



# Rexel

## Electrical Efficiency Solutions

# 2010

Activity and corporate  
responsibility report

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# Rexel, leading distributor worldwide of electrical supplies

## DISTRIBUTOR OF SOLUTIONS AND ELECTRICAL SUPPLIES

With operations on every continent and over **28,000 employees** working under **more than 40 banners** Rexel generates turnover of **€12 billion** with 80% of sales made outside France.

## A GENERALIST COMPANY

Rexel's expertise is deployed for **electrical efficiency** solutions, **energy savings**, **technical building management** and **renewable energies**. Through its expert hubs, the Group supports a broad range of industries, including electrical installers, specialized markets in hospital services, data centers and the industrial sector.

## ACCELERATING ELECTRICAL ADVANCES

Rexel is committed to solving **energy-saving** issues and finding **environmentally efficient** solutions. Global leader in its sector, the Group is a socially and environmentally responsible company. For a world that is safer, more comfortable, more efficient and more sustainable.

# Key figures

**No.1** in North America

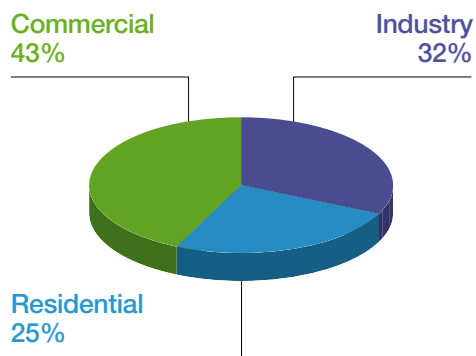
**No.1** in Asia-Pacific

**No.2** in Europe

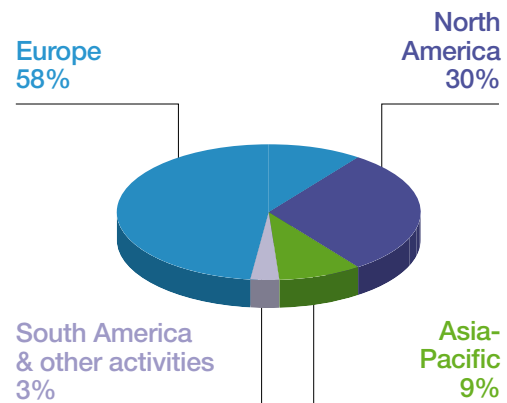
**2,200** sales outlets

**40** banners

2010 sales by end-market



2010 sales by geographical area





FINANCIAL

**€12 billion**  
in 2010 sales (up 5.8%)

**31.7%** increase in operating income before other income and expenses (€593 million)

**154.7%** increase in net income before income tax (€287 million)



SOCIAL

**5,000**  
employees in 11 countries in the new social protection program *Rexel Plus Protection For All*

**41%** of employees received safety training in 2010



ENVIRONMENT

**1<sup>st</sup>** Group-wide carbon footprint assessment

**11,500** tons of waste reclaimed by the Group in 2010

**SALES**

**Up 73%** in photovoltaic products

**Up 36%** in low-energy lighting devices

# Rexel worldwide

**Rexel is a leading distributor in all types of electrical equipment and solutions for all its customers worldwide.** As Rexel works to boost its presence in areas with high growth potential – China, Southeast Asia, India and South America – it is also consolidating its position in mature economies in Europe and North America.



## North America

**30%** of total sales  
**530** branches  
**7,300** employees  
Rexel's position: **No.1**

**CANADA**  
Nedco  
Westburne

**UNITED STATES**  
Gexpro  
Rexel Inc.

## South America & other activities

**3%** of total sales  
**70** branches  
**1,600** employees

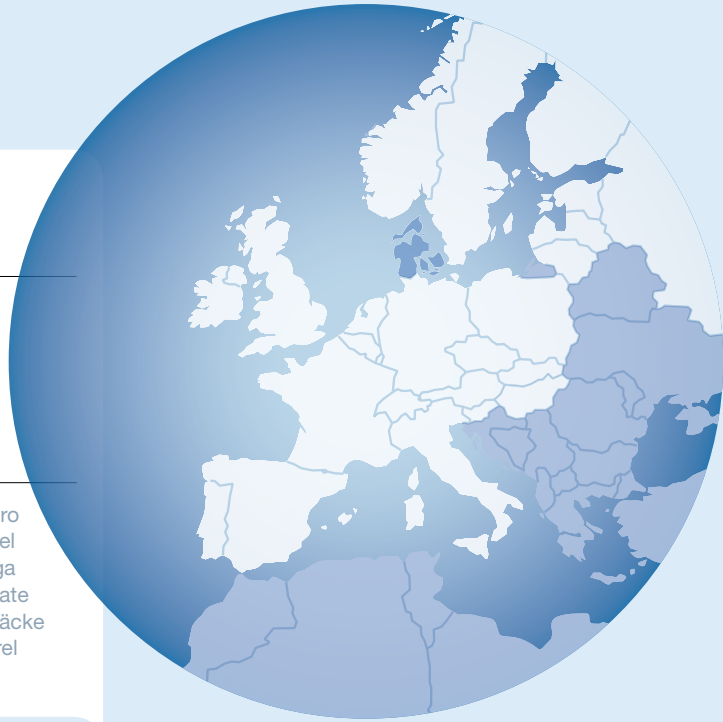
**BRAZIL\***  
Nortel

**CHILE**  
Flores y Kersting  
Rexel Electra

**OTHER ACTIVITIES**  
ACE activities  
Bizline  
Conectis

# Europe

**58%** of total sales  
**1,300** branches  
**16,500** employees  
 Rexel's position: **No.2**



ABM Rexel	Hagard: HAL	Regro
Coaxel	Hagemeyer	Rexel
Denmans	Kellihers	Selga
Elektro-Material AG	Moel	Senate
Elektronabava	Newey & Eyre	Schäcke
Elektroskandia	Onexis	Storel
Grossauer	Parker Merchating	WF

UNITED KINGDOM  
 IRELAND

IRELAND  
 UNITED KINGDOM

SOUTHERN  
 CONTINENTAL  
 EUROPE

FRANCE  
 ITALY  
 PORTUGAL  
 SPAIN

NORTHERN  
 CONTINENTAL  
 EUROPE

BELGIUM  
 ESTONIA  
 FINLAND  
 LATVIA  
 LITHUANIA  
 LUXEMBOURG  
 NETHERLANDS  
 NORWAY  
 RUSSIA  
 SWEDEN

CENTRAL  
 AND EASTERN  
 EUROPE

AUSTRIA  
 CZECH REPUBLIC  
 GERMANY  
 HUNGARY  
 POLAND  
 SLOVAKIA  
 SLOVENIA  
 SWITZERLAND



# Asia-Pacific

**9%** of total sales  
**300** branches  
**2,600** employees  
 Rexel's position: **No.1**

AUSTRALIA  
 CHINA  
 INDIA\*  
 INDONESIA

MALAYSIA  
 NEW ZEALAND  
 SINGAPORE  
 THAILAND

Beijing Lucky Well Zhineng*	Impel Inaco	Redeal Networks Suzhou Xidian
EIW	John R. Turk	Wuhan Rockcenter
Gexpro Asia	Lear&Smith	Yantra Automation*
Huazhang Electric	Page Data	
Ideal	Rexel	

\* since January 2011.

# Milestones

JAN.



The Group supplied lighting equipment for **150 HOTELS** in the Sol Melia chain in Spain.

FEB.

**E-COMMERCE:** deployment of the Group's new e-commerce platform.

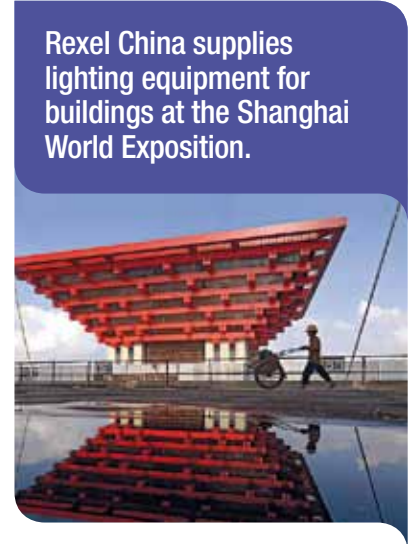
**MOBILIZATION** to provide support to employees who were victims of the **earthquake** in Chile.

MAR.

**GEXPRO WON A 5-YEAR CONTRACT**

with the General Services Administration (GSA). Gexpro now oversees government buildings in the United States.

APRIL



Rexel China supplies lighting equipment for buildings at the Shanghai World Exposition.

JULY



Rexel France launched Inxel.tv website, the channel for electrical installers.



In 11 countries where the company is present, Rexel defined an employee comprehensive **insurance benefits program: Rexel Plus Protection for All.**

AUG.



Rexel Inc (USA) won the TED Magazine

**"BEST OF THE BEST" MARKETING AWARD.**

SEPT.



Rexel selected for the **FTSE EuroMid index.**



A second **employee share purchase plan, Opportunity 2010**, launched for 22,000 employees in 12 countries.

OCT.



Inauguration of the Auckland Rugby Stadium where the Rugby World Cup 2011 will be held.



## MAY



Gexpro launched **ACTIVE-8**, a global marketing campaign focused on energy efficiency.



Rexel launched the **Business Leadership Cycle**, a high-level program for the Group's high potential managers.

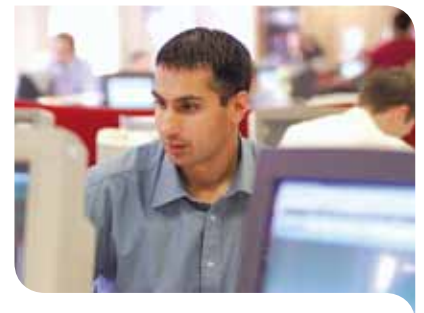
The *Club des Trente* awarded Rexel **the prize for the best financing operation**.

The *Club des Trente* is comprised of the Chief Financial Officers of France's largest companies. It is supported by the HEC Paris business school and the Paris Chamber of Commerce and Industry.

Gexpro exhibited at **Wind Power** in Dallas and Hagemeyer Deutschland at **Intersolar** in Munich (the two largest international trade shows for wind power and photovoltaics, respectively).

## JUNE

Inauguration of **MARINA BAY SANDS** in Singapore.



The Rexel Group strengthened its **ethical approach** in its subsidiaries.

## NOV.



### SUSTAINABLE DEVELOPMENT:

Rexel conducted its first carbon footprint using the French Bilan Carbone® method.

## DEC.

### ISO 14001

Hagemeyer Deutschland obtained ISO 14001 certification for all of its sites.



**Acquisition** of Grossauer in Switzerland.

## JAN. 2011

### Brazil & India

Rexel entered Brazil and India by acquiring Nortel Suprimentos Industriais and Yantra Automation.

### China

Rexel reinforced its presence in China by acquiring Beijing Lucky Well Zhineng and Wuhan Rockcenter.



# Message

## from Roberto Quarta

### Chairman of the Supervisory Board

Rexel returned to profitable growth in 2010 and once again demonstrated the strength of its business model.

Despite the challenging economic environment, the Group delivered a very satisfactory performance in 2010. Sales climbed to nearly €12 billion, led by the gradual economic recovery during the year, and by its position in market segments with strong growth potential. The responsiveness of teams, allied to cost optimization programs deployed as soon as the recession began, allowed Rexel to widen its operating margin by one percentage point and report a sharp increase in earnings. At the same time, the Group reduced its net debt by nearly €128 million and significantly improved its financial ratios.

The combination of a robust operating performance and an improved balance sheet means that Rexel is able to resume the payment of a dividend after a two-year hiatus. Shareholders will therefore be asked to approve the payment of a 2010 dividend of €0.40 per share.

### AN EFFECTIVE BUSINESS MODEL

In 2010, Rexel's solid performance underscored its adaptability and validated its strategic choices. Rexel is decisively positioned in segments that address key industry challenges and offer strong growth potential. These include energy efficiency, the development of renewable energies and large international infrastructure projects. By evolving from a simple distributor of electrical equipment to a supplier of high value-added energy solutions, Rexel is continuously raising the level of service, advice and innovation offered to customers. This leaves the Group well placed to meet the challenges ahead and to strengthen its leadership in the electrical supplies distribution market.

## A RESPONSIBLE, TRANSPARENT CORPORATE CITIZEN

Rexel also made further progress in its corporate social responsibility commitment during the year. The Group defined a comprehensive international insurance benefits program. With this program, Rexel guarantees minimum coverage in the event of workplace accidents or occupational illness in 11 countries where the mandatory schemes fall below the Group's standards. To give employees a bigger stake in their company's performance and increase their share of the capital, *Opportunity 2010*, the second employee share purchase plan offered since the IPO in 2007, was launched in the fall.

In line with Rexel's commitment to adopting the best corporate governance practices, Françoise Gri, Amaury Hendrickx and Manfred Kindle have been appointed to the Supervisory Board in order to enhance its independence and diversity.

