more operational approach.

Like all the career management tools in the Rexel Management Review (objective-setting, evaluation of skills profiles, review of individual performance, personal development plans, succession planning), the Competency Model and the Individual Profile by Function for all the Group's

* Excluding the Hagemeyer acquisition



Future sales staff trained by professional tutors

Under a detailed training plan, trainee salespeople learn their job in the field. Launched in the UK during 2007, the Sales Academy program comprises a 36-week course teaching new hires the job of an outside sales representative under the responsibility of a tutor and familiarizing them with all the sales and operational requirements in branches.



1. Rexel CLS branch, Westwood, United States.

2. Rexel Senate branch, Bristol, United Kingdom.

3. Rexel branch in Nantes, France.

managers can now be accessed over the internet using SuccessFactors software. This IT application is a real success. Currently used to manage the careers of the Group's managers and all employees in the United States, further deployment of the system is now under review for countries such as Australia and the Netherlands.

An active recruitment policy

In 2007, Rexel recruited 5,080 employees (at comparable structure and excluding the Hagemeyer acquisition). The Group continued its initiatives to integrate its

new hires. The new version of the *Energize your first steps with Rexel* welcome booklet, which is given to each new employee, presents the Group's key figures, its business, corporate culture and HR policy. In 2007, amid highly competitive recruitment conditions, Rexel developed its new employer branding with a view to attracting the best talents.

Award-winning "Integration Days"

In 2007, Rexel introduced a new formula for its integration seminar for newly-

recruited managers. Called Rexel on Stage, this annual event based on teamwork provides insight into the Group's strategy and its business activities in an entertaining and educational manner. The task given to the 92 participants from 17 countries was to make short films about customer service at Rexel. The ten films made at Paris region branches and the nearby Roissy-en-Brie logistics center, which were about issues such as e-commerce, project management, personalized deliveries and inventory management, were then screened for the Executive Committee. The Rexel on Stage program was awarded the Top Com d'Or 2008 prize in France as the best internal corporate communications event for its effectiveness and originality.

RESPONSIBILITIES: TAKING A LONG-TERM VIEW

Over **18%** of employees subscribed to the employee shareholder plan in 2007*

An ethics guide published in **16** languages

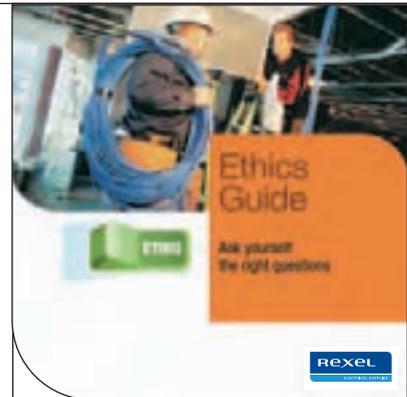


■ Further deployment of the Ethics Guide

In 2007, Rexel distributed its Ethics Guide to all employees. Published in 16 languages, this booklet is intended as a decision-making and action tool to which each employee can refer when he or she is faced with an ethical problem. Basing its program on the principles of integrity, compliance and dialogue extolled by Rexel, this guide is part of a global ethical approach that encourages employees to “ask themselves the right questions” in their work vis-à-vis all the Group’s stakeholders. Distribution of this guide led to the organization of information and discussion meetings. To facilitate dialogue between employees and their managers, a network of Ethics officers was also set up in each country.

■ To keep in touch with Group news

Rexel strives to keep all its employees informed on a regular basis about events affecting the Group locally and internationally. The Group uses a set of internal communication tools aimed at all its business segments and all levels of seniority. Each quarter, *Interaxion*, the Group’s internal magazine, which is published in 9 languages, covers the latest news and events concerning Rexel’s growth strategy around the world through in-depth features and reports in the field. At the same time, the Communications Department supports the creation of local internal information bulletins, and all the Group’s major countries have a newsletter distributed in paper or in electronic form.



Ethics Guide

The guide consists of eight general principles and 20 practices that apply to all employees irrespective of their country, level or role.

