

Letter to shareholders

#18

APRIL
2016

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



Rexel 2020 offers a comprehensive roadmap for profitable growth to drive long-term value creation for all our stakeholders.

Dear shareholders,

In many ways, 2015 has been an intense year with progress on multiple fronts.

In a persistently challenging business environment, Rexel's full-year performance was in line with its latest October outlook, with sales reaching €13.5bn and up 5.6% on a reported basis. The adjusted EBITA margin stood at 4.4% while free cash-flow before interest and tax was strong with a conversion rate of 85% of EBITDA. In the course of last year, we continued to optimize our footprint and streamline the organization around 3 regions: Europe, North America and Asia-Pacific, while further upgrading our operational capabilities, most notably in the USA through the completion of our IT and logistics transformation program. We also moved forward with the execution of our asset disposal program and announced a few targeted acquisitions in line with our strategic priorities. Most recently we acquired Sofinther, to enhance our offer of multi-energy solutions in France; Cordia, a French specialist in fire security products and solutions; and Brohl & Appell, a US specialist in industrial automation and MRO services.

In February, we presented our Rexel 2020 strategic plan at our Capital Markets Day held in Paris, offering a comprehensive roadmap for profitable growth to drive long-term value creation for all our stakeholders. In a rapidly changing world, powered by new mega-trends, technologies and applications, Rexel's unique market-leading footprint, differentiating customer-centric strategy,

focused innovation in marketing, digital and operations and targeted accretive acquisition policy represent the key business imperatives to put the company at the forefront of its sector and create the conditions to seize future growth opportunities.

Over the 2016-2020 period, the aim is to grow sales faster than the market by delivering average annual organic sales growth of between 1% and 2%, while increasing adjusted EBITA at least twice as fast as sales growth and generating strong cash-flow before interest and tax with a conversion rate of between 70% and 80% of EBITDA. In terms of cash allocation, we will focus on making targeted accretive acquisitions in order to complement organic growth with external growth, while maintaining an attractive dividend and ensuring a sound financial structure in line with our policy.

Overall, the Rexel 2020 strategic plan and ambition is part of a broader aspiration to create sustainable economic, environmental and human value for all of Rexel's stakeholders and fully leverage the equity of the "Rexel, a world of energy" brand proposition.

I look forward to discussing Rexel's business priorities and roadmap for profitable growth at the Annual General Shareholders meeting on May 25.

Thank you for your continued support,

Rudy Provoost
Chairman and CEO

ZOOM

Smart Van
a logistics solution
for electrical
contractors

STRATEGY

Rexel 2020
Strategic
Roadmap

FINANCE

2015 Results
Performance in
line with targets

REXEL & YOU

Shareholders'
Meeting
(May 25)
Distribution of
€0.40 per share

Smart Van: a logistics solution for electrical contractors

Having the products they need, when they need them, is essential to the success of any electrical installer's business, improving productivity and giving them peace of mind to focus on their core business. Smart Van from Rexel offers installers a unique, innovative and smart solution, including a wide range of products, vehicle leasing, a mobile application, and dedicated services.



With Smart Van from Rexel, installers have at their disposal a fully stocked van with custom racking and shelving designed to be practical, logical and efficient. The inventory of stock is made up of a standard set of products, adapted to the needs of the installer. Using a dedicated app, all the installer needs to do is scan the barcode on their smartphone each time a product is used, the order is then placed and prepared by Rexel, and ready for pick-up at the branch of their choice. The app also offers additional features such as GPS tracking, maintenance point localization and fuel consumption monitoring.

"Rexel Van offers our customers a 360° digitalized solution – with product ordering via a smartphone, replenishment calculations made through an ERP system, and invoices generated using automatic dataflow." explains David Shapiro, Rexel Group Innovation and Services Development Director.

The Smart Van solution is also supported by strong partnerships with leasing

companies which provide the vans and associated services, storage developers who ensure the highest possible level of security for their solutions, as well as suppliers who have partnered with Rexel to provide the initial inventory for the van. Smart Van costs the installer nearly as much as any new van but with all the added benefits, while increasing customer loyalty by demonstrating the Group's commitment to supporting its customers to be at their best in running their business.

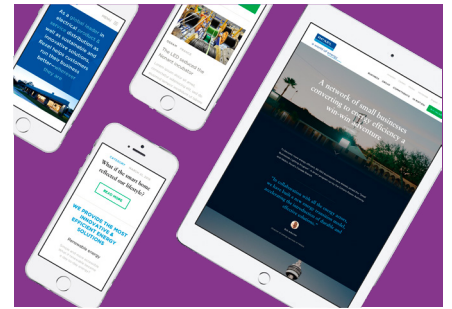
Smart Van is available through the US banner Platt under the name "Platt in Motion" and was launched by Rexel Finland in 2015. It will also be rolled out in 2016 in Australia and New Zealand.



www.rexel.com redesigned from top to bottom

In order to better explain its strategy, solutions, markets, clients and commitments, the Rexel Group has completely redesigned its website. It is now fully accessible on smartphones and tablets.