**Strong operating performance and an improved balance sheet mean that Rexel is able to resume the payment of a dividend after a two-year hiatus**

**Backed by robust fundamentals, Rexel is well equipped to seize growth opportunities and consolidate its leadership position**

## IMPROVED GROWTH POTENTIAL

In recent months, Rexel has also resumed its external growth strategy, strengthening its positions in both mature and emerging markets. After acquiring a Swiss firm in late 2010, the Group announced four acquisitions in China, Brazil and India in early 2011. These will significantly increase the revenue stream from emerging markets and provide a solid base from which to capture their strong growth potential.

Backed by robust fundamentals, a stronger balance sheet, a business model that is suitably tailored to industry challenges, and strong positions in its main markets, Rexel is well equipped to seize growth opportunities and consolidate its leadership position.

This has been recognized by the financial markets, which drove a 60% increase in the Rexel share price during 2010, one of the biggest gains among stocks in the SBF 120 index.

The Group has proven its capacity to create value through leading the transformation of the electrical equipment distribution sector over many years. While the global economic outlook remains uncertain, the Supervisory Board retains considerable confidence in the underlying strength, strategy and future prospects of Rexel.





# Interview

## with Jean-Charles Pauze

### Chairman of the Management Board

#### **DID 2010 MARK A TURNAROUND FOR REXEL?**

We indeed returned to growth in 2010 and even exceeded our targets, thanks to the steady improvement in our performance throughout the year. Sales rose to nearly €12 billion, a gain of 5.8% as reported and 1.3% at constant scope of consolidation, exchange rates and number of selling days. Profitability also improved, with EBITA climbing 31.2% to €616 million, which represented 5% of sales versus 4% in 2009. Lastly, we significantly strengthened our financial structure and reduced our net debt to 3.2 times EBITDA at year-end, versus 4.3 times EBITDA at December 31, 2009. In an improved but persistently challenging economic environment, Rexel is posting a very satisfactory performance for 2010: we succeeded in increasing our sales and improving our margins while reducing our debt.

#### **WILL 2010'S SOLID RESULTS ALLOW YOU TO PAY A DIVIDEND?**

Yes. Thanks to our significant deleveraging and sustained improvement in performance, we can resume dividend payments and at the Annual General Meeting on May 19, we will ask shareholders to approve a dividend of €0.40 per share, payable in cash or shares. That corresponds to a payout of 39% of recurring net income. We are very pleased to be able to thank our shareholders for their sustained support through this dividend.

#### **HAS REXEL RETURNED TO GROWTH IN ALL REGIONS?**

We saw a steady improvement in performance throughout the year. After declining in the first quarter, sales returned to growth in the second quarter and continued to improve and even gained momentum in the second half. Starting in the third quarter, we saw revenue growth in all regions, including North America, where sales had declined for nine straight quarters.

## **In an improved but persistently challenging economic environment, Rexel is posting a very satisfactory performance for 2010**

In Europe, sales ended the year 1.4% higher, with an upturn in performance in all our main markets.

In North America, where the recession was particularly deep, sales recovered sharply during the year, swinging from a 13.5% organic decline in the first quarter to an organic increase of 9.1% in the final three months. While full-year sales in the region remained down by a slight 1.2%, this was still a very clear improvement on the 27% drop reported in 2009.

The Asia-Pacific region enjoyed double-digit growth for the year, driven by very strong gains in China and a solid performance in Australia. Overall, sales in the region ended the year up nearly 11% on an organic basis.

### **IS REXEL'S RECOVERY DUE MAINLY TO THE IMPROVED ECONOMY OR DOES IT ALSO REFLECT THE MEASURES UNDERTAKEN TO OVERCOME THE RECESSION?**

The improved economy is obviously a supportive factor, but our solid performance is mainly attributable to the considerable efforts we made from the beginning to adjust to the recession, which are now delivering their full benefits. Today, Rexel is stronger and more flexible because we have sustainably lowered our cost structure and optimized our supply-chain and branch network. More importantly, we are now organized so that we can proactively seize new growth opportunities both in such highly promising segments as energy efficiency and renewable energies, and by further developing our expertise in large projects. The specialized

teams we have put together in these segments work in close cooperation to ensure the effective sharing of experience and best practices. This new organization reflects the ongoing transformation of our business model from a simple distributor of electrical supplies to a provider of value-added solutions and services for our customers.

### **HOW DO YOU INTEND TO PURSUE AND STEP UP YOUR ORGANIC GROWTH?**

To drive faster growth, we are strengthening our efforts in four key areas: energy efficiency, photovoltaics, wind power and large international projects. Internally, we call these four segments "Structural Organic Growth drivers" or SOGs and we are counting on them to bring in an additional €400 million in revenue by 2012. We are already well on our way, since the four segments accounted for €427 million in revenue in 2010 versus €280 million the year before, representing an increase of nearly 53%.

## **Today, Rexel is stronger and more flexible**

In the energy efficiency segment, new lighting technologies and the transition to low-energy lighting solutions offer large opportunities, which our teams are ready to seize. In the United States, for example, a dozen two-person teams were deployed in Houston, Texas, and in Colorado to target the car dealership market. In just two days, they won thirteen contracts representing \$350,000 in revenue by offering dealers solutions that could cut their energy bill by 35% to 50%. In 2010, our business increased 73% in photovoltaics and 36% in low-energy lighting solutions. In 2015, we expect that 50% of our revenue in the building industry will be derived from helping to improve energy efficiency.

**To meet the energy and environmental challenge, we have decided to get more actively involved in promoting and installing energy-efficient electrical solutions**

For large infrastructure projects, we've created a dedicated unit, the International Projects Group (IPG), to work with international engineering firms to support our customers' growth. Rexel IPG coordinates our operating networks around the world and helps customers to squeeze major savings out of their procurement processes. This is how we delivered the global lighting solution for the Marina Bay Sands luxury casino hotel in Singapore, for example.

In our role as service and solutions provider, we have established ourselves as a preferred partner to help address the challenges of reducing energy consumption, reducing carbon emissions and developing renewable energies.

**YOU HAVE ALSO RESUMED YOUR ACQUISITION STRATEGY, PARTICULARLY IN FAST-GROWING MARKETS. WHAT ARE YOUR OBJECTIVES?**

Acquisitions are another component of our strategy to drive faster growth. Since December 2010, we've announced five acquisitions, all of which should be accretive to earnings in the first year.

Our external growth strategy is built around three objectives. The first is to strengthen our position in fast-growing markets. In early 2011, we acquired four companies in strategic markets—two in China, one in Brazil and one in India. In China, we expanded our range of solutions for industrial customers by acquiring Beijing Lucky Well Zhineng and Wuhan Rockcenter Automation. We returned to the Brazilian



market by acquiring Nortel Suprimentos Industriais, a major wholesaler whose customer base includes several multinationals. Its acquisition gives us a solid springboard to develop our local operations. In India, we entered the market with Yantra Automation, a distributor of industrial automation and control solutions.

In 2010, emerging markets accounted for more than €620 million in revenue in 2010, or 5.2% of the consolidated total. Between 2010 and 2013, we want to double our sales in fast-growing markets, with the target of generating €1 billion in revenue in 2012.

Our second strategic objective is to increase our share of the mature markets where we already operate. That's why we recently acquired Grossauer, Switzerland's fourth largest electrical supplies distributor, whose solid presence in the industrial segment and geographic footprint make a strong strategic fit with our subsidiary Elektro-Material, the country's leading distributor of electrical supplies.

Our third and final objective is to seize opportunities to acquire companies that have particular expertise in a strategically related field. At the moment, we are looking closely at the energy efficiency and renewable energy segments, in such areas as energy audits and project management.

## Between 2010 and 2013, we want to double our sales in fast-growing markets

### WHAT IS REXEL DOING TO ADDRESS THE IMPORTANT ISSUE OF SUSTAINABLE DEVELOPMENT?

To meet the energy and environmental challenge, we have decided to get more actively involved in promoting and installing energy-efficient electrical solutions and delivering a wide range of renewable energy solutions. This commitment is reflected in our awareness-building and training programs, which encourage consumers to use energy more efficiently, thereby reducing consumption, thanks to new electrical equipment features and their integration into optimized systems.

And of course, this process is also being deployed within our organization, as seen in such practices as waste recycling and strict compliance with standards. We want to shrink our environmental footprint and have forged partnerships with both suppliers and customers to help us. In 2010, we conducted our first carbon footprint assessment and improved our internal assessment tools, with the goal of instilling a culture of carbon awareness in all our employees.



### AND WHAT ARE YOU DOING FOR YOUR EMPLOYEES?

We have a very proactive training policy, offering tailored training programs to our employees. In 2010, we introduced the *Business Leadership Cycle*, a high-level curriculum aimed at managers destined for strategic positions. We use the latest information and communication technologies to map employee skills, as in France, for example, or to develop e-learning modules to avoid unnecessary travel, as in Australia.

After reviewing our employee relations indicators in 2009, in 2010, we launched *Rexel Plus Protection For All*, a comprehensive insurance program designed for the 5,000 employees in 11 countries where mandatory coverage was deemed insufficient. We also decided to give employees a bigger stake in their company's performance by setting up the *Opportunity 2010* employee share purchase plan, which offered 80% of the workforce the possibility of acquiring Rexel shares at a preferential price.

### WHAT'S THE OUTLOOK FOR 2011?

After returning to growth in 2010, we intend to pursue and strengthen this positive trend throughout 2011.

We expect revenue to rise, enabling us to consolidate our position as global market leader. We are confident that sales volumes will increase in 2011 to support organic growth, and we will continue to deploy an assertive acquisitions strategy, particularly in fast-growing markets.

We will also continue to improve our profitability and optimize our capital employed, targeting a further improvement in EBITA margin of around 50 basis points compared with 2010.

Lastly, we will remain extremely committed to generating robust cash flow, by maintaining strict working capital discipline. We therefore expect free cash flow before interest and tax to amount to more than €500 million in 2011.

During the last five years, the Group has doubled its size, improved its profitability and asserted its leadership. I would like to thank our 28,000 employees for the progress we have made together. More than ever, Rexel is ready to rise to the challenges ahead and continue its growth.

# Supporting Innovating Being committed Measuring

## OUR STRATEGY IN FOUR MARKET SEGMENTS

New markets, new opportunities – the electrical equipment distribution sector is undergoing significant changes. Demand in fast-growing countries is rising sharply while the effort to resolve environmental challenges in mature countries is giving the sector fresh momentum. To help its customers, Rexel deploys the skills of a global industry leader with expertise in new electrical efficiency products, large project logistics and strategic locations where the need is greatest. At Rexel, offering support means looking ahead and committing to helping its partners and customers every step of the way.







## Low-energy buildings

Rexel anticipates the technological and regulatory developments in the construction sector thanks to its expertise and energy performance-intensive business strategies. The shift towards low-energy buildings presents a significant opportunity to improve energy efficiency in our societies.



## Multi-sector expert

Rexel keeps up with the changing standards and expectations in every sector and has formed specialized teams to accommodate their needs. These expert hubs use multidisciplinary resources to meet the needs of each market segment, whether it be hospitals, data centers, industry, etc.



## Large projects

Rexel has been partnering with major global engineering firms for many years. The Group can therefore handle complex situations and apply its know-how in large-scale project management to support the construction of complex infrastructures with customized logistics solutions.



## Fast-growing countries

These countries have varying levels of infrastructure which gives Rexel considerable potential for development. The Group has resumed its acquisitions policy, reinforcing its presence in China and entering new markets in India and Brazil in 2011.



Supporting  
Innovating  
Being committed  
Measuring

# The challenges of low-energy buildings

**An expert in energy control solutions, Rexel is guiding the technological and regulatory shift towards low-energy buildings (LEBs).** Rexel believes that new energy standards in the real-estate sector are opening up a vast new market. Construction makes up a large part of the policy to reduce greenhouse gases that governments have undertaken (Kyoto, the Climate and Energy Package, Grenelle roundtable talks, etc.). Green building applies to renovations and new construction alike and will account for about 50% of the building-related electrical equipment market by 2015.

With new standards come new approaches. Gone are the days when it was enough to measure a building's components; nowadays a building's overall performance is examined. The structure, equipment and occupant's lifestyle are also analyzed in order to design an effective, comprehensive solution.

This systemic approach affects everyone: professionals in the electricity and construction industries, standard-setting bodies and associations, property owners and tenants. The only way to design a sustainably-efficient structure is through efficient coordination between all involved. As a key industry opinion leader and consultant, Rexel guarantees that seamless coordination so that innovative electrical solutions are rapidly implemented.