PRINCIPLES

Implementation of the Ethics Guide
Compliance with and respect for the law
Internal controls
Personal respect and dignity
Integrity
Freedom of speech
Responsible practices
Transparency

* Excluding the Hagemeyer acquisition



Explaining our strategy

Communication Weeks, local information sessions in every country. Once a year, managers and their teams meet up locally to discuss Rexel's regional and international strategy. Very popular with employees, these presentations are accompanied by question-and-answer sessions.

Logistics center in
Douarges, France.

PRACTICES

Accuracy of financial statements
Career development
Compensation
Competition
Confidentiality
Conflicts of interest
Corruption and illicit payments
Customers
Diversity
Environment
Gifts
Group property
Harassment
Health and safety
IT equipment
Loyalty
Membership of political parties and organizations
Public communication
Purchases
Suppliers

■ European Works Council - a forum for discussions and dialogue

Rexel's European Works Council, the Group's information and social dialogue body, signed an agreement in 2007 with a view to the extension of its scope to two new countries, namely Ireland and Poland. At the plenary session in June 2007, Rexel's management presented issues to the employee representatives including Rexel's IPO and the Opportunity 2007 Employee Share Purchase Plan, Rexel's growth drivers, its strategic priorities and action plans promoting more efficient energy management. At the request of the employee representatives, Rexel has also conducted a detailed study of issues concerning maternity and career management within the Group.

■ Success of the Employee Share Purchase Plan

In connection with Rexel's IPO in April 2007, Group employees were offered the chance to acquire shares in the Group on preferential terms. This program, known as Opportunity 2007, was open to Rexel employees in 21 countries under the Group Savings Plan (PEG) for French subsidiaries and an International Group Savings Plan (PEGI) for subsidiaries outside France. Of the 24,373 eligible employees, 4,468 subscribed for shares, representing an overall take-up rate of over 18%. In five countries (United States, France, Ireland, Hungary, Chile), the take-up rate exceeded 20%. These highly satisfactory results reflect employees' commitment to the performance and development of their Group. ■

10 simple actions to carry out under Rexel's Sustainable Development Charter

Close to 95% of the Group is covered by the sustainable development action program*

Legitimate concern for the environment

Rexel acts on a daily basis to protect the environment at two levels: by developing its range of energy-efficient products and promoting them to its customers; and by adopting business practices consistent with the goals of sustainable development.

■ Putting business expertise to work for the environment

The importance of the challenges associated with climate change and the surge in fossil fuel prices have prompted Rexel to build a specialized range of products and services. As the main adviser for contractors and end-users, the Group constantly furthers its expertise in energy-efficient products and those employing renewable energies. Carefully monitoring market trends and customers' needs to reduce energy consumption, Rexel's employees also play a key advisory, training and awareness-raising

role, influencing both small contractors and large industrial and commercial customers. In 2007, low-energy sources accounted for close to 52% of Group lighting sources sales, up from 39% in 2005. They now exceed sales of incandescent lighting sources.

In 2007, Rexel continued to raise the profile of its energy-efficient product offer. In France, the Group created a special energy management label. In the United States, Australia and Canada, its branch networks carried out large-scale marketing campaigns to promote low-energy consumption products to customers.

■ Gradual deployment of the Rexel Sustainable Development Charter

Internally, Rexel commits on a daily basis to abide by sustainable development principles through several initiatives, including using energy-efficient products or those employing renewable energies at its branches, logistics centers and administrative offices, sorting recyclable waste (paper, cardboard, etc.) and systematically reviewing ways of optimizing packaging.

To guarantee the operational consistency of the Group's environmental policy at local level, Rexel drafted the *Rexel*

* Excluding the Hagemeyer acquisition



1



3



2



Pulling together under a continuous improvement program

Two new countries have adopted Rexel's Sustainable Development Charter. In 2007, Switzerland and Belgium joined the 13 other countries implementing the actions recommended by this charter: Austria, Australia, Canada, France, Germany, Italy, Netherlands, New Zealand, Portugal, Spain, Sweden, United Kingdom, United States.



