

letter

Nr. 13

to Rexel's shareholders

GLOBAL LEADER IN THE PROFESSIONAL DISTRIBUTION OF PRODUCTS AND SERVICES FOR THE ENERGY WORLD



message from the Chairman

January 2014

Dear Shareholders,

As Rexel continues transforming for success in a changing energy world, the company is demonstrating resilient performance and making significant progress in implementing its Energy in Motion plan, despite challenging circumstances in many of our key markets.

On November 26, we held an Investor Day in Paris during which we provided an update on our medium-term strategy and financial targets. We addressed four distinctive business imperatives:

- Accelerating strategic high-growth initiatives through strategic portfolio management: By developing high-potential business categories, international customers and projects, and specific vertical markets.

- Enhancing customer-centricity for mainstream growth through sales innovation: By focusing on customized project solutions, multi-channel customer relationship management and e-services for our customers.

- Boosting growth through targeted acquisitions: To drive consolidation in key mature markets, to expand in developing markets and to extend our portfolio of value-added services.

- Driving operational excellence for profitable growth: By improving organizational effectiveness, solidifying the IT platform, optimizing our logistics network and enhancing our supply chain effectiveness.

With this roadmap, our medium-term ambition is to outperform the markets in which we operate, increase our adjusted EBITA margin to around 6.5% and generate strong free cash flow, allowing us to maintain an attractive dividend policy and invest in external growth. We are determined to stay the course and believe we are better positioned than ever to achieve sustained value creation for all stakeholders.

“ Our medium-term ambition is to outperform the markets in which we operate, allowing us to maintain an attractive dividend policy. ”

Rudy Provoost
Chairman of the Management Board

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a world of energy

investor day highlights

On November 26, 2013, Rexel held an Investor Day. The Group presented the significant progress made in the implementation of its "Energy in Motion" company plan unveiled in May 2012. Rexel's roadmap is structured around four business imperatives.

1/ Accelerating strategic high-growth initiatives

The strategic high-growth initiatives presented in May 2012 have proven their relevance and Rexel will continue to develop them targeting double-digit growth over the medium term:

- High-potential business categories, in particular Energy Efficiency, Building Automation (incl. Home Automation) and Renewable Energies,
- International customers and projects,
- Dedicated vertical markets, specifically Oil & Gas and Mining.

2/ Enhancing customer-centricity for mainstream organic growth

Rexel will continue to roll-out its customer-centricity model through advanced and innovative methods and tools to:

- Provide customized project solutions,
- Implement multi-channel customer relationship management,
- Create competitive differentiation through e-business.

3/ Boosting growth through targeted acquisitions

Acquisitions remain a key driver, with around €650 million invested since the beginning of 2012.

Our focused M&A strategy aims at:

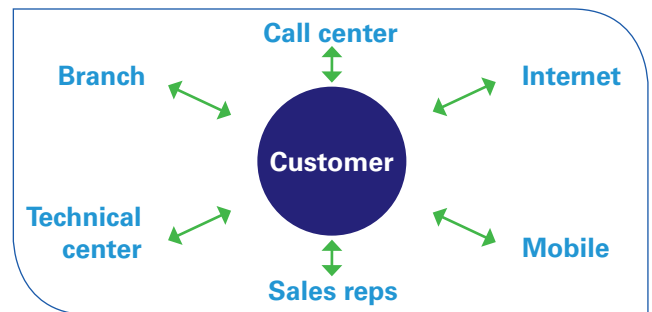
- Gaining market share and develop synergies in key mature countries,
- Increasing footprint in developing markets,
- Extending portfolio of value-added services in key vertical markets.

Sales from high-growth initiatives

Including Renewable energies	3%
Excluding Renewable energies*	7.5%
<i>o/w Energy efficiency</i>	13%
<i>Building automation</i>	20%
<i>International customers & projects</i>	11%

* Renewable Energies have been negatively impacted by changes in government policies and adverse market conditions.