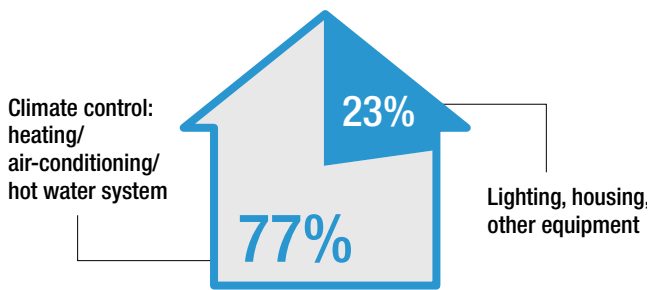
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**Energy Manager** is a rapidly growing profession in commercial and industrial building complex management. Energy Managers create a balance of comfort, performance and return on investment to determine a building's overall energy profitability over its entire lifetime.

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## **WORKING WITH CLIMATE CONTROL EXPERTS**

Two-thirds of the energy consumed in a building is for heating, air-conditioning and hot water, so the most energy-intensive installation is climate control. Rexel has an array of energy-efficient solutions in this area (heat pumps, solar water heaters, dual flow heat-capturing ventilation, etc.). For the last two years, Rexel France has been deploying a general marketing strategy on energy management solutions. As a multi-specialist distributor, the company offers its customers solutions that combine electricity and hydraulics, notably through a full-service offering in climate control and renewable energies. Rexel France has hired 70 experts and provides this targeted solution coupled with training at 150 branches. The initiative enables its electrician customers to invest in HVAC markets and the company to build closer partnerships with professionals in the plumbing and heating sector.



## Climate control: a key feature of LEBs



**Patrick Berard**  
SVP Southern Continental Europe

## Opening new markets for our customers

Energy-efficiency policies are successful when the various trades involved in a project work together and coordination is seamless. With this in mind, an electrician installer has two options: either he hires skilled workers to gain additional know-how or he coordinates with roofers, plumbers, heating engineers and electronics specialists.

To accommodate these new practices, Rexel decided to expand its offer beyond electrical equipment. Rexel France's catalog now offers combined solutions that promote energy efficiency (intelligent lighting control, automatic load-shedding systems, etc.) and energy-saving installations (heat pumps, solar water heaters, etc.).

Rexel has adapted its catalog to meet the expectations of electricians and to encourage them to try up-to-date methods. For example, the company provides them with equipment that can be installed just by crimping and offers training in the technique. We also urge our customers to consider new electrical solutions that use a range of intelligence and added value, like home automation and building management systems, which will be central to the performance and comfort of tomorrow's installations. It is worth the effort, since there are an estimated 18 million homes to be renovated in France."



## Green Light for Deutsche Bank

It took just two years to renovate Deutsche Bank's head office. The two towers were built in 1984, and their renovation has recently been completed. They are now called the Green Towers. You might think it's because of their color, but it's actually due to their design. Energy-saving lighting, high-tech thermal regulation, solar water heating and a heat recovery air-conditioning system – everything works together to maximize performance. Building consumption has been reduced by 67% for heating and 55% for electrical use. Overall, the Green Towers have cut their CO<sub>2</sub> emissions by 90% and increased useable space by 20%.

The firm Imtech called upon the services of **Hagemeyer Deutschland** to complete the project. "For two years, we have delivered materials through our logistics centers in Neuwied and Weinheim. Over 1,000 kilometers of cabling and a large amount of electrical equipment were installed in the two towers," says Jens Oster, Key Account Manager. It was a major undertaking; Hagemeyer would only receive orders two to three days before equipment needed to be installed. So the company procured special containers to supply cabling onsite. "There was a very small window between the onsite logistics facility and the construction site. It was the only effective way to work ; otherwise we would have caused huge bottlenecks at the Frankfurt center where the towers are." The containers were filled during the day and crews would drop them off at the worksite at night so work could begin early the next morning.

## Six requirements for low-energy buildings

- Good **insulation** (walls, windows)
- **Energy-saving** equipment (lighting, heating, hot-water heating)
- **Renewable** energies (heat pump, solar, small wind turbine)
- **Automated** systems and **controls** (rolling blinds, light and motion detectors)
- **Monitoring** and **maintenance** systems (centralized systems, home automation, audits)
- Users who play an **active role in energy** performance (explaining, measuring, adapting)



Supporting  
Innovating  
Being committed  
Measuring

# Logistics solutions for **large infrastructure** projects

**With its dedicated teams and over 20 years of expertise, Rexel provides major project management services and support worldwide.**

For Rexel, long-term contracts, complex worksites and major infrastructure projects are large-scale operations that the Group executes in partnership with the major engineering firms such as Fluor, Technip or Imtech...

As a logistics specialist, Rexel approaches projects as a turnkey contractor and seeks to boost performance levels on major worksites. That means added value for the customer in terms of productivity, safety and environmental management.

## **IMPROVING PROFITABILITY**

The Group provides comprehensive solutions by overseeing procurement and materials handling (nearly 10% of labor costs on a construction site). Installation times are considerably reduced through the use of specialized packaging and pre-assemblies dispatched directly to worksites. By organizing product and information flows at every stage of the supply-chain, Rexel can minimize losses, breakage and theft – which can account for up to 3% of purchase volumes.

## **SPECIALISTS IN MATERIALS HANDLING**

Nearly one-third of work-related accidents occur during materials handling. These operations are outsourced and handled by Rexel professionals. In addition to reducing risks, the Group helps fitters focus on tasks that carry the highest added value.

## **OVERSEEING WASTE MANAGEMENT**

A significant amount of waste is generated at a construction site in the electrical equipment installation phase. Rexel offers onsite waste management solutions (collection systems, redeemable plastic bins, etc.) that fully comply with environmental regulatory requirements.



The Elba liquefied natural gas terminal in Georgia near Savannah significantly increased its storage and loading capacities. The \$200 million project was completed in July 2010.

## Elba III: doubling equipment capacities

Southern LNG, a major player in liquefied natural gas in the United States, had commissioned the engineering company CB&I to design and build an extension for their Elba terminal (Georgia) that would double its storage and ship-loading capacities.

For this project, the teams at CB&I wanted to tackle two common problems in this type of project: **multiple ordering of the same parts** and motivating teams to perform **material tasks**. Rexel proposed a customized handling logistics solution that allowed CB&I to track all the volumes ordered, delivered, stored and consumed in real time using Oasis, a software program that provides an option to directly monitor its needs and reduce costs. Rexel also set up a branch onsite making it possible to continue supply without interrupting flows or unnecessary storage. A dedicated team handled the logistics services at the construction site.



**Steve Thomas**  
CB&I Project Procurement Manager

***We wanted to eliminate the tasks caused by multiple orders and focus on our core business.***

### The Rexel value chain

#### PROCUREMENT

Orders  
Reception  
Customized logistics



#### DELIVERING

Order preparation  
Labeling  
"Standby" delivery



#### MONITORING

Weekly updates  
Pickup and delivery tracking  
Complaints analysis



**Eric Packer**  
Rexel IPG Manager

Buying expenses cut  
by **5% to 15%**

Large EPC\* firms do business worldwide, which is why these companies prefer having one contact person handling materials supply and procurement services. In 2009, the Group created Rexel IPG with these firms in mind: a dedicated structure that coordinates Rexel's operational networks around the world.

By consolidating their organization, operational model and execution strategy we provide them significant cost savings while honoring our commitment to meet their specifications. According to our estimates, our partnership with EPCs helps them cut their procurement expenses by 5% to 15%."

\* EPC: Engineering, Procurement and Construction (engineering firms).



Rexel has been working with Las Vegas Sands International for many years and was happy to take on the challenge at the massive worksite for the Marina Bay Sands Hotel in Singapore: hotel and casino, three 55-storey towers, 2,600 rooms, a shopping center, convention center, one of the largest sky terraces in the world, etc. Working in close partnership with the engineering and design office, the Group supplied a comprehensive indoor and outdoor lighting package. Rexel used a 24-hour onsite structure to install over 100,000 lights in just a few months.



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# A **specialized** approach for each area of expertise

**Rexel is constantly developing its sector-specific expertise to take advantage of opportunities in an increasingly technical market.**

Rexel is developing a vertical approach structured along major business lines to adapt its range to the vast array of markets and professionals. The Group is adding the expertise of a multi-specialist distributor to its core business.

With operations in 36 countries, Rexel has achieved its global leadership through a presence in every market (industry, commercial, technical infrastructures, etc.) and with all sorts of customers (engineering firms, craftsmen, major installers, manufacturers, etc.).

## **CULTURAL ASSIMILATION**

Rexel closely monitors market changes, targets high potential segments and adapts its organizational structure accordingly. To be efficient, a company has to adapt to new cultures and master the whole production process from needs analysis to delivery. To this end, the Group has created competence centers designed for a targeted type of customer and growth market. Rexel employees in these hubs have incorporated the working methods specific to each sector.

## **PROVIDING KNOW-HOW TO OUR CUSTOMERS**

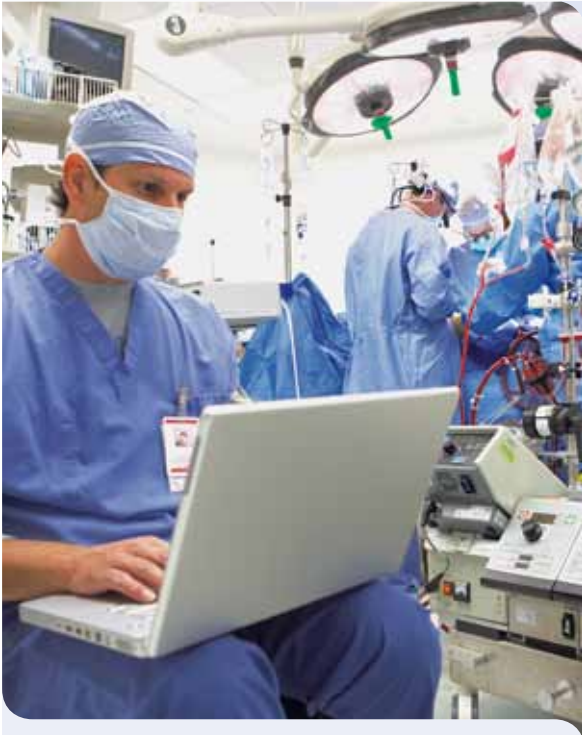
Over the last few years, Rexel has been gaining experience in the technical building field, which includes connection solutions for data centers, medical installations for the hospital service sector and security systems for prisons. The expertise acquired in these high-tech sectors has bolstered the Group's authority in traditional markets.

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Between 2008 and 2010, Rexel created a number of **competence centers**. The Group hired and trained industry experts who run the centers and are also dedicated customer contacts and advisors for all the Group's banners.

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# HEALTH SERVICE SECTOR



**Rexel has been present in the health sector for many years.** Ageing populations, new technical and hygienic requirements – all of these parameters explain the rapid growth of the Group's activities in the construction and renovation of health infrastructure.

**Partnering with engineering and design firms,** the Group conceives solutions that meet all of these constraints. The solutions entail designing patient bed headboards or surgery wards that combine several high- and low-voltage systems, fluids and gases in a confined space. They also include innovative technical devices like antibacterial switches or maintenance solutions that do not disrupt medical activities.

**Based on the expertise** Rexel has gained in the hospital service sector, it is expanding its activity to include clinics and retirement homes and is developing home-care product lines for the elderly and disabled.

## Forth Valley Hospital: a full-service lighting solution



The lighting contract with Scotland's largest hospital, Forth Valley, was split into 17 blocks. The coherent offering covered all required light fittings and lights with agreed cost certainty and helped save energy, so Newey & Eyre won all 17 blocks, for a total amount of €1.5 million.



**Ken McQuaker**

National Account Manager, Newey & Eyre (Rexel UK)

***Clients in the medical sector need reliable and robust solutions***

We had already worked with the entrepreneur Crown House on a number of large-scale lighting projects. Clients in the healthcare industry require a central point of contact and dedicated product catalogs with an agreed pricing model reviewed on an annual basis.

They naturally turned to us when the Forth Valley Hospital project materialized. We received support from the dedicated team at the Glasgow branch that specializes in lighting projects. They planned and coordinated the work, centralized delivery procedures and also managed the reporting.”

# DATA CENTERS



**With the spread of digital applications** (cloud computing, virtual machine capacity, application portability, backup and security), **IT and network infrastructures are growing rapidly**. Rexel's compliance with strict technical and safety standards, energy consumption management consultancy, solid expertise and collaboration with major installers: the Group meets the demands of a highly profitable market which has major projects and recurrent business.

## Condorcet: a customized connectivity solution

In 2009, TeletyGroup, **leading provider of premium network independent data centers in Europe**, was seeking suppliers to provide equipment for its new Condorcet data center. Its request focused on two aspects: consulting on the most appropriate connectivity solution and adaptability for fulfilling hosting environments from TeletyGroup clients. With over 10 years' expertise in data center equipment, Rexel recommended a high-security connector solution suited to the building's structure, that used "power distribution" solutions built with PVC-free LSZH wire, fibre optic cables, and compact and lightweight Ethernet wires to accommodate overhead pathways.