1. Electric Works, a Rexel contractor, San Diego, United States.

2. Recycling container for fluorescent tubes. Rexel branch in Nantes, France.

3. Rexel branch in Beijing, China.

Sustainable Development Charter in 2005. This charter represents a reliable indicator of the progress made by each country under a continuous improvement program. Under the charter, each Group branch commits to carrying out 10 simple actions focused on four areas: waste management, product policy, customer offering, education and information. Aside from its role as an identifier of progress, which is assessed and rated each year, this charter also serves an educational purpose, raising awareness and informing all Rexel stakeholders.

In 2007, application of the Charter was extended to Switzerland and Bel-

gium, and the Gexpro business in the United States. Through the improvement recorded by country units, the Group has made progress in the achievement of its objectives.

■ Participating in the recovery of used products

In Europe, the United States and numerous other countries in which the Group operates, Rexel actively participates in the recycling of electrical supplies in accordance with local legislation. In Europe, the Waste Electrical and Electronic Equipment (WEEE) directive obliges electrical supplies distributors to recover one used

product (initially batteries and fluorescent tubes) for each new product purchased. In certain countries, such as France and Spain, the Group has expanded this rule by recovering waste at its branches without any purchase obligation.

■ In the United States, Rexel, Inc. runs a special collection system

Since 2007, Rexel, Inc.'s customers can take advantage of the collection and recycling service for lighting products and batteries. Offered when products are purchased from branches, two recycling options are available: the Recyclepak kit and its prepaid collection solution and an à la carte service that can handle large product volumes with regular collections. ■



Securing commercial relations,

through the development of credit management.

This service is designed to manage and optimize our portfolio of accounts receivable in the interest of all. The credit manager is a key player, notably for small and mid-sized contractors. Knowledge of our customers' trading and financial situations helps him to find appropriate solutions to keep pace with sales growth while respecting negotiated payment periods.

FINANCIAL ACTIVITY

Building profitable growth

Our business model is based on the combination of profitability and growth. The leverages for optimizing profitability and growth offer great potential for the years ahead. In 2007, they enabled us to strengthen our cash flows, reduce debt and improve profitability. This performance confirms the pertinence of our business plan and the effective implementation of our strategy.

Rexel's Financial Strategy

Rexel's growth model is based on the profitable development of market shares and strong cash flow generation. This is achieved through regular growth of the adjusted EBITA margin and tight management of working capital requirements associated with a low capital intensity.

REXEL'S BUSINESS MODEL

In 2007, the adjusted EBITA margin increased 60 basis points on a comparable basis to 6.1%, from 5.5% in 2006. Adjusted EBITA rose 16.2% for a 3.2% increase in sales. It represented €658 million, i.e. €92 million higher than in 2006.

Working capital requirements, expressed as a percentage of sales, declined for the fifth consecutive year to 13.6% at 31 December 2007 from 14.0% at 31 December 2006, on a comparable basis. Rexel reported free cash flow before interest and taxes of €670 million in 2007, an €183 million increase from the previous year. After interest and taxes, the Group's free cash flow stood at €411 million in 2007, €247 million more than in 2006.

Rexel's growth model is associated with a low capital intensity. To develop customer relations, it is necessary to constantly increase service content, but this requires only limited capital expenditures. Annual gross investments range between

0.7% and 0.9% of sales, even after the acquisition of Hagemeyer's European activities. As a result, the group is able to focus on developing its branch network, optimizing its logistics structures and deploying a multi-channel distribution strategy to reinforce Rexel's leadership position.

This capacity to generate a significant free cash flow allows the Group to pursue acquisitions which strengthen our local market shares and therefore the capacity to better serve our customers.

PROFITABLE DEVELOPMENT OF MARKET SHARE

Given the clear link between local market share and operating profitability, Rexel made 25 bolt-on acquisitions between 2004 and 2007, including 11 in Europe, 9 in the Asia-Pacific region and 5 in North America.