Customer-centricity model

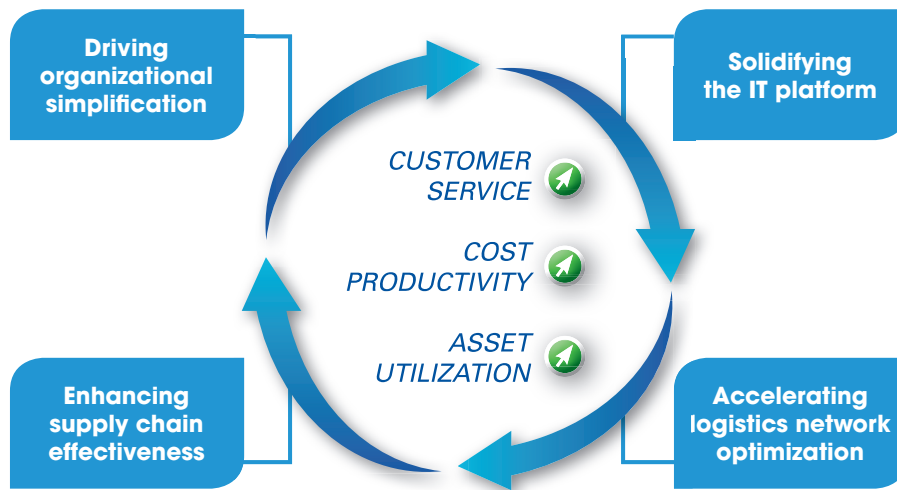


M&A guiding principles

- Dedicated annual budget of c. €500m per annum on average
- Additional annual sales growth: between 3% and 5% on average
- Significant synergies and sharing of best practices

4 / Driving operational excellence as an enabler for profitable growth

While the Group remains focused on gross margin discipline and tight cost control, Rexel's program to structurally embed operational excellence is well underway and covers organizational simplification, further harmonization and consolidation of its IT platform, accelerated optimization of its logistics network and supply chain effectiveness measures.



MEDIUM-TERM FINANCIAL TARGETS

By accelerating its strategic high-growth initiatives and deploying its customer-centricity model in its mainstream electrical distribution business, Rexel's organic sales growth will outperform the markets in which it operates.

In addition, Rexel will remain a leading market consolidator, allocating an average annual budget of around €500 million to acquisitions, which will contribute on average 3% to 5% of additional sales per annum.

On the basis of a gradual recovery in sales, combined with its capability to generate c. 10 basis points of EBITA margin improvement for each percentage point of sales growth, Rexel targets an adjusted EBITA margin of around 6.5% in the medium-term (between 3 and 5 years, depending on the speed and strength of the recovery in the Group's key markets).

Thanks to the low capital intensity of its business model and effective working capital management, Rexel will continue to generate strong free cash-flow before interest and tax of at least 75% of EBITDA and after interest and tax of around 40% of EBITDA, allowing continued investment in acquisitions and the payment of an attractive dividend to shareholders representing at least 40% of recurring net income.

Rexel also reiterates its commitment to a sound and balanced financial structure, with a net-debt-to-EBITDA ratio not exceeding 3 times.

strategy in action

A dynamic targeted acquisition policy since 2012

NORTH AMERICA

USA

2 strategic acquisitions (Platt and Munro) to strengthen our presence and accelerate the development of our high-growth initiatives.

Canada

Reinforcing our presence (Liteco)

ASIA

Strengthening value-added segments and enhancing our footprint in SE Asia (LuxLight and Lenn in Singapore and Quality Trading in Thailand).

EUROPE

Seizing opportunities in France (Eurodis and SCT), Spain (Erka), UK (Wilts), Belgium (La Grange) and strengthening value-added segments (Esabora).

LATIN AMERICA

Creating a platform in Brazil (Delamano and Etil) and entering a new country in Peru (Dirome).

15 ACQUISITIONS
C. €900m OF ANNUALIZED SALES

TOTAL INVESTMENT OF C. €650m

FOCUS

MUNRO DISTRIBUTING ACQUISITION

For mergers and acquisitions, the USA is one of the major regions Rexel is focusing on. Munro Distributing, acquired one year ago, has a long history of innovative energy efficiency solutions and strong partnerships with energy services companies (ESCOs) and utilities. The company significantly reinforces and complements Rexel's position in the U.S, with the business now forming the backbone of a new entity, **Rexel Energy Solutions**. In addition to specializing in energy efficiency, Munro also is an innovative electrical products and services distributor in the eastern states and California.

our commitments

The Rexel Foundation for a Better Energy Future



As a global leader in the professional distribution of products and services for the energy world, Rexel plays a pivotal role in providing energy efficiency. The Rexel Foundation for a better energy future was created in June 2013 from a desire to go one step further, a testament to the Company's social and environmental commitment to the communities in which it operates.