Rexel orchestrated a logistics solution from its Aubervilliers branch that did not **require worksite storage** and included pre-connected kits that sped up installation time. The same solution is used to respond to specific customer requirements. The Aubervilliers branch is supporting TeletyGroup at every phase of installation, operations and maintenance. The result is a 3,400m<sup>2</sup> high-performance energy-efficient center that was awarded "Best European Colocation Facility" at the Data Center Europe Awards.



**Nicolas Buono**

Director of Operations, TeletyGroup France

***Rexel was solutions-oriented and proactive starting in the design stage***

We particularly appreciate the responsiveness and flexibility of Rexel's teams. They were ready with suggestions very early in the process, from the study phase. As distributors, they provided equipment from the best manufacturers in each category and their ability to provide just-in-time equipment minimized our own inventory, all the while guaranteeing the highest level of security on new commissioning and maintenance operations."

### The **project** in 3 key points

- **1 month** from the signature to completion of initial electrical installation in building
- **Several hundred kilometers** of power distribution and data cables
- Key references available **24/7**







In organizations where quality and productivity have advanced significantly, manufacturers expect distributors to deliver full-service logistics and substantial gains on purchases, procurement and storage. Beyond a simple per-part price, they look at the total cost of ownership (TCO).

In the industrial sector, Rexel supplies equipment for machine and building maintenance and parts for product manufacturing. Industrial customers are usually key accounts and have very specific needs.

## The needs of industrial clients

- A single point of contact
- Distributor presence on production sites
- Synchronization and participation in procurement planning
- Kit production
- Energy-efficiency consulting (lighting, automated systems, motors)

## Hagemeyer Deutschland and Wacker: high-performance integration

Wacker Chemie AG is a major player in the global chemicals industry, working in the silicon, polymers and semi-conductor sectors and reporting 2010 turnover of €4.75 billion. Hagemeyer Deutschland has been working with Wacker for the last 12 years to develop reliable high-performance sales and logistics services. Hagemeyer is now heavily involved in the German chemical company's activities; it consolidates orders for 110 suppliers and has reduced external delivery volumes by 50%. The company also handles internal logistics and has cut the number of deliveries between production sites 20-fold.

Two years ago, Hagemeyer Deutschland was awarded the "Wacker Chemie AG Annual Contractor Prize" which recognizes quality, service, reliability and management. Hagemeyer scored at least 90% on all 22 indicators in the assessment.

Recently, Wacker Chemie AG and Hagemeyer Deutschland cemented their partnership by signing a new 5-year contract which runs until 2015.



### Roman Hegenbart

Director of Industry Sales at Hagemeyer Deutschland

### More than 6,000 industrial references in stock

We opened the Ingolstadt countryside central industrial DC\* in October 2010. It's a 1,300m<sup>2</sup> platform that currently houses 6,100 industry-specific articles from 1,200 industry suppliers. Since Ingolstadt is ideally located within the transport network, we can offer our customers significantly faster delivery times.

The first-class service includes online ordering, delivery of specific quantities independent from packing units and more. The DC is run by about 20 employees who are all competent specialists with longstanding industrial experience. It supports the 25 specialized competence centers dotted across the country that work in sectors like petrochemicals, agro-food, automotive and large energy producers."

\* Distribution Center.



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## Expanding into fast-growing countries

**In 2011, Rexel continued its expansion into fast-growing countries by setting up operations in India and Brazil.** There are many challenges in these dynamic countries and just as many reasons why Rexel is penetrating these markets. They include providing access to electricity, fulfilling the demand for construction and environmental constraints, supporting a better way of life and helping organize the distribution market.

Fast-growing countries now consume over half the world's electricity. In 2010, their growth rate was over 5%, which boosted urban development and improved the standard of living, which in turn leads to rapid expansion of the electrical equipment market. The distribution networks in these countries are still very fragmented and have a number of middlemen (distributors, wholesalers, retailers, etc.) who offer products and services of irregular quality. Given Rexel's expertise in logistics and products, this is a growth opportunity.

### THREE STRATEGIC DRIVERS

Depending on a country's situation, Rexel has three different drivers it can use to strengthen its presence: create or acquire generalist banners, form partnerships with industrial manufacturers or provide support to major national or global customers. In 2011, the Group is stepping up its acquisition strategy by intensifying its presence in China and setting up operations in India and Brazil.

## In India

In early 2011, **Yantra Automation**, which specializes in distributing automated and industrial control systems became part of the Rexel Group.

Founded in 1979, Yantra Automation's annual turnover is some **€12 million** and serves an industrial clientele.

It is based in Pune in the heart of one of the country's largest industrial centers primarily known for **automotive manufacturing**. Yantra Automation's strong expertise and widespread renown is a substantial asset for Rexel's first foray into the Indian market.



## Rexel strengthens its presence in China

Since 2000, Rexel has had a solid business platform in China through the consecutive acquisitions of *Hailongxing* (Beijing), *Hualian* (Shanghai), *Huazhang* (Hangzhou) and *Xidian* (Suzhou). In 2010, Rexel's activities in China accounted for over €220 million in turnover for the Group, or a 28% increase.

In early 2011, Rexel has consolidated its no.3 position in this market and acquired *Beijing Lucky Well Zhineng* and *Wuhan Rockcenter*, two distribution companies with a major industrial client base. These initiatives boost the Group's presence in Beijing and Tianjin provinces and strengthen its local partnerships with strategic global suppliers.

## Rexel's entry into emerging markets

2000 → China

2006 → Indonesia, Malaysia, Singapore, Thailand

2011 → Brazil and India



## Rexel in Brazil

Rexel positioned itself in the Brazilian market in early 2011 with the acquisition of Nortel Suprimentos Industriais. Nortel is one of the three domestic players in the electrical distribution market and is a regional leader. Founded in 1966, the company is based in Campinas, in Brazil's richest and most populated state, São Paulo.

It employs 600 people and has three logistics centers and 49 branches mainly in the southeast region. In 2010, it recorded turnover of €110 million with a diverse customer portfolio that includes some of the biggest names in industry and a global and domestic supplier base. With Nortel, Rexel is gaining a strong foothold in the Brazilian market and building a solid foundation for becoming a leading player in the country.

Brazil is an attractive emerging country for Rexel, both for its size (in 2010, its electrical distribution market was estimated at €2 billion) and its pace of growth. Brazil's economic potential, abundance of raw materials and opportunities (Football World Cup in 2014 and the Olympic Games in 2016) provide growth prospects for many years to come.

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## IMPROVING DISTRIBUTION EVERY DAY

For Rexel, distribution means offering customers new means of access, promoting the technologies of the future, mobilizing a commercial infrastructure and first-rate logistics to meet every need. Distributing means creating a space where the whole electrical sector works together and shares ideas so that everyone moves forward.





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## Converging sales processes

Branch, catalog, call center, website, e-commerce site, mobile application – Rexel’s commercial strategy deploys a varied and complementary approach to provide multiple access points for all the Group’s products and services.



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## Promoting electrical efficient technologies

Energy efficiency is a top priority for professionals in the electrical sector. Rexel turns ideas into reality with training, consulting and marketing campaigns so the Group helps disseminate energy management technologies.



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## Implementing a supply-chain of excellence

Rexel constantly upgrades its logistics structure to develop customized supply-chain services while reducing its impact on the environment.

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## Encouraging **continuity** in business relationships

**Rexel adapts its sales procedures to all types of client from branches to the Internet to call centers.** Today, professional distribution must fulfill customers' mobility requirements. Rexel stays one step ahead of this trend by merging its complementary sales channels and providing the broadest access possible to its products and services.

Much like major companies, independent electricians and SMEs are now using new technologies on a daily basis. While business relationships still primarily happen in branches through consulting and sales, other channels like call centers and e-commerce are gaining momentum.

### **PROVIDING ACCESS FROM ALL DEVICES**

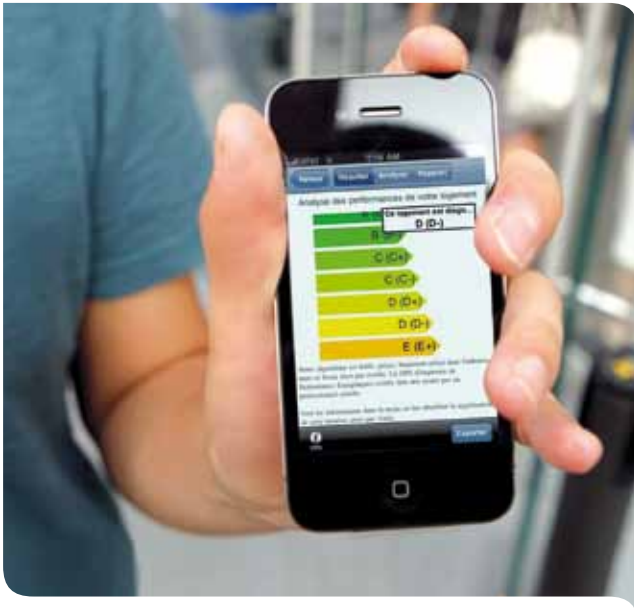
Rexel has an extensive array of online and computerized sales tools that include e-commerce sites, customized digital catalogs, personalized purchasing cards and online order tracking. Its entire Internet transactional platform was redesigned to be more efficient and appealing.





**Stéphane Clarion**  
Group E-commerce Manager

## Working towards a centralized Group-wide e-commerce platform



Until now, each country had its own e-commerce solution. There was a wide range of maturity levels from one network to the next. Based on a shared platform, we spent one year developing a new e-commerce product with more detailed and intuitive navigation and a number of promotional and marketing tools.

For now, the online store is being used by new banners in Sweden, Canada, Austria and the Netherlands. This platform is designed to become a joint e-commerce tool for many Rexel banners. It is a compelling solution for consolidating our online strategy by applying the most effective search and marketing technologies on the market that provide our customers with the highest degree of flexibility and efficiency.”

**Rexel on iPhone:** In 2010, the first e-commerce applications were developed for the smartphone in France with the Rexel and Coaxel banners.

### Canada: National Call Center

#### An increase of 150% in 2010 sales

By building its offers and services based on energy efficiency, the new National Call Center of Westburne in Canada boosted sales. Figures for 2010 were €7.5 million, against €3 million the previous year.

The Group is developing specific applications for mobile devices linked to e-commerce sites. Customers can now check a product’s availability and place orders using their smartphones, in their cars or on building sites.

#### REGIONAL CALL CENTER POOLS

The call centers were rethought with business relationships in mind. Formerly based in branches, they are gradually being coordinated into specialized regional pools supported by powerful CRM\* tools. From these pools, Rexel experts offer technical and sales information to supplement the service provided locally by branches.

Besides giving support, technical sales agents at the call centers canvass a wider clientele (SMEs, local governments, etc.) to determine their needs and offer targeted services (energy audits, renovation projects, etc.).

#### CREATING BETTER BUSINESS RELATIONSHIPS

Rexel has structured its sales tools by merging and pooling customer data between their various collection sources. Based on their constraints and preferences, customers can use any of the resources: branches, the Internet, dedicated applications, call centers, etc. They are always in contact.

\* Customer Relationship Management.



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# Marketing for energy efficiency

**Rexel's marketing fully encapsulates its role as distributor of effective solutions.** Energy performance technology is a rapidly growing market. Rexel is constantly innovating in marketing and acquiring expertise where customers and suppliers overlap, thereby encouraging the deployment of eco-efficient electrical solutions.

Current electrical equipment facilities are often outdated, ill-adapted and highly resource-intensive. Replacing present installations with low-energy equipment would immediately help reduce energy consumption by 25%. But energy-efficient technologies are still recent and evolving. Industry professionals are faced with new and more costly products whose profitability must be measured over the equipment's entire lifetime.

## INTRODUCING THE MOST EFFECTIVE SOLUTIONS

Rexel connects manufacturers with installers and plays a crucial role in profitable and responsible upgrades for electrical installations. The Group works with manufacturers to choose the most effective solutions and then helps promote them. In 2010, Rexel was an active participant at large international trade shows, featuring renewable energies, such as Intersolar in Germany and Wind Power in the United States. In France, the Group invested in over 25% of the exhibition

space at the Paris Renewable Energies Expo and the stars of the show were the *Maison Active* (Active Home) booth and other booths that focused on the commercial and industrial sectors.

## DISTRIBUTOR AND CONSULTANT

Rexel can offer its customers commercial programs including audit to maintenance (see box: *Active-8*), consulting areas and simulations. In Spain, ABM Rexel created a 2,000m<sup>2</sup> lighting area called *Ciudad de la Luz*. Both a showroom and design/engineering office, since 2010 this 'City of Light' has been exhibiting new LED solutions. In the United States, Gexpro holds *Energy Summits*, four 2-day training sessions for installers and property managers. They study subjects such as cost-reducing green technologies, products, government subsidies, etc. These business initiatives enable Rexel to give its customers the keys to understanding effective and sustainable electrical solutions.