In 2007, this strategy of boosting local market share can be seen in the acquisition of NCA (Australia), APPRO5 (France), Clearlight Electrical (UK), Tri-Valley Electric Supply (United States), Boutet (Belgium), EIW (Australia) and a 51% stake in Huazhang Electric Automation (China). Altogether, the Group invested €117 million, including price adjustments on previous acquisitions.

Rexel has also made two recent “transformational” acquisitions. First, Gexpro in 2006, with 2005 pro forma sales of \$2.2 billion, making Rexel the leading electrical supplies distributor in the United States and, second, Hagemeyer in 2008, consolidating the Group’s worldwide leadership and significantly reinforcing its footprint in Europe.

On 24 December 2007, through its indirectly owned subsidiary Kelium, Rexel launched a public offer for all the shares and convertible bonds of Hagemeyer, the world’s third largest electrical supplies distributor. Rexel reached an agreement with Sonepar to sell it Hagemeyer’s North American and Asian activities as well as certain European operations*. Upon conclusion of the post-closing acceptance period, Kelium held 98.67% of Hagemeyer’s outstanding ordinary shares and 100% of its outstanding convertible bonds.

A FLEXIBLE FINANCIAL STRUCTURE

Rexel’s development has always been accompanied by the well-controlled use of financial leverage as measured by the net debt to last twelve months adjusted EBITDA ratio. Financial leverage was reduced to 2.3 at 31 December 2007 from 3.1 at 31 December 2006, on a pro forma basis taking into account the IPO. After integrating the acquisition of most of Hagemeyer’s European activities, and using the pro forma 2007 financial statements after asset disposal to Sonepar, the financial leverage will again rise to 3.9. The Group maintains tight control over exposure to interest rates, since its coverage strategy aims to maintain about 70% of net debt at fixed or capped rates.

By 2011, Rexel intends to significantly reduce the net debt to adjusted EBITDA ratio to between 2.0 and 3.0. It will achieve debt reduction through notably ongoing efforts to reduce working capital requirements expressed as a percentage of sales. Based on the pro forma balance sheet at 31 December 2007, Rexel intends to reduce working capital requirements by 70 basis points to 12.5% by 2011.

MEDIUM-TERM IMPROVEMENT IN OPERATIONAL PROFITABILITY

By 2011, Rexel intends to improve the adjusted EBITA margin by at least 100 basis points from 5.2% in 2007. This figure integrates as of 1 January 2007 the completion of the Hagemeyer acquisition, the asset swaps and disposals agreed upon with Sonepar, the divestment of certain of Hagemeyer’s activities in Ireland and the acquisitions closed by Rexel in 2007.

The Group plans to reach this target by:

- implementing the Group operating levers,
- rolling out expected synergies with acquisitions made prior to 2008, notably Gexpro,
- integrating most of Hagemeyer’s European activities and by obtaining the expected synergies as these activities form part of the Group.

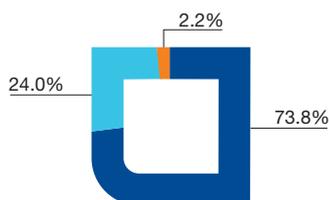
* For more information on the Hagemeyer acquisition, asset swaps and disposals of assets to Sonepar, see the 2007 Rexel Reference Document.

Shareholder Relations

Rexel was admitted to the Euronext Paris market in April 2007 following the Open Price and Global Placement offers launched on 21 March 2007. Since the IPO, Rexel has kept shareholders up to date with Group news through regular and transparent information.