Take a look now: www.rexel.com



Rexel and the United Nations Foundation

The Rexel Foundation teamed up with the United Nations Foundation to promote energy efficiency for better energy access via a live webinar series, the first of which was titled "Energy Efficiency for Energy Access: Appliance Efficiency in Resource-Constrained Settings". Pascale Giet, Vice-Chairman of the Rexel Foundation, and Franck Legardeur, Rexel Group Energy Efficiency Marketing Director, were among the speakers.



Rexel's commitment recognized by a leading ethical stock market index



FTSE4Good

Rexel Group's strong performance across a variety of Environmental, Social and Governance (ESG) areas has secured it

a place in the FTSE4Good Index Series for the 6th year running, with the highest rating possible across climate change, labour standards and corporate governance criteria.

Rexel 2020

Strategic Roadmap

On February 11, 2016, Rexel announced Rexel 2020, its 2020 strategic plan. The plan offers a comprehensive strategic roadmap for profitable growth and aims to position Rexel as the value-added partner of preference for its customers and suppliers and to ensure long-term **economic, environmental and human value creation** for all its stakeholders. Rexel's 2020 strategic roadmap for profitable growth is structured around **four business imperatives** and clear objectives.

1 Building on a market-leading position to seize growth opportunities

Rexel has a strong franchise as a strategic partner for its suppliers and customers with leading positions in major geographies and a balanced mix of end-markets.

In recent years, Rexel has significantly upgraded and invested in its business model and reinforced its commercial and operational capabilities around the world, thus creating a unique platform to capitalize on new trends, technologies and applications:

- > The energy transition is generating a broad spectrum of new business opportunities along the value chain,
- > The "Internet of Things" is turning connectivity into a converging space of new digitally powered solutions, and
- > The drivers of urbanization are changing the landscape of building renovation and new construction.

2 Implementing a differentiating customer-centric strategy

Rexel has been accelerating its evolution from a branch-centric to a truly customer-centric multi-channel business model designed around specific customer segments.

Rexel's specific customer segments



Residential & non-residential

1

Small and medium Contractors and Installers (C&I)

One-stop shop experience for electrical needs

2

Medium and large C&I and facility management companies

Supply chain solution for electrical sourcing and support in managing complex projects

3

Electrical Specialist

Segment specific applications and/or specification-driven solutions



Industrial

4

Industrial automation products and solutions provider

High-level of technical support throughout the life-cycle

5

Industrial customers & Maintenance companies

Integrated MRO (Maintenance Repair and Operations) supply for cost optimization

6

Original Equipment Manufacturers (OEMs)

Comprehensive sourcing and supply chain solutions

This approach leads to higher contact frequency with customers at multiple touch points as well as higher transaction value and better service levels in an increasingly connected world.

3 Driving innovation in marketing, digital and operations

Rexel's 2020 roadmap embraces innovation as a critical success factor and this heightened focus will be reflected in its capital expenditure.

> On the **marketing** front, Rexel's new value propositions from its Energieasy applications to its industrial automation solutions, as well as its investments in value-based pricing and project management systems, confirm the focus on customer-centric innovation.

> In the **digital** area, a comprehensive e-business platform is in place to support Rexel's digitally powered multi-channel business model, while new developments such as Rexel Digital Applications are providing customers with software-enabled tools to improve productivity.

> In **operations**, a new IT and logistics structure is in place and ready to serve as a springboard to further optimize back-office and supply chain performance and offer differentiating logistics services.

4 Accelerating profitable growth through targeted M&A

Capitalizing on its track record of acquiring and integrating bolt-on acquisitions, Rexel will actively implement a two-pronged M&A strategy aimed at:

- > Expanding into new growth areas and/or adjacencies,
- > Strengthening its position and/or leveraging scale in core markets.