## Inexel TV

In June 2010, at the **Renewable Energies Expo**, Rexel France launched its **Inexel.tv website**, a channel for electrical installers.

The website offers **video reports** on new energy management solutions, such as photovoltaics, home automation, lighting and climate control. Every solution is explained in the videos showing professionals installing them onsite.

These **downloadable** Inexel TV videos are information dissemination tools for industry professionals and draw upon sales pitches from installers to guide the end user towards the most suitable solution.



The "Ciudad de la Luz" in Spain. **The Rexel City of Light** is fully dedicated to Rexel lighting solutions.



## Energy efficiency: Active-8, a one-stop, start-to-finish, turnkey program

Often, a company seeking to improve the energy performance of its installations has to contact several different operators: auditing firms, manufacturers, distributors, installers. With its **Active-8 program**, Gexpro offers a **one-stop, start-to-finish, turnkey program** that brings together all the elements on which energy efficiency is based: a variety of solutions (lighting, automation, motorization), associated with comprehensive services (audits, project management, financing, installation, maintenance, etc.).

**Active-8 teams take responsibility for the whole project** from the feasibility study through to evaluation and operational optimization. The many operators come under the Gexpro banner. When manufacturers impose their own products, Gexpro offers several technologies and assists customers in their choices depending on their actual requirements. "In 90% of cases, we can improve performance," says Jeff Pecoroni, Energy Solutions Manager. "Most of our customers are interested in this service because they can make significant savings," explained Chris Chickanosky, VP Global Sales at Gexpro Services.

### 8 Steps to Success

- 1 Feasibility study
- 2 Energy audit
- 3 Project planning
- 4 Product specification
- 5 Incentive/rebate maximization
- 6 End-to-end project management
- 7 Installation management
- 8 Project evaluation/operational improvement



**Jeff Pecoroni**  
Energy Solutions Manager at Gexpro Services

***Active-8 provides customers with full-service, functional and profitable solutions.***

Our energy control specialists guide customers on all their decisions by assisting them step by step through an eight-stage process designed to ensure the best return on investment."



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# Supply-chain excellence

**Rexel optimizes the performance of its supply-chain by improving service quality, expanding offers, reducing costs, optimizing inventory and decreasing its environmental impact.** At the same time as digitizing its systems, Rexel is streamlining the number, size and locations of its logistics centers. The Group is looking at procurement as a whole, actively pursuing partnerships with its suppliers, developing customized services and advancing its logistics processes.

In the world of professional distribution, there is no “one size fits all.” One customer may prefer weekly deliveries and inventory monitoring while another customer will visit the branch every day to adjust their order. Depending on their requirements, Rexel offers every customer a selection of different procurement options. Availability, shipping times, delivery, etc. – every parameter is taken into account. Logistics performance is the Group’s core business and value-added service. That is what gives Rexel the power to gain recognition in several different markets.

## **SUPPLIER PARTNERSHIPS**

In an effort to improve its service quality, Rexel worked with its strategic suppliers to consider options for coordinating inter-company logistics. After conducting in-depth audits on their respective organizations, many major manufacturers signed service level agreement (SLA) with the Group that

contained jointly-defined indicators on good coordination, such as connection rates, IT, deadlines, stock-out percentages, inventories, claims, etc. These mutual indicators support businesses in their ongoing improvement efforts by defining and implementing joint-improvement action plans (EDI, ordering and delivery methods). Schneider Electric, Philips, Osram and Hager are among those participating in the program which was launched in four countries and expanded in 2010 to the United Kingdom, Belgium and Finland. Partner manufacturers were selected for their level of organization and close collaboration with Rexel. The result is wider availability for customers and productivity gains for Rexel and its suppliers.



**Rüdiger Dehlfing**

Head of Logistics, Hagemeyer Deutschland

12-15% extra productivity with *voice picking*

In 2009 we tested a *voice picking* system in the logistics structures.

The pickers work on headsets and take in all the information, such as the picking location, picking quantity, etc., via voice and confirm each step verbally with check digits. This leads to a very streamlined picking process and saves us a lot of time and paper: we observed a 12% to 15% increase in productivity.

Following this very positive experience, Hagemeyer Deutschland extended the voice system to its entire DC\*-network in 2010. The method has considerably simplified the operators' task and has reduced the very-low error rate even more."

\* Distribution center.



## Streamlining transportation

In order to increase productivity in its supply-chain, Rexel has increased its transport rationalizing. By building computerized data exchanges with its service providers, the Group can pool workflows and make them more reliable. The quality of service improves (frequency, monitoring and digital signature), the trucks are loaded better and the environmental footprint is reduced. In short, this makes for **efficient, environmentally-friendly transport** at a lower cost.



- 80% of the Group's transport is outsourced
- More than 5% reduction in logistics costs in 2010
- Average storage time reduced by 3 days

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## A DRIVER OF SUSTAINABLE DISTRIBUTION

What does commitment mean to Rexel? It means giving businesses, administrations and private individuals access to energy-saving technologies. It means encouraging employees to support associations and charities. It means analyzing the company's carbon footprint and working to reduce its energy consumption. To Rexel, commitment means training employees in professional and personal skills development. It means setting a standard for social protection and providing the resources to apply it in as many countries as possible. It means going above and beyond the requirements of standards and regulations on waste collection. It means working towards turning all the world's changes into progress.





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## Reducing the environmental impact

As a global group, Rexel has two major environmental responsibilities. It strives to encourage its clients and partners to practice responsible electrical consumption and spearheads initiatives to minimize its environmental footprint.



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## Encouraging talent

Developing skills, making the workplace safer, fostering diversity – the Rexel Group shows its daily commitment to its employees by making human resources its top priority.



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## Governance

The Rexel Group is structured around a Management Board and Supervisory Board that strive to improve controls, information and general good governance.



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## Shares and shareholders

In an effort to make its shareholders part of its enterprising approach, Rexel is committed to maintaining clear, transparent and regular financial relations.



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# Reducing the environmental impact

**Rexel reduces its environmental footprint and fosters responsible electricity consumption.** Rexel takes on a two-part environmental responsibility. On the one hand, as an opinion leader for environmentally-efficient solutions: every year the Group helps improve the energy performance of its customers' buildings and installations. On the other hand, Rexel has stepped up its internal actions towards a better control of natural resources consumption and the environmental impact of its operations.

In late 2010, the Group carried out its first carbon footprint assessment (see box: page 37) to identify its main sources of CO<sub>2</sub> emissions and measure their contributions and impact. It turns out that as a service company Rexel emits little CO<sub>2</sub> itself, but the Group's position as a prime contractor means it indirectly generates a substantial amount of greenhouse gases; product shipping accounts for two-thirds of the emissions measured. Therefore, with a focus on this area, Rexel

will be intensifying its action in the next few years by partnering with suppliers and carriers. The effort will also mean reducing energy consumption in its site facilities, the second largest contributor to CO<sub>2</sub> emissions.

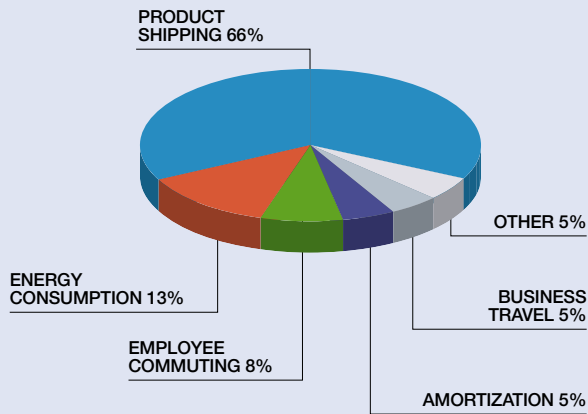
## **PROMOTING AND MARKETING ENVIRONMENTALLY EFFICIENT PRODUCTS AND RENEWABLE ENERGY SOLUTIONS**

Rexel is a front-line distributor for solutions that generate energy savings or rely on renewable energies. In partnership with its suppliers, every year the Group enhances its range, makes sure the solutions proposed are easy to implement and works hard to make them available around the world. The challenge is to consume less and more intelligently. Now backed by an extensive line of green products and solid expertise in the field, the Group can advise its customers in installing effective solutions that create energy savings.

### **Rapid sales growth**

- **73% increase (or €222 million)** in photovoltaic solutions
- **36% increase (or €226 million)** in low-energy lighting
- **16% increase (or €32 million)** in heat pumps

# Carbon footprint



## Xavier Galliot

Group Sustainable Development Director

Aside from fulfilling legal carbon accounting requirements, this study had three aims. Firstly, to take a fresh look at Rexel's environmental impact with a view to gradually reducing it through specific action plans. Secondly, to establish a clear picture of the breakdown of the company's carbon emissions. Lastly, to incorporate the CO<sub>2</sub> indicator into our corporate culture. In the field of energy efficiency in which we operate, this approach will make all the difference."

At the end of 2010, Rexel conducted its first carbon footprint assessment on its activities by using the Group's six key countries as a basis (Germany, Australia, Spain, the United States, France and the United Kingdom). These countries account for 70% of commercial and operational activity. Using the French *Bilan Carbone*<sup>®</sup> method designed by the ADEME and transposed with the GhG Protocol\*, the survey's scope covered activity at the sites (energy, consumables, packaging, etc.), employee commutes and all product-related logistics, as well as supplier deliveries and customer trips. The carbon footprint of the products was not counted.

Due to Rexel's activity, **product shipping** accounted for 66% of the Group's emissions. Next came energy consumption in buildings (13%), employee commutes (8%) and business trips (5%). There are discrepancies between the countries due to their specificities: size of the catchment area, density of the branch network and logistics centers, transport infrastructure, and clients' purchasing habits.

\* The Greenhouse Gas Protocol (GhG Protocol) is one of the most popular methods in the world for quantifying greenhouse gas emissions and it allows for international comparisons.

## RAISING EMPLOYEE AWARENESS

Rexel held an employee awareness week on environmentally responsible habits. *Eco-days* took place in the first quarter of 2010 in most of the Group's countries. The goal was to change or improve everyday habits. Some of the themes addressed were consumables using (paper, printing, etc.), waste sorting and energy managing (lights, air-conditioning, computers). The operation was very well received by employees and will be repeated in 2011.

Go Green at work!



## Jean-Noël Guillou

Group Indirect Purchasing Director

Teams are **motivated** by the environment

The immediate effect of streamlining indirect purchases worldwide (transport, consumables) is generating cost savings and markedly reducing our environmental impact.

It is both a profitable and ecological initiative that is a real source of motivation for employees. Improving our procedures and setting up performance indicators for costs, sustainable development and customer satisfaction are among our selection criteria for suppliers. This performance is measured through our contracts and supplier relationships and is the key to making our action plans effective and reliable."



## Waste and chemicals: **forecasting** for better **compliance**

Just like its suppliers, Rexel is responsible for the **regulatory compliance of the products** it sells and must comply with and plan for national and international regulations. In particular, Europe entered a new phase in 2010 with the deployment of the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals). To meet these standards, Rexel put in place a dedicated team and set up a framework to inform its customers about its product compliance, especially for SVHCs (Substances of Very High Concern).

The Group is currently working on keeping in line with changes in the directives, such as those pertaining to hazardous substances (RoHS – Restriction of Hazardous Substances) and the labelling harmonisation effort (GHS-CLP – Globally Harmonised System of Classification Labelling and Packaging). Rexel is supplementing regulatory compliance and customer notices by **considering the end of product lifecycles**: 73% of its branches collect waste electrical and electronic equipment (WEEE) In 2010, the Group collected nearly 11,500 tons of waste.

### IMPROVING THE ENVIRONMENTAL IMPACT OF PURCHASING AND VEHICLES

Two years after restructuring its corporate fleet (5,300 vehicles in Europe), Rexel is recording promising results: less fuel consumption and less CO<sub>2</sub> emitted. Continuing this policy into 2011 will help save over 10% in fuel and reduce the carbon footprint by at least 15%. By consolidating its indirect purchases and considering the environmental factor in its call for tenders, Rexel is blending environmental consciousness and savings. For example, the Group has selected five automobile manufacturers and two long-term leasing companies.

## Hagemeyer Deutschland obtains ISO 14001 certification

In December 2010, Hagemeyer Deutschland became the first German distributor of electrical equipment to receive ISO 14001 certification.

Certifying **good management** in the areas of energy and environment, this internationally recognized certification covers the head office and all branches as well as the company's logistics platforms.

**Low-energy devices**, efficient logistics, sorting waste, recycling bulbs, etc.; to achieve this result, Hagemeyer has developed an approach that involves all staff on all sites.