SHAREHOLDING STRUCTURE



- Private equity consortium*
- Free float
- Group employees and key managers

* Comprised mainly of Clayton, Dubilier & Rice, Eurazeo and Merrill Lynch Global Private Equity

SHARE PROFILE

- ISIN: FR0010451203
- Code: RXL
- Listing place: Paris
- Market: Euronext Paris - Compartment A
- Indices: Next 150, SBF 120, CAC MID100

SHAREHOLDER EVENTS

- Annual General Meeting of Shareholders 20 May 2008
- Dividend payment date 30 June 2008
- First-half 2008 results 31 July 2008
- Third-quarter 2008 results 12 November 2008

Dividend payout:

At the Annual General Meeting of Shareholders to be held on 20 May 2008, Rexel will propose a dividend payout of €0.37 per share to be paid on 30 June 2008. The dividend payout is 30% of the consolidated net income excluding IPO-related costs.

Shareholder contact:

actionnaires@rexel.com
 Tel: +33 (0) 800 666 111
 (toll free from a fixed-line phone in France)

SHARE PRICE

- IPO price (at 4 April 2007) €16.5
- Share price at 31 December 2007 €12.5
- Average number of shares 255,993,827
- Market capitalization (at 31 December 2007) €3.2 billion
- Total volume of shares traded since 5 April 2007 123,794,304
- Average daily trading 644,762 shares
- Number of trading days in 2007 192 days

The Group's share price can be followed at: www.rexel.com

April 2007:

Rexel's IPO on the
Euronext Paris market

Dividend proposal amounting
to **30%** of consolidated
net income



GOOD PRACTICES IN FINANCIAL COMMUNICATION

Rexel has always strived to practice the highest level of transparency in terms of financial communication, which has only strengthened with its return to the stock market. In addition to the publication of quarterly results and the annual report, Rexel has launched a semi-annual Letter to Shareholders, a toll-free number and a section dedicated to shareholders on the Group's website: www.rexel.com. Rexel also organizes meetings in Paris and in the regions in partnership with Euronext and the French Federation of Investment Clubs (FFCI), where shareholders can ask questions directly to the Group's Management.

INVESTOR MEETINGS FOR INDIVIDUAL SHAREHOLDERS

In 2007

- 22 October in Nantes
- 20 November in Nice

In 2008*

- 22 May in Marseille
- 17 June in Rennes
- 18 September in Strasbourg

* Subject to change.

SECURITIES SERVICES

Rexel has contracted BNP Paribas Securities Services to provide financial and securities services for the Group.

Shareholders of **pure registered shares** are not charged custodial or account management fees. With registered shares, the shareholder is also entitled to double voting rights after holding the shares for two consecutive years. Shareholders also receive nominative notification of general meetings and information on corporate actions, and are sent personalized information on the Group. To register their shares, shareholders must file a request with their financial intermediary.

Since 26 February 2008, the Group benefits from for the **Differed Settlement Service (SRD)**, which allows shareholders to settle the amount of their transactions in Rexel stock until the last day of the month.

BNP Paribas Securities Services

Tel: +33 (0)826 109 119

Address: BNP Paribas Securities Services
GCT Emetteurs - Immeuble Tolbiac
75450 Paris, France Cedex 09

Simplified Director's report

In 2007, Rexel continued to improve its operating performance and cash flow generation. Reported sales rose 15.1% to €10,704 million, a 2.9% increase from 2006 on a comparable basis and same number of working days. Adjusted operating income before other income and expenses (adjusted EBITA) grew 16.2% on a comparable basis to €658 million, with an EBITA margin of 6.1% in 2007, up from 5.5% in 2006. Free cash flow (after net investment and before interest and taxes) rose to €670 million, from €488 million in 2006.

Sales in Europe and the Asia-Pacific region (54% of consolidated sales) rose 6% and 12.6%, respectively, largely offsetting the decline in North American sales (45% of consolidated sales), down 1.6% on a comparable basis and same number of working days.

In 2007, Rexel's industrial and commercial end markets remained buoyant in Europe. Residential construction held at high levels throughout most of Europe, despite downturns in Germany and the UK. The Asia-Pacific region reported strong growth in the commercial and industrial sectors, especially in mining, while the residential market remained favorable in Australia. In the United States, the residential market and housing-related commercial segments were hit by negative trends compared to the previous year, while the industrial market witnessed growth.