The Foundation's mission is to improve access to energy efficiency for all and it is based around three key pillars – knowledge, grants and community projects. These actions aim to improve understanding and raise awareness, encourage innovation and support community-based charitable projects.

In partnership with employees, clients, suppliers and with society at large, the Rexel Foundation can become a catalyst for progress. Whether helping to train young electricians in Chile, publishing an international survey on energy-efficient solutions, or backing social entrepreneurs, the Rexel Foundation can make progression in energy efficiency a reality for everyone in the world.

► To learn more visit the Rexel Foundation for a Better Energy Future website: www.rexelfoundation.com



Action

The Rexel Foundation for a better energy future, in partnership with Ashoka, awarded two social entrepreneurs in the field of energy efficiency and renewable energy as part of the Ashoka IMPACT program.

► Learn more about the **Foundation's actions**.

New Environmental Charter

A new edition of the Environmental Charter has been released to better reflect Rexel's increasing maturity and experience in environmental management. The Charter describes three concrete commitments that apply globally:

1. Improve the environmental performance of our buildings
2. Reduce the environmental footprint of our operations
3. Develop and promote solutions for energy efficiency

► Read the **Charter**.



REXEL INCLUDED IN THE DJSI EUROPE

Rexel has been selected to be included in the DJSI Europe. Rexel is the only European electrical products and services distributor to be included in the index out of the seven companies in the 'Trading Companies & Distributors' industry that were eligible for DJSI Europe. Rexel is proud that its sustainability efforts have been recognized by investors.

► To learn more see the **press release**.

Rexel at a glance

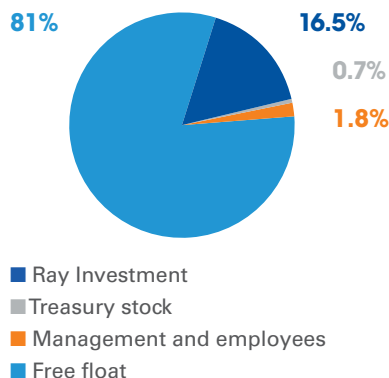
The General Shareholders' Meeting

Rexel's General Shareholders' Meeting will be held on May 22, 2014 in Paris. Like last year, Rexel will be establishing a dedicated website in French and in English to allow each shareholder to request an admission card, to vote by correspondence, or to give proxy to the Chairman, or power of attorney to the person of their choice. The site will be open early May: <https://gisproxy.bnpparibas.com/rxel.pg>

Increased free float

Since March 2012, Ray Investment, Rexel's main shareholder, has carried out five placements with institutional investors. Ray Investment now holds 16.5% of Rexel's equity, down from nearly 75%. These placements have significantly improved Rexel's liquidity, whose free float increased from approximately 26% on January 1, 2012 to more than 81% on December 18, 2013.

New breakdown in equity



Rexel Opportunity13

Employee share purchase plan

Opportunity13, Rexel's fourth employee share purchase plan since going public in 2007, achieved a global subscription rate of 14.47%.

The offering was open to more than 80% of Rexel employees, across 15 countries, from the 11th to the 30th of September 2013. Employees could acquire shares by taking part in a capital increase under preferential conditions.

All communications about the plan were delivered online, centering on the dedicated Rexel Opportunity website (www.rxel-opportunity.com).

Company Details

ISIN: FR0010451203

Market: Eurolist by NYSE Euronext

Number of shares (as of December 31, 2013):
283,337,214

Market capitalisation (as of December 31, 2013):
€5.4 billion

Indices: SBF 120, CAC Mid 100, CAC AllTrade, CAC AllShares, FTSE EuroMid, STOXX600, DJSI Europe, FTSE4Good Europe & Global, STOXX Europe Sustainability, EURO STOXX Sustainability, Euronext, Vigeo Europe 120, ESI Excellence Europe, Ethibel EXCELLENCE.

2014 Calendar

Thursday February 13, 2014:
2013 Annual Results

Thursday May 22, 2014:
Annual General Shareholders' Meeting

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Share price from December 31, 2012 to December 31, 2013