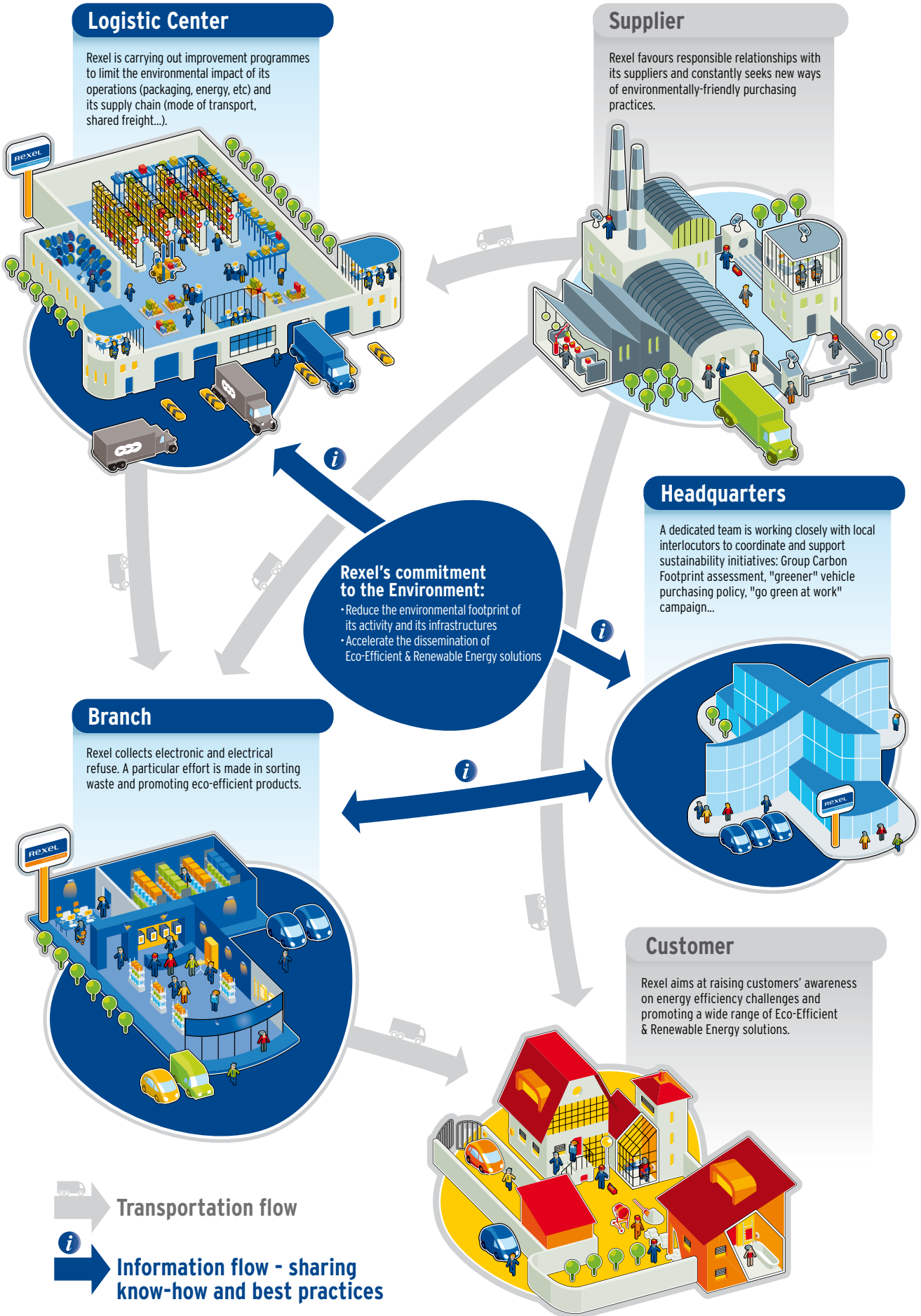
“As well as fulfilling one of our customers' expectations, ISO 14001 helps us **reduce costs**,” explained the CEO, Klaus Koster. “This certification proves to our partners and employees that we are concerned about the environment. We wish to continue our efforts in this direction and to do so we must work together.”

Greener vehicle catalogs, online fuel consumption reports, calculating carbon-equivalents for air travel – all employees can see real improvements with the same quality of service, productivity and comfort.

Incidentally, 2010 marked the second year of a 5-year partnership between Rexel and Lexmark to manage its office printing services. It includes a smaller, streamlined inventory of printers, systematic 2-sided printing and expected savings of 20-60%, depending on the situation. The vendor also collects and recycles used consumables (toner and other cartridges).



# REXEL ENVIRONMENTAL COMMITMENTS





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## Encouraging talent

**Diversity, ethics, training – Rexel is a highly-esteemed employer and a responsible partner for its employees.** Rexel is enhancing its corporate model. Specialized services and new energies – its expertise is being enriched and requires new skills. The Group has to rise to the challenges, which include providing compelling career paths, attracting the best and brightest into its ranks and supporting community actions.

Rexel is investing in training to accelerate the advancement of professional skills and foster personal development in its employees. In 2010, the plan was further enhanced with the introduction of the *Rexel Business Leadership Cycle*. This customized high-level training program is designed for high-potential managers, the key drivers of change. The objective is to create a forward-looking vision and support career development. Conducted in partnership with world-renowned management school IMD, this initial program is set to train around 100 people over two years.

### **E-LEARNING IN FRANCE AND AUSTRALIA**

In an effort to tailor courses to staff needs, Rexel France has set up a product-knowledge mapping solution. The concept is to benchmark all sales-related employees, design training programs and guide the integration of new employees. The top priority is new energy solutions. In Australia, circumstances are different. The 1,500 employees work under eight banners and are dispatched among 200 branches spread out over a vast country. The online apprenticeship system now administers all training courses remotely and on-demand. This has brought substantial gains in efficiency and productivity.



**Christopher James**  
Head of Learning, Rexel Group

We are inventing our own **future**

Excellence in leadership is increasingly being defined by the quality of change implementation. Rolling out a clear strategic direction is the future we are inventing and shaping in our own image.

The *Rexel Business Leadership Cycle* is a crucial component in aligning our organization with our strategic objectives and making sure our managers obtain the resources to achieve them.”



**5,000 employees in 11 countries** covered by the new *Rexel Plus Protection For All* social protection program.

**PROTECTION FOR ALL**

Through the 2009 social reporting campaign, Rexel detected inadequate levels of social protection in 11 countries, particularly in terms of occupational illness and work-related accidents. Out of concern to provide its employees with protection that complied with the standards it applies in all countries where it is present, in July 2010 the Group set up a universal social protection plan called *Rexel Plus Protection For All*. Through this fully employer-funded program, 5,000 employees and their families are now eligible for a capital payment varying between one and two years of base salary, depending on the type of incident. The Group was awarded for this program with the C&B ORAS trophy in “International Social Responsibility” in December 2010.



**20 years** of existence,  
**20 years** of excellence

A program intended for entry-level university graduates, the *Distribution and Services Leadership Program* (DSLSP) was created to develop leaders within Gexpro and Rexel in the US. Participants are offered a two-year training experience enabling them to discover the electrical equipment distribution sector as a whole.

In the first year, they successively take on a series of **positions that are representative of the Group's various functional areas**. The second year is devoted to a specific function (for example, supply-chain or sales), during which time the participant will identify a position to transition into upon program completion. The DSLSP successfully combines hands-on, practical experience augmented by classroom training, team projects, networking and feedback.

**Rexel's goals?** Training charismatic leaders, prepared to successfully manage the challenges of electrical distribution and who, above all, share the Group's values. Proof of the program's success that began over 20 years ago: more than 60% of Gexpro executive committee members are graduates of the program.

**Safety figures**

	2010	2009	2008
Work-related accident frequency rate (per million hours worked)	7.7	7.8	9.4
Severity rate	0.1	0.1	0.2
% of employees trained in safety	41%	42%	31.8%



## Solidarity with Rexel Chile employees

On February 27, 2010, an **earthquake hit** the Chilean coastline. In the wake of the event's serious consequences, there was a huge outpouring of generosity towards employees at the local banners Rexel and Flores y Kersting. **A special aid fund was set up** to support Group employees who were victims of the earthquake, which primarily paid to rebuild their houses. Over €100,000 in donations were collected from the Group and employees in 15 countries.



### An ideas forum at Hagemeyer Deutschland

With the *Hagemeyer Ideas Program (HIP)*, each Hagemeyer Deutschland employee can **submit an idea** and be rewarded with a trophy and a sum of money. The selected ideas must allow a saving to be made or an improvement in quality or productivity.

Contributions can be for a whole range of areas, from marketing programs, logistics, safety conditions or the environment.

#### INVOLVING EMPLOYEES IN GROUP PERFORMANCE

Since the Group was relisted on the Paris stock exchange, it has worked towards linking all of its employees to the company's performance and earnings. In September 2010, Rexel opened subscriptions to a capital increase reserved for its employees. The employee share purchase plan, called Opportunity 10, was opened to 80% of the Group's staff in 12 countries. Eligible employees could purchase shares of their company on preferential terms, including both a discounted subscription price and employer matching contribution (in the form of free shares outside of France).

#### ETHICS: FROM IDEAS TO SOLUTIONS

As part of creating a stronger system of ethics, Rexel carried out a special event in early 2010. Workshops of around 10 employees took place worldwide to hold discussions on ethics at Rexel. The meetings provided an opportunity to pinpoint and prioritize the most frequent ethics cases and issues that arise on a daily basis. Out of a list of 10 to 12 issues raised by the employees, management committees chose five and then provided practical solutions, usually presented as action plans. This was also an occasion to share ideas with the European Works Council, in line with feedback from countries on employee ethics priorities.





Supporting  
Innovating  
**Being committed**  
Measuring

# Community involvement

**Through its commitments to local populations and its employee initiatives,** the Rexel Group is helping create a more equal and fair society. In 2010, it undertook a number of actions, like Hagemeyer Deutschland's support for *SOS Children's Village* and countless donations for a broad array of community works.

The Group maintains close relationships with local communities in countries where it does business. Rexel encourages its employees to be attentive to the specific needs of trade organizations and associations and supports them in their community initiatives. In 2010, the Group joined forces with its teams to foster career training, medical research and humanitarian actions.

A number of Rexel entities offered their support for joint and community initiatives by generously contributing products and equipment. On top of this, donations of nearly 670,000 euros (almost double the figure in 2009) were made in 2010. These donations were primarily made for athletics and cultural associations, to support people with illnesses and for medical research and for education and child protection.

For example, Hagemeyer Deutschland was particularly active in supporting the action of *SOS Children's Village*. Thanks to the donations collected by employees at fundraising events, Hagemeyer was able to help the association in Germany and Mexico. A portion of the money collected went to buying farming equipment for the children's village in Hohenroth in Unterfranken.





# Executive Committee (March 31, 2011)

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 and Sustainable Development Group Senior 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.

## **Jean-Charles Pauze** <sup>(1)</sup>

CHAIRMAN OF THE MANAGEMENT BOARD  
and Chief Executive Officer

## Group Senior Vice Presidents

### **Michel Favre** <sup>(2)</sup>

MANAGEMENT BOARD MEMBER  
Chief Financial Officer and  
Group Senior Vice President

### **Pascal Martin** <sup>(3)</sup>

MANAGEMENT BOARD MEMBER  
Group Senior Vice President  
Business Development  
and Corporate Operations

### **Jean-Dominique Perret** <sup>(7)</sup>

MANAGEMENT BOARD MEMBER  
Group Senior Vice President  
Human Resources, Group Delegate  
for International Businesses

### **Pascale Giet** <sup>(5)</sup>

Group Senior Vice President  
Communications and  
Sustainable Development

## Regional Senior Vice Presidents

### EUROPE

#### **Patrick Berard** <sup>(11)</sup>

Senior Vice President  
Southern Continental Europe

#### **Jérémy de Brabant** <sup>(8)</sup>

Senior Vice President  
Nordics & Benelux

#### **Michel Klein** <sup>(6)</sup>

Senior Vice President  
Central & Eastern Europe

#### **Henri-Paul Laschkar** <sup>(9)</sup>

Senior Vice President  
UK and Ireland

### NORTH AMERICA

#### **Jeff Hall** <sup>(13)</sup>

Senior Vice President and CEO  
Canada

#### **Chris Hartmann** <sup>(4)</sup>

Executive Vice President and CEO  
Rexel Holdings USA

#### **Mitch Williams** <sup>(12)</sup>

Senior Vice President and CEO  
Gexpro (USA)

### ASIA-PACIFIC

#### **Hubert Salmon** <sup>(10)</sup>

Senior Vice President  
Asia-Pacific

# Corporate governance (December 31, 2010)

Rexel is a *société anonyme* (limited company) with a Management Board and a Supervisory Board, an organisation enabling it 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  
and Chief Executive Officer

### Michel Favre

Chief Financial Officer  
and Group Senior Vice President

### Pascal Martin

Group Senior Vice President Business Development  
and Corporate Operations

### Jean-Dominique Perret

Group Senior Vice President Human Resources,  
Group Delegate for International Businesses

## The Supervisory Board

### Roberto Quarta

Chairman

### Patrick Sayer

Vice-Chairman

### Joe Adorjan<sup>(1)</sup>

### François David\*

Eurazeo represented by Marc Frappier

### Fritz Fröhlich\*

### Françoise Gri\*

### Amaury Hendrickx

### Manfred Kindle

### Luis Marini-Portugal

### David Novak

### Matthew Turner

\* *Independent member.*

## Statutory Auditors

Principal auditors

Ernst & Young Audit  
KPMG Audit

Alternative auditors

SAS AUDITEX  
SCP Jean-Claude André  
and Others

## Committees of the Supervisory Board

**The Audit Committee** is composed of Fritz Fröhlich (Chairman), Luis Marini-Portugal, David Novak, Matthew Turner and Joe Adorjan<sup>(1)</sup>. Its primary mission is to review and oversee accounting and financial information, to oversee the mission and the independence of the statutory auditors, and to oversee internal audit work and monitor the effectiveness of internal control systems and risk management. It met four times during the 2010 financial year.