In this environment, Rexel pursued the implementation of its operational levers through the development of customer services, ongoing improvements in pricing structures and the enrichment of supplier partnerships. The Group also accelerated the optimization of synergies arising from the integration of Gexpro, which proved to be much swifter to generate than expected. On a comparable basis, the adjusted gross margin rose to 24.5% of sales in 2007, from 24.2% in 2006.

Rexel continued to improve its logistics structures and the productivity of its support functions. In early 2007, Rexel also launched a cost reduction plan in the US to adapt to activity trends. These actions, together with tight cost controls in other regions, helped limit the increase in distribution and administrative expenses to 1.5% in 2007 compared to the previous year.

Thanks to the combination of organic growth, a higher gross margin and tight cost controls, adjusted EBITA rose significantly on a comparable basis in 2007 to 6.1% of sales – up from 5.5% in 2006.

The significant improvement in operating profitability in 2007 was accompanied by an ongoing reduction in working capital requirements (WCR). On a comparable basis, WCR decreased to 13.6% of sales at December 31, 2007 from 14.0% at December 31, 2006.

In 2007, Rexel continued to participate actively in the consolidation of the electrical supplies distribution market with a series of bolt-on acquisitions. During the year, it finalized seven acquisitions in Australia, China, France, the United States, the UK and Belgium. If these operations had been completed on 1 January 2007, sales and adjusted EBITA would have amounted to €10,809 million and €664 million, respectively, in 2007.

On 24 December 2007, Rexel launched a recommended public offer on all of the shares and convertible bonds of its competitor Hagemeyer. Rexel reached an agreement with Sonepar to sell its selected Hagemeyer assets principally in North America and Asia-Pacific.

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31 (IN € MILLION)

	2007	2006
Sales	10,704.4	9,298.9
Cost of goods sold	(8,088.8)	(6,953.3)
Gross profit	2,615.6	2,345.6
Distribution and administrative expenses	(1,967.2)	(1,772.0)
Operating income before other income and expenses	648.4	573.6
Other income	6.9	9.0
Other expenses	(84.8)	(58.9)
Operating income	570.5	523.7
Financial income	43.0	31.8
Interest expense on borrowings	(172.3)	(254.4)
Refinancing related expenses	(165.9)	–
Other financial expenses	(24.0)	(29.4)
Financial expenses (net)	(319.2)	(252.0)
Net Income before income tax	251.3	271.7
Income tax	(107.8)	(82.8)
Net income	143.5	188.9
Attributable to:		
Equity holders of the parent	143.0	188.9
Minority interests	0.5	–
Earnings per share		
Earnings per share (in euro)	0.65	1.50
Fully diluted earnings per share (in euro)	0.64	1.48

FINANCIAL ACTIVITY

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31 (IN € MILLION)

	2007	2006 ⁽¹⁾
ASSETS		
Goodwill	2,608.3	2,562.5
Intangible assets	686.0	696.9
Property, plant & equipment	272.1	268.5
Long-term investments	76.8	39.3
Deferred tax assets	127.4	127.3
Total non-current assets	3,770.6	3,694.5
Inventories	1,143.2	1,117.0
Trade accounts receivable	2,018.5	2,026.9
Income tax receivable	1.4	54.6
Other accounts receivable	422.6	437.0
Assets classified as held for sale	–	50.7
Cash and cash equivalents	515.2	473.1
Total current assets	4,100.9	4,159.3
Total assets	7,871.5	7,853.8
EQUITY		
Share capital	1,280.0	630.5
Share premium	1,409.9	1.6
Reserves and retained earnings	531.4	350.9
Total equity attributable to equity holders of the parent	3,221.3	983.0
Minority interests	6.0	5.6
Total equity	3,227.3	988.6
LIABILITIES		
Shareholders' loan (long-term portion)	–	543.0
Financial liabilities (long-term portion) excluding shareholders' loan	1,999.1	3,204.4
Employee benefits	125.6	133.7
Deferred tax liabilities	161.5	173.5
Provision and other non-current liabilities	52.8	58.0
Total non-current liabilities	2,339.0	4,112.6
Shareholders' loan (current portion)	–	496.9
Financial liabilities (current portion) excluding shareholders' loan	118.1	109.5
Accrued interest	4.6	20.3
Trade accounts payable	1,659.3	1,616.1
Income tax payable	24.0	25.8
Other current liabilities	499.2	481.6
Liabilities classified as held for sale	–	2.4
Total current liabilities	2,305.2	2,752.6
Total liabilities	4,644.2	6,865.2
Total equity and liabilities	7,871.5	7,853.8

