

Letter to shareholders

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



Dear shareholders,

Our third quarter and first 9-months 2015 results, published on the 30th October, underline the resilience of our performance. In an environment that became increasingly challenging during the summer, our Q3 adjusted EBITA margin remained sequentially stable. In particular, profitability in North America was stable-year-on-year, with sequential improvement over the second quarter, despite the continued pressure on the oil & gas industry.

Earlier in the month, we announced an adjustment to our full-year 2015 targets in response to the deteriorating macro-economic environment, with organic sales expected at between -2% and -3% on a constant and same-day basis and an EBITA margin of between 4.3% and 4.5%. Our target of generating solid free cash-flow of at least 75% of EBITDA before interest and tax and 40% after interest and tax remains unchanged.

To address the current headwinds, we are focusing our efforts on solidifying our margin and further rationalizing our cost base while improving productivity and driving operational excellence.

We have also announced the recent acquisition of Sofinther, a French company specialized in heating, ventilation and control solutions. This latest acquisition complements and reinforces Rexel's multi-energy offer in France, which has posted double-digit organic growth since the launch of this business in 2012. By broadening and integrating our range of energy solutions and applications we are able to provide leading edge value propositions that offer greater energy efficiency as well as lower carbon emissions.

This is also in line with the Group's recently announced objectives to limit our own carbon footprint and optimize energy consumption by means of doubling sales of energy efficiency products and services (2011 baseline) and reducing by at least 30% the carbon emissions of our operations (2010 baseline) through 2020.

Thanks for your continued support and kind regards.

Rudy Provoost
Chairman and CEO

“ By broadening our range of energy solutions we provide leading edge value propositions that offer greater energy efficiency as well as lower carbon emissions. ”

ZOOM
Energieasy Connect
Home Automation for All

FINANCE
9-month results
Slight drop in organic sales

REXEL & YOU
Annual Shareholders' Meeting
Dividend payment of €0.75 per share

Home Automation for All

The new Internet revolution of connected objects is making home automation accessible to all. It is now not only possible, but also easy to manage and control one's home comfort, safety and energy consumption. Rexel makes these features available to installers and end-users.



Home automation must favor simple, cost-effective and, more importantly, scalable solutions, as it is implemented in stages, adapting to users' needs. Tomorrow, users will be able to **monitor all energy consumption** at a glance in order to **better control** expenditures. The house will be connected to a remote maintenance service in order to help electricians be even more responsive and closer in proximity to their installations.

Rexel launched its Home Automation controller

Rexel's **Energieasy Connect** offering allows end users to control and monitor their homes via their smartphone. The controller communicates with all controllable devices offered by Rexel for the home, with multi-manufacturer and multi-protocol support. **Lighting, heating, shutter and door closing systems, house alarms and household appliances** can be controlled on demand and operated according to predefined scenarios depending on the season, the day or the time.

energeasyconnect
by **Rexel**

A scalable turnkey home automation solution

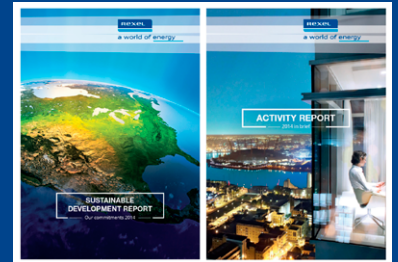
For a long time, one of the hurdles to installing home automation solutions was the relative complexity of their setup. In order to help installers, Rexel developed the **3i service (Inexel integrator installer)**. The service features a design software application, equipment pre-configured at the branch, a case designed to configure and control the installation's functioning, as well as training sessions. Rexel experts, a remote assistance service and a brand new 3i professional certification complete the program. This comprehensive solution turns installers into genuine **home automation integrators**. More than 1,300 installers have already subscribed to this service in France.



30 MILLION SMART HOMES
in Europe by 2019,
up from 2.7 million
in 2014.
(source: Berg Insight)

2014 Activity Report

Rexel published its **Activity and Sustainable Development Report**, detailing its smart, cost-efficient and sustainable solutions. It encompasses interactive versions of the **Activity Report** and **Sustainable Development Report**, as well as a **dedicated website**.



Climate change challenge

In the run up to the Climate Conference held in Paris from November 30th to December 11th, Rexel launched a **mini-website** detailing its innovative energy efficiency solutions, as well as the Group's initiatives to reduce the environmental impact of its operations and raise awareness among its employees.



Rexel Foundation

The Rexel Foundation makes a 5-year commitment to raise awareness about professions in the electrical industry among 100,000 young French students from disadvantaged backgrounds. Partnering with the Teknik Foundation, Rexel's experts will develop and lead training modules. All details are available on the **new Rexel Foundation website**.

Rexel foundation
FOR A BETTER ENERGY FUTURE

9-Month Results

During the first 9 months of 2015, Rexel posted a slight drop in organic sales with the third quarter demonstrating resilient performance in an environment that became increasingly challenging during the summer. In this context, the Group is stepping up its efforts in order to address the current headwinds and further improve its operational excellence.

€10.0 bn
Sales

€428.7 m
Adjusted
EBITA¹

€90.7 m
Net
income

Sales reflecting a deteriorating environment during the summer

In 9m 2015, Rexel posted **sales** of €10,027.8 million, up 6.4% on a reported basis, mainly reflecting a positive currency effect of €753.5 million largely due to the appreciation of the US dollar against the euro and a positive net effect of €35.6 million from recent acquisitions.