**The Nominations Committee** is composed of Patrick Sayer (Chairman), Fritz Fröhlich, Matthew Turner, Françoise Gri, and Roberto Quarta. Its main missions are to issue recommendations on potential nominations or replacement of 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 five times during the 2010 financial year.

**The Compensation Committee** is composed of Françoise Gri (Chairman), Joe Adorjan<sup>(1)</sup>, François David, Luis Marini-Portugal, Amaury Hendrickx and Roberto Quarta. Its primary missions are to make recommendations and issue opinions on all elements of remuneration of the members of the Management Board and Executive Committee and on the policy of granting stock options and free shares. It met five times during the 2010 financial year.

**The Strategic Committee** is composed of David Novak (Chairman), François David, Patrick Sayer, Matthew Turner and Joe Adorjan<sup>(1)</sup>. Its primary missions are to issue recommendations to the Supervisory Board on draft strategic plans and annual budgets as well as on all strategic projects for the Group, such as acquisitions, transfers or investments, advice on the creation of any business activity or subsidiary, investments in any business activity and the acquisition of any participation in a country in which the company has no business, to examine and advise on any operation involving a significant change in the scope of the company and its subsidiaries and to examine, in conjunction with the Audit Committee, the financial structure of the Rexel Group. It met five times during the 2010 financial year.

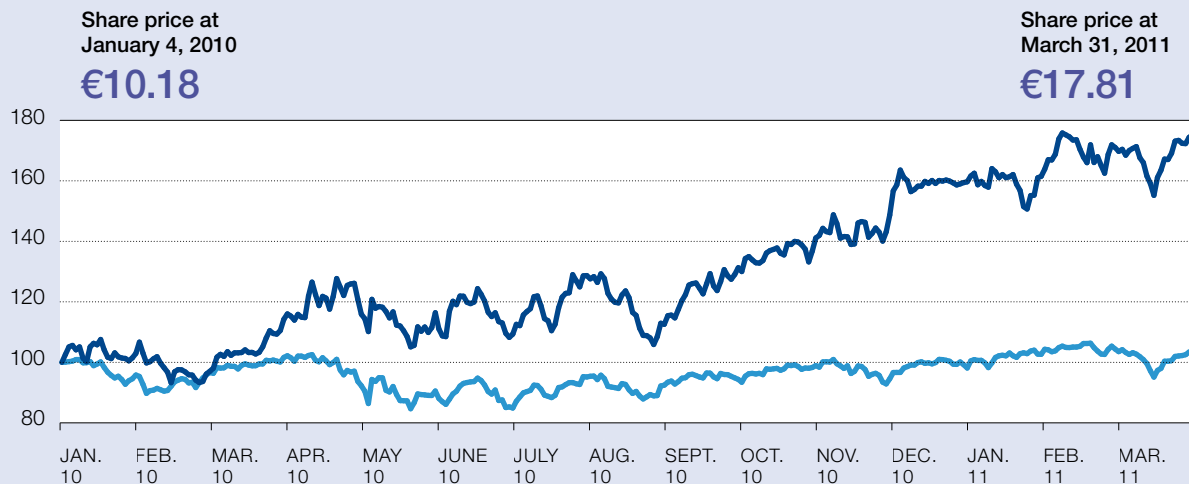
[The Supervisory Committee's regulations may be consulted on the web site www.rexel.com](http://www.rexel.com)

(1) Joe Adorjan, independent member, resigned from his role in the Supervisory Board on February 8, 2011. The process is underway for his replacement.



## Share price

Base 100 as at January 4, 2010 ● REXEL ● SBF 120



# Shares and shareholders

In 2010, the Rexel share price increased by nearly 60%, reflecting the financial markets' appreciation of the company's strategy and fundamentals in an economic climate showing signs of improvement. Rexel is committed to fostering regular, transparent financial relations with all of its shareholders.

## Share price in 2010

Share price at 31 December .....	€16.25
2010 High .....	€16.69
2010 Low .....	€9.42
Number of shares at 31 December .....	260,212,996
Market capitalization at 31 December .....	€4.2 billion

The Group's share price can be followed at [www.rexel.com](http://www.rexel.com)

## Shareholder events

<b>Annual General Meeting of Shareholders.....</b>	<b>May 19, 2011</b>
<b>First-half 2011 results.....</b>	<b>July 27, 2011</b>
<b>Third-quarter 2011 results.....</b>	<b>November 9, 2011</b>

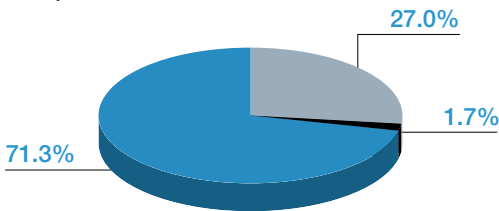
## Share profile

ISIN: FR0010451203  
 Code: RXL  
 Market: Eurolist by NYSE Euronext  
 Indexes: SBF 120, CAC Mid 100, CAC All-Tradable, CAC AllShares, FTSE EuroMid and FTSE4Good

## SHAREHOLDING STRUCTURE

March 31, 2011

- Public
- Rexel employees
- Ray Investment\*



\* Comprised mainly of Clayton, Dubilier & Rice, Eurazeo and BAML Capital Partners.

## Securities services

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

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

### BNP Paribas Securities Services

- Tel. • In France: 0826 109 119 (€0.15/min)  
 • From outside of France: + 33 (0)1 55 77 40 57

Address:

BNP Paribas Securities Services - GCT Émetteurs  
 Immeuble GMP-Europe  
 9 rue du Débarcadère  
 93761 Pantin Cedex  
 FRANCE

## REXEL KEEPS SHAREHOLDERS REGULARLY AND TRANSPARENTLY INFORMED OF THE LATEST GROUP NEWS AND EVENTS

In addition to quarterly reports and the annual report, Rexel publishes a twice-yearly Shareholders Letter, offers investors in France a toll-free hotline and has a dedicated shareholders section on its website ([www.rexel.com](http://www.rexel.com)).

The most important event in the shareholder relationship is the annual shareholders' meeting, which provides a unique opportunity to meet and discuss company issues. This year, Rexel shareholders will also be able to cast their votes via e-vote on a special website. In 2011, Rexel effectively introduced e-convene, which compiles all the information on how to connect to the annual shareholders' meeting website as part of Rexel's policy on environmental consciousness.

Rexel also organizes meetings in Paris and other French regions in association with the *Fédération Française des Clubs d'Investissement*, the NYSE Euronext stock exchange and the French Investor Relations Society (CLIFF). In 2010, nearly 800 shareholders attended the Rexel information meetings in Marseille, Blois, Strasbourg and Montpellier. The Group is planning to organize three meetings outside Paris in 2011.

### IN 2011, REXEL WILL MEET ITS SHAREHOLDERS IN THE REGIONS\*

**Tuesday, October 10, in Rennes**  
**Tuesday, November 15, in Toulouse**

\* Dates subject to change.



## Shareholder contact

actionnaires@rexel.com

**(TOLL-FREE) 0 800 666 111**

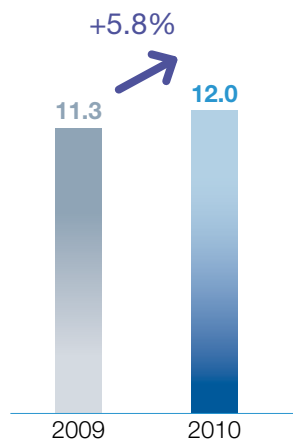
(toll-free from a fixed-line phone in France)

# Supporting Innovating Being committed Measuring



# A return to growth, a clear improvement in margins and sustained deleveraging in 2010

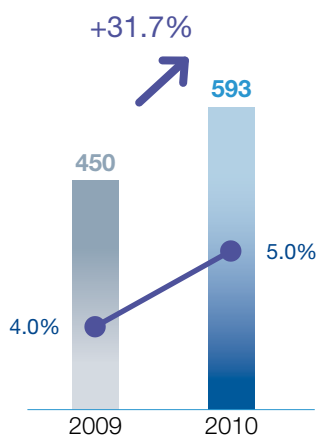
In 2010, in an economic environment that remained heavily impacted by the 2009 recession, Rexel saw a gradual return to sales growth beginning in the second quarter, a clear improvement in profitability thanks to the cost reduction programs and a strengthening of the financial structure led by the robust cash flow generated over the year. This solid performance will enable Rexel to resume not only its dividend payment in 2011, but also its acquisitions strategy.



## Sales

€12 billion, up 5.8% vs. 2009

After declining by 12.1% in 2009 (17.2% on a constant basis and same number of working days), sales returned to growth in 2010, gaining 5.8% as reported and 1.3% on a constant basis and same number of working days. Growth turned upwards in the second quarter and improved with each succeeding quarter, to reach 9.3% in the final three months of the year (5.2% on a constant basis and same number of working days).

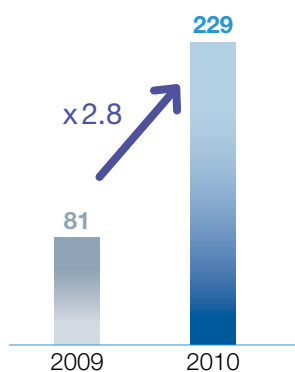


## Operating income before other income and expenses

€593 million, up 31.7% vs. 2009

Rexel reported a clear improvement in profitability in 2010, with operating income before other income and expenses rising to 5.0% of sales from just 4.0% the year before. The gain was led by the increase in sales margin, to 24.6% from 24.5% in 2009, and to an even greater extent by the cost reduction programs undertaken in 2009. Selling and administrative costs, for example, represented less than 20% of sales in 2010, versus 20.5% in 2009.

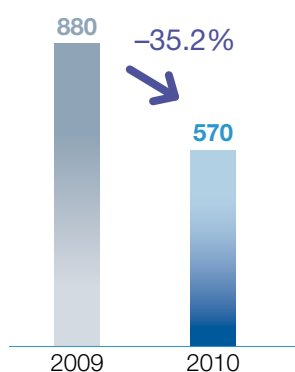
● in % of sales



### Net income

€229 million, up 183.0% vs. 2009

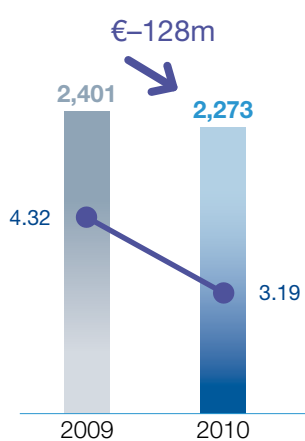
Net income almost tripled in 2010, to €229 million from €81 million in 2009, reflecting the 31.7% increase in EBITA, as well as the decline in restructuring costs (to €65 million from €115 million in 2009) and a lower tax rate due to the recognition of certain deferred tax assets.



### Free cash flow before interest and tax

€570 million, down 35.2% vs. 2009

In 2010, free cash flow stood at a high €570 million, representing more than 80% of EBITDA. This compares with the €880 million generated in 2009, which was lifted by the sharp contraction in working capital requirement (€472 million) at a time of declining business activity. Despite the upturn in sales during the year, disciplined working capital management led to a €42 million improvement in 2010.



### Net debt

€2,273 million, vs. €2,401 million at December 31, 2009

Rexel continued to de-leverage its balance sheet in 2010, reducing net debt by €128 million over the year despite the €165 million unfavorable currency effect and the commitment of €54 million in net financial investments (primarily the acquisition of Grossauer in Switzerland). The net debt to EBITDA ratio, calculated according to the terms of the senior credit agreement, was sharply reduced to 3.19 at December 31, 2010 from 4.32 a year earlier.