(1) In accord with IFRS 3, certain preliminary estimations with regard to changes in the price of acquisition of Gexpro have been revised in the 12 months following its acquisition. In this respect, the provisional estimate of deferred tax assets was adjusted by US\$ 11.7 million with a similar correction in goodwill.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN € MILLION)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	570.5	523.7
Depreciation, amortization and impairment of assets	85.2	108.9
Employee benefits	(6.4)	(4.1)
Change in other provisions	(5.0)	(0.9)
Other non-cash operating items	59.7	3.5
Interest paid	(217.7)	(196.6)
Income tax paid	(41.8)	(127.8)
Operating cash flows before change in working capital requirements	444.5	306.7
Change in inventories	(50.5)	(33.3)
Change in trade and other receivables	(11.2)	(221.8)
Change in trade and other payables	54.3	139.4
Changes in other working capital items	(5.6)	17.8
Change in working capital	(13.0)	(97.9)
Net cash from operating activities	431.5	208.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(72.7)	(62.8)
Proceeds from disposal of property, plant and equipment	52.1	17.4
Acquisition of subsidiaries, net of cash acquired	(116.8)	(840.3)
Proceeds from disposal of subsidiaries, net of cash disposed of	4.9	0.3
Change in long-term investments	(51.7)	19.3
Net cash from investing activities	(184.2)	(866.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of share capital	1,005.0	-
Repurchase of treasury shares	(8.3)	-
Net change in credit facilities and other financial borrowings	(1,212.9)	415.6
Net change in securitisation	42.2	315.0
Payment of finance lease liabilities	(26.9)	(27.0)
Repayment of long-term borrowings	-	(1.9)
Net cash from financing activities	(200.9)	701.7
Net increase in cash and cash equivalents	46.4	44.4
Cash and cash equivalents at the beginning of the period	473.1	434.7
Effect of exchange rate changes on cash and cash equivalents	(4.3)	(6.0)
Cash and cash equivalents at the end of the period (31 december)	515.2	473.1

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(IN € MILLION)

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS AND OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	FAIR VALUE	TREASURY SHARES	TOTAL ATTRIBUTABLE TO THE GROUP	MINORITY INTERESTS	TOTAL
At January 1, 2006	630.5	1.6	139.3	68.7	(0.7)	-	839.4	2.8	842.2
Foreign exchange translation differences				(63.4)			(63.4)	(0.4)	(63.8)
Cash flow hedges					13.0		13.0		13.0
Income and expenses recognized directly in equity	-	-	-	(63.4)	13.0		(50.4)	(0.4)	(50.8)
Net income			188.9				188.9	-	188.9
Total recognized income and expense for the period	-	-	188.9	(63.4)	13.0		138.5	(0.4)	138.1
Issue of share capital							-		-
Share-based payments			5.1				5.1		5.1
Minority interests in companies acquired or sold							-	3.2	3.2
At December 31, 2006	630.5	1.6	333.3	5.3	12.3	-	983.0	5.6	988.6
Foreign exchange translation differences				(24.1)			(24.1)	(0.1)	(24.2)
Cash flow hedges					(6.9)		(6.9)		(6.9)
Equity available for sale			(0.3)				(0.3)		(0.3)
Income and expenses recognized directly in equity	-	-	(0.3)	(24.1)	(6.9)		(31.3)	(0.1)	(31.4)
Net income			143.0				143.0	0.5	143.5
Total recognized income and expense for the period	-	-	142.7	(24.1)	(6.9)		111.7	0.4	112.1
Issue of share capital	649.5	1,408.3	14.7				2,072.5		2,072.5
Share-based payments			62.4				62.4		62.4
Treasury shares						(8.3)	(8.3)		(8.3)
Dividends paid							-		-
Minority interests in companies acquired or sold							-		-
At December 31, 2007	1,280.0	1,409.9	553.1	(18.8)	5.4	(8.3)	3,221.3	6.0	3,227.3