On a constant and same-day basis, sales were down 1.8% of which -3.3% in Q3, reflecting a deteriorating environment during the summer with copper prices dropping, the oil and gas industry continuously declining, signs of recovery in Europe delayed and China's experiencing a severe economic slowdown.

Q3 operating margin sequentially stable

Adjusted EBITA margin represented 4.3% of sales in the 9 months of 2015 vs. 5.0% in the first 9 months of 2014. In the third quarter, adjusted EBITA margin was sequentially stable despite a slowdown in organic sales, thanks to sequential improvement in North America.

Net income from continuing operations stood at €90.7 million euros vs. €188.3 million euros last year. The disposal of Latin American operations, which is now completed, represented a loss of 69.3 million euros, in line with the Group's previous estimate. As a result, reported net income stood at €21.4 million in the 9 months (vs. €157.5 million in 9m 2014).

Broadly stable net debt year-on-year

In the 9 months, **free cash-flow** before interest and tax amounted to 39.0 million euros, broadly stable compared with the 39.5 million euros generated in the first 9 months of 2014.

Net debt at the end of September stood at a little over 2.62 billion euros, down 32.2 million euros year-on-year. This figure includes 82.2 million euros of negative currency effect and 51.0 million euros of one-offs related to financing optimization operations.

Continuous improvement in financing structure

Following the straight repayment of its 7.000% **EUR Senior notes** due December 2018 in the first quarter, Rexel refinanced its 6.125% **USD Senior notes** due December 2019 in the second quarter through the issuance of €500m 3.250% EUR Senior notes due June 2022.

Thanks to this continuous improvement of its financing structure, the Group reduced the average **cost of financing** on gross debt by 100 basis point year-on-year, from 5.0% in 9 months 2014 to 4.0% in 9 months 2015.

9-month results are also available on Rexel website

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

2. From continuing operations.

Outlook

On October 7, Rexel adjusted its full-year 2015 sales and profitability targets, taking into account the deteriorating macro-economic environment that has impacted its operations since the summer and that was reflected in its Q3 activity.

Rexel expects for the full-year:

- > **An organic sales** decline of between 2% and 3% on a constant and same-day basis,
- > **An adjusted EBITA margin** of between 4.3% and 4.5%.

Rexel maintains unchanged its target of generating solid free cash-flow in the full-year of:

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

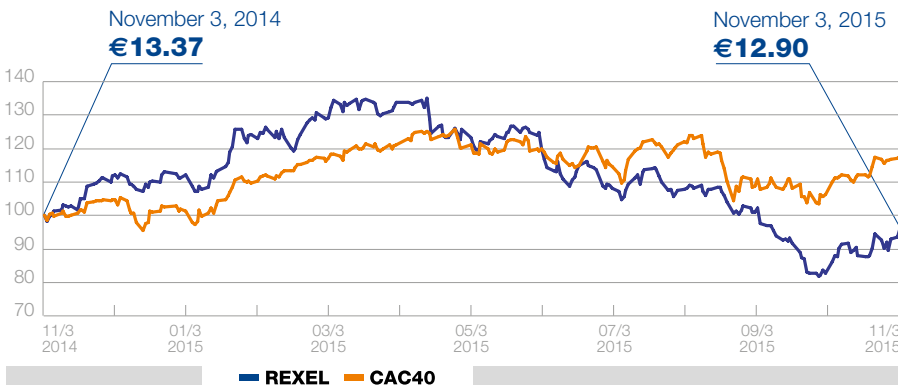
Annual Shareholders' Meeting

The Annual General Shareholders' Meeting of Rexel was held on May 27, 2015 in Paris, allowing an opportunity for dialogue between management and shareholders. The resolutions approved at the meeting notably include those relating to the dividend payment and the composition of the Board of Directors.

The approved dividend distribution amounted to €0.75 per share and 59% of shareholders opted to receive the dividend in new shares. This has resulted in the creation of 9.0 million new shares, representing 3.1% of the shares outstanding to date. Cash payment or delivery of the new shares was made on July 1st, 2015.



SHARE PRICE



2016 Calendar

Thursday February 11th
> Full-Year 2015 results

Friday April 29th
> First-Quarter results

Wednesday May 25th
> Annual General Shareholders' Meeting in Paris

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Company details

> ISIN **FR0010451203**
> Mnemonic code **RXL**
> Market **Eurolist by NYSE Euronext**

At October 31, 2015

> Number of shares
301.9 million
> Market capitalisation
€3.7 Bn

Acquisition



Rexel recently announced the acquisition of Sofinther, a French company specialized in thermal, heating and control solutions. Based in Nantes, in Western France, Sofinther posted sales of 106 million euros in 2014, with profitability above Rexel's Group average.

This acquisition reinforces Rexel's multi-energy expertise in France, which the Group has been developing since 2012 in response to the growing convergence between electrical and thermal markets, which contributes to improving the energy performance of buildings.

By acquiring Sofinther, Rexel will more than double its multi-energy sales in France, which have recorded double-digit growth since the launch of this business in 2012.