● net debt to EBITDA ratio

# Consolidated financial statements

## Consolidated income statement

<i>For the year ended December 31 (euro millions)</i>	2010	2009
Sales	11,960.1	11,307.3
Cost of goods sold	(9,014.5)	(8,537.8)
<b>Gross profit</b>	<b>2,945.6</b>	<b>2,769.5</b>
Distribution and administrative expenses	(2,352.5)	(2,319.3)
<b>Operating income before other income and expenses</b>	<b>593.1</b>	<b>450.2</b>
Other income	16.1	33.1
Other expenses	(123.8)	(167.5)
<b>Operating income</b>	<b>485.4</b>	<b>315.8</b>
Financial income	49.3	47.7
Interest expense on borrowings	(189.8)	(173.2)
Refinancing related expenses	-	(21.2)
Other financial expenses	(62.6)	(56.4)
<b>Financial expenses (net)</b>	<b>(203.1)</b>	<b>(203.1)</b>
Share of profit of associates	4.7	-
<b>Net income before income tax</b>	<b>287.0</b>	<b>112.7</b>
Income taxes	(57.8)	(31.7)
<b>Net income</b>	<b>229.2</b>	<b>81.0</b>
<b>Portion attributable:</b>		
to the Group	228.5	80.6
to non-controlling interests	0.7	0.4
<b>Earnings per share:</b>		
Basic earnings per share (in euros)	0.87	0.31
Fully diluted earnings per share (in euros)	0.87	0.31

## Consolidated balance sheet

<i>For the year ended December 31 (euro millions)</i>	2010	2009
<b>ASSETS</b>		
Goodwill	3,931.2	3,759.4
Intangible assets	934.4	927.8
Property, plant and equipment	245.4	261.6
Long-term investments	132.1	53.3
Investments in associates	9.3	5.9
Deferred tax assets	138.6	230.0
<b>Total non-current assets</b>	<b>5,391.0</b>	<b>5,238.0</b>
Inventories	1,203.1	1,141.4
Trade accounts receivable	2,022.0	1,901.5
Current tax assets	29.7	32.0
Other accounts receivable	406.4	371.9
Assets held for sale	23.1	10.5
Cash and cash equivalents	311.9	359.6
<b>Total current assets</b>	<b>3,996.2</b>	<b>3,816.9</b>
<b>Total assets</b>	<b>9,387.2</b>	<b>9,054.9</b>
<b>EQUITY</b>		
Share capital	1,301.0	1,291.1
Share premium	1,383.7	1,392.2
Reserves and retained earnings	1,140.4	720.9
<b>Total equity attributable to equity holders of the parent</b>	<b>3,825.1</b>	<b>3,404.2</b>
Non-controlling interests	9.3	7.8
<b>Total equity</b>	<b>3,834.4</b>	<b>3,412.0</b>
<b>LIABILITIES</b>		
Interest bearing debt	2,463.5	2,677.3
Employee benefits	174.4	173.8
Deferred tax liabilities	144.5	221.7
Provisions and other non-current liabilities	156.3	235.4
<b>Total non-current liabilities</b>	<b>2,938.7</b>	<b>3,308.2</b>
Interest bearing debt	116.8	77.8
Accrued interest	5.2	5.7
Trade accounts payable	1,866.2	1,676.0
Income tax payable	39.8	22.9
Other current liabilities	584.1	552.3
Liabilities related to assets held for sale	2.0	-
<b>Total current liabilities</b>	<b>2,614.1</b>	<b>2,334.7</b>
<b>Total liabilities</b>	<b>5,552.8</b>	<b>5,642.9</b>
<b>Total equity and liabilities</b>	<b>9,387.2</b>	<b>9,054.9</b>

## Consolidated statement of changes in shareholders' equity

<i>(euros millions)</i>	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS AND OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	FAIR VALUE	TREASURY SHARES	TOTAL ATTRIBUTABLE TO THE GROUP	NON-CONTROLE INTERESTS	TOTAL
<b>At January 1, 2009</b>	<b>1,280.0</b>	<b>1,409.9</b>	<b>711.2</b>	<b>(141.8)</b>	<b>(24.5)</b>	<b>(10.5)</b>	<b>3,224.3</b>	<b>24.1</b>	<b>3,248.4</b>
Foreign currency translation	-	-	-	102.6	-	-	102.6	(0.3)	102.3
Cash flow hedges	-	-	-	-	(5.2)	-	(5.2)	-	(5.2)
Available for sale financial assets	-	-	-	-	0.6	-	0.6	-	0.6
<b>Income and expenses recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102.6</b>	<b>(4.6)</b>	<b>-</b>	<b>98.0</b>	<b>(0.3)</b>	<b>97.7</b>
Net income	-	-	80.6	-	-	-	80.6	0.4	81.0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>80.6</b>	<b>102.6</b>	<b>(4.6)</b>	<b>-</b>	<b>178.6</b>	<b>0.1</b>	<b>178.7</b>
Capital increase	10.8	(10.8)	-	-	-	-	-	-	-
Allocation of free shares	-	(6.9)	6.9	-	-	-	-	-	-
Share-based payments	0.3	-	5.3	-	-	-	5.6	-	5.6
Disposal (Purchase) of treasury shares	-	-	-	-	-	8.3	8.3	-	8.3
Transactions with non-controlling shareholders	-	-	(12.6)	-	-	-	(12.6)	(16.4)	(29.0)
<b>At January 1, 2010</b>	<b>1,291.1</b>	<b>1,392.2</b>	<b>791.4</b>	<b>(39.2)</b>	<b>(29.1)</b>	<b>(2.2)</b>	<b>3,404.2</b>	<b>7.8</b>	<b>3,412.0</b>
Foreign currency translation	-	-	-	162.1	-	-	162.1	0.8	162.9
Cash flow hedges	-	-	-	-	9.8	-	9.8	-	9.8
<b>Income and expenses recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162.1</b>	<b>9.8</b>	<b>-</b>	<b>171.9</b>	<b>0.8</b>	<b>172.7</b>
Net income	-	-	228.5	-	-	-	228.5	0.7	229.2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>228.5</b>	<b>162.1</b>	<b>9.8</b>	<b>-</b>	<b>400.4</b>	<b>1.5</b>	<b>401.9</b>
Capital increases	9.9	(0.2)	0.6	-	-	-	10.3	-	10.3
Allocation of free shares	-	(8.3)	8.3	-	-	-	-	-	-
Share-based payments	-	-	9.8	-	-	-	9.8	-	9.8
Disposal (Purchase) of treasury shares	-	-	-	-	-	0.4	0.4	-	0.4
<b>At December 31, 2010</b>	<b>1,301.0</b>	<b>1,383.7</b>	<b>1,038.6</b>	<b>122.9</b>	<b>(19.3)</b>	<b>(1.8)</b>	<b>3,825.1</b>	<b>9.3</b>	<b>3,834.4</b>



## Consolidated statement of cash flows

For the year ended December 31 (euro millions)

2010 2009

### CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	485.4	315.8
Depreciation, amortization and impairment of assets	139.8	129.5
Employee benefits	(15.5)	(17.8)
Change in other provisions	(47.6)	7.3
Other non-cash operating items	18.1	12.0
Interest paid	(160.7)	(149.3)
Income tax paid	(36.9)	(52.7)
<b>Operating cash flows before change in working capital requirements</b>	<b>382.6</b>	<b>244.8</b>
Change in inventories	(26.6)	232.9
Change in trade receivables	(48.8)	521.8
Change in trade payables	121.6	(305.5)
Changes in other working capital items	(4.2)	22.4
<b>Change in working capital requirements</b>	<b>42.0</b>	<b>471.6</b>
<b>Net cash from operating activities</b>	<b>424.6</b>	<b>716.4</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	(59.4)	(51.9)
Proceeds from disposal of property, plant and equipment	7.0	13.4
Acquisition of subsidiaries, net of cash acquired	(67.3)	(46.5)
Proceeds from disposal of subsidiaries, net of cash disposed of	13.3	-
Change in long-term investments	(1.8)	0.5
Dividends received from associates	1.4	-
<b>Net cash from investing activities</b>	<b>(106.8)</b>	<b>(84.5)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Capital increase	9.7	0.3
Contribution received from non-controlling shareholders	-	0.7
Disposal (purchase) of treasury shares	1.1	8.6
Net change in credit facilities and other financial borrowings	(303.6)	(803.6)
Net change in securitization	(34.3)	(236.2)
Payment of finance lease liabilities	(5.2)	(7.7)
Dividends paid to non-controlling interests	(0.1)	(0.3)
<b>Net cash from financing activities</b>	<b>(332.4)</b>	<b>(1,038.2)</b>
Net increase in cash and cash equivalents	(14.6)	(406.3)
Cash and cash equivalents at the beginning of the period	359.6	807.0
Effect of exchange rate changes on cash and cash equivalents	(33.1)	(41.1)
<b>Cash and cash equivalents at the end of the period</b>	<b>311.9</b>	<b>359.6</b>

# Environmental indicators

In order to reduce the environmental impact of its distribution activities, Rexel Group and its local entities have initiated improvement programs, especially in the fields of transportation, energy consumption and waste. In 2010, the Group has optimized its reporting protocol and has completed the first Group carbon footprint assessment study.

Environment	Unit	2010	2009	Change
<b>CONSUMPTION</b>				
Water consumption	m <sup>3</sup>	408,336	409,070	0%
Total energy consumption, including:	GWh	412	438	-6%
<i>Electrical consumption</i>	GWh	247	217	14%
<i>Gas consumption</i>	GWh	131	183	-28%
<i>Fuel consumption</i>	GWh	12	18	-35%
Packaging consumption, including:	Tons	3,875	3,071	26%
<i>Cardboard</i>	Tons	2,332	1,792	30%
<i>Plastics</i>	Tons	417	446	-7%
Total paper consumption, including:	Tons	2,602	2,323	12%
<i>Commercial paper</i>	Tons	1,359	1,328	2%
<i>Stationary paper and others</i>	Tons	1,242	995	25%
Total fuel consumption for the transportation of Rexel Group products	Millions of liters	33	*	*
<b>WASTE</b>				
Total quantity of waste generated	Tons	18,660	19,355	-4%
Total quantity of waste valorized	Tons	11,455	11,576	-1%
% of branches implementing WEEE recycling	%	73%	63%	15%
<b>CARBON FOOTPRINT - CO<sub>2</sub> EMISSIONS</b>				
CO <sub>2</sub> emissions from energy consumption	CO <sub>2</sub> eq tons	104,853	123,064	-15%
CO <sub>2</sub> emissions from Rexel Group products transportation	CO <sub>2</sub> eq tons	95,815	*	*

\* The comparison of the 2009 and 2010 data in respect of transportation indicators (fuel consumption and CO<sub>2</sub> emissions relating to transportation) is not relevant because of a change of methods between 2009 and 2010. The perimeter of this indicator no longer includes persons transportation and outsourced shared transportation. This indicator focuses on transportation of Rexel Group products through Rexel Group's own fleet, leased fleet and outsourced transportation dedicated to Rexel Group products.

# Social indicators

## By recognizing human capital as the Group's most important asset,

Rexel fulfills its commitment to its employees by providing them with a motivating and agreeable work environment. Bolstered by its ethical values, Rexel is extremely attentive to the health and safety of its employees. It gives its teams the resources to embark on interesting career paths and promotes staff diversity.

Social	2010	2009	2008*
<b>HEADCOUNTS</b>			
Total headcount	27,716	29,272	33,309
% of women	22.6%	23.6%	24.2%
% de managers	19.4%	18.4%	16.7%
% of employees with Fixed Term Contracts	3.6%	3.2%	3.2%
Average age of employees	40.3	39.9	39.3
Total number of recruitments	3,732	2,812	5,684
Turnover	14.5%	14.8%	17.4%
<b>WORKING TIME ORGANIZATION</b>			
Absenteeism rate	3.0%	3.0%	2.6%
<b>TRAINING</b>			
% of employees trained during the year	48.1%	48.9%	43.4%
<b>DIVERSITY</b>			
% employees reporting handicap	0.7%	0.7%	0.6%
<b>HEALTH &amp; SAFETY</b>			
Frequency Rate	7.7	7.8	9.4
Severity Rate	0.1	0.1	0.2
% trained employees in safety	41%	42%	31.8%
<b>PERFORMANCE EVALUATION</b>			
% of employees having received a formal performance evaluation (in proportion of total headcount)	71.0%	62.7%	55.2%

\* The 2008 perimeter of reporting includes the Hagemeyer organizations acquired during the year.

All of the qualitative and quantitative information used to measure the Group's performance in terms of corporate responsibility, including the breakdown by region, indicator definitions, track record, comments, etc. are presented in Chapter 3 – Corporate Responsibility – of the 'Rexel Document de Référence'.

Reporting procedures for social and environmental information are audited by Ernst & Young, Rexel's statutory auditors.

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**Rexel**

Communications and Sustainable  
Development Department  
189-193 Bd Malesherbes  
75017 Paris France  
Tel.: + 33 (0)1 42 85 85 00  
Fax: + 33 (0)1 42 85 92 02

More information and news about  
the company are available at  
[www.rexel.com](http://www.rexel.com)