GEOGRAPHICAL SEGMENT INFORMATION

FOR THE YEAR ENDED DECEMBER 31 (IN € MILLION)

	EUROPE		NORTH AMERICA		ASIA PACIFIC		OTHER OPERATIONS AND MARKETS		CONSOLIDATED	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Income statement item										
Sales	5,041.9	4,588.4	4,806.1	4,016.6	797.2	635.7	59.2	58.2	10,704.4	9,298.9
Operating income before depreciation and other income & expenses	409.7	358.3	266.9	242.5	53.9	40.4	(5.1)	(4.1)	725.4	637.1
Depreciation	(35.0)	(34.4)	(31.3)	(15.6)	(3.7)	(3.4)	(7.0)	(10.1)	(77.0)	(63.5)
Operating income before other income & expenses	374.7	323.9	235.6	226.9	50.2	37.0	(12.1)	(14.2)	648.4	573.6
Goodwill impairment	(8.2)	(23.6)	-	-	-	-	-	-	(8.2)	(23.6)
Cash flow statement item										
Capital expenditures net of disposals	8.1	(25.7)	(22.9)	(18.4)	(3.3)	(3.8)	(2.5)	2.5	(20.6)	(45.4)
Balance sheet items										
Goodwill	1,475.8	1,466.1	927.7	966.4 ⁽¹⁾	204.5	129.0	0.4	1.0	2,608.4	2,562.5 ⁽¹⁾
Non-current assets (excluding deferred tax assets & goodwill)	649.7	645.4	256.4	273.1	56.4	50.3	72.4	35.9	1,034.9	1,004.7
Current assets (excluding income tax receivable)	2,097.8	2,095.1	1,153.9	1,261.9	269.9	211.2	62.7	63.4	3,584.3	3,631.6
Current liabilities (excluding tax liabilities & current portion of financial liabilities)	(1,325.0)	(1,291.1)	(598.9)	(638.3)	(168.3)	(122.9)	(66.3)	(47.8)	(2,158.5)	(2,100.1)

(1) In accord with IFRS 3, certain preliminary estimations with regard to changes in the price of acquisition of Gexpro have been revised in the 12 months following its acquisition. In this respect, the provisional estimate of deferred tax assets was adjusted by US\$ 11.7 million with a similar correction in goodwill.

Rexel

189-193 bd Malesherbes

75017 Paris - France

Tel: +33 (0)1 42 85 85 00

Fax: +33 (0)1 42 85 92 02

S.A. with capital of €1,279,969,135

Paris Trade register: 479 973 513

www.rexel.com

This document was produced by the Communications department of the Rexel group.

Rexel thanks its partners and employees who have contributed to the photographs.

The information herein is developed in further detail in the 2007 Reference document (filed with AMF, the French Stock Market authority). The full institutional documentation concerning the Rexel group can be downloaded from **www.rexel.com**.

Photos: Laurent Zylberman (Graphix Images), Jean-Erik Pasquier (Agence Rapho), Michel Labelle, Arno Masse et Jacqueline Dubbink (Hagemeyer), Bosch Security Systems, CedricM video, Xavier Renault.

Design and Layout: **W&CIE**

Publication: June 2008

Printed in France on mat coated, ECF, acid free paper



Rexel
189-193 Bd Malesherbes
75017 Paris France
Tel.: +33 (0)1 42 85 85 00
Fax.: +33 (0)1 42 85 92 02
www.rexel.com