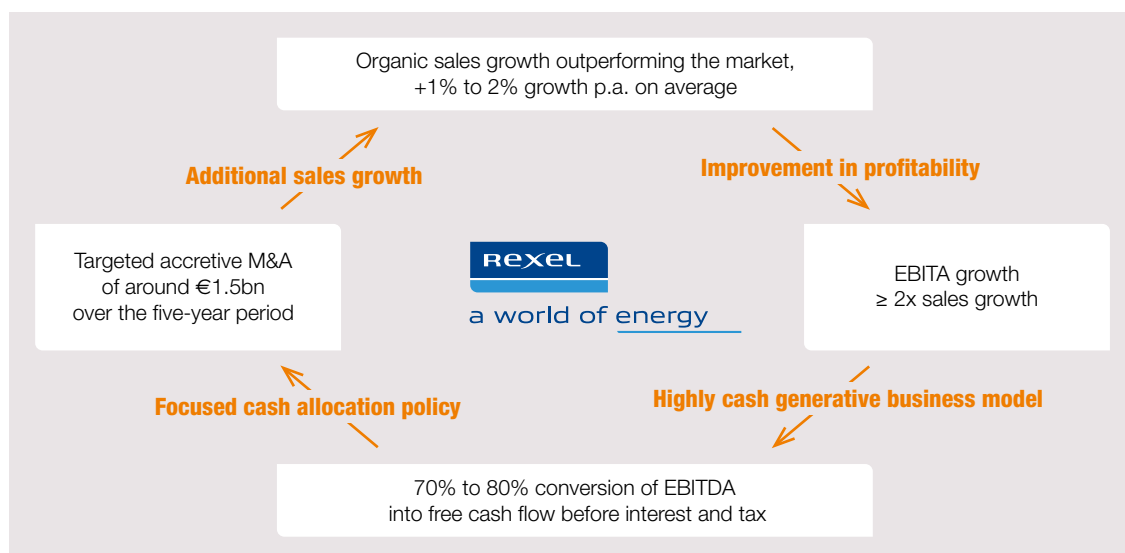
24
acquisitions
since 2012
representing
€1.2bn in
acquired sales

In line with its 2020 objectives, Rexel recently announced 3 acquisitions:

- > **Sofinther**, which reinforces Rexel's multi-energy expertise in France and posted sales of €106 million in 2014.
- > **Cordia**, which strengthens Rexel's offer of security solutions in France and posted sales of €12 million in 2015.
- > **Brohl & Appell**, which strengthens Rexel's position in the Automation and MRO segments in the US and posted sales of €24 million in 2015.

Rexel 2020 : Driving long-term value creation

Summary of the 2020 objectives presented during Rexel's Capital Markets Day on February 11, 2016



2015 Results

In an economic environment that remained challenging, Rexel's 2015 results were in line with the objectives announced in October and confirmed both the resilience of its business model and its ability to generate strong free cash flow throughout the cycle. In terms of strategic imperatives, 2015 was a year of operational progress, notably with the completion of the business transformation program in the United States.

€13.5 bn
Revenue

€593.5 m
Operating
income¹

€269.4 m
Recurring
net income

Sales affected by lower copper and oil prices

In 2015, sales increased by 5.6% on a reported basis to €13.5 billion, positively impacted by strong currency effects (+7.1%). They dropped 2.1% on a constant and same day basis, mainly reflecting the negative effect of lower oil prices on the oil and gas industry and on the industrial market in North America, the decline in copper prices and the economic slowdown in China.

Profitability was down 65 basis points compared to 2014, of which 20 basis points can be attributed to a decline in gross margin and 45 basis points to the increase in distribution and administrative expenses, mainly resulting from lower sales volumes. In this context,

adjusted EBITA margin stood at 4.4%, in line with the objectives announced in early October.

Net income from continuing operations reached €85.0 million and recurring net income totaled €269.4 million (versus €289.9 million in 2014).

Solid cash flow generation

Rexel generated free cash flow before interest and tax of €562.6 million (versus €559.7 million in 2014) and €313.3 million after interest and tax (versus €323.4 million in 2014). The conversion rates of EBITDA into free cash-flow² were 85% and 47% respectively, in line with the objectives of over 75% EBITDA before interest and tax and of about 40% after interest and tax.

Solid financial structure

Net debt at December 31, 2015 remained broadly unchanged from the end of 2014, reaching €2.2 billion. The indebtedness ratio stood at 2.99x EBITDA, in line with the Group's objective of not exceeding 3x EBITDA.

In addition, Rexel continued to optimize its financing structure and reduce its financial expenses. The Group has also made significant progress in the execution of its disposal program to reallocate resources to its most profitable assets, namely with the sale of its Latin American operations and several countries in Eastern Europe (The Baltics, Slovakia and Poland), while announcing the acquisition of Sofinther and Cordia in France and Brohl & Appell in the United States, in line with its medium-term strategic priorities.

2015 Results are also available on Rexel's website

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

2. Free Cash Flow as a percentage of EBITDA.

2016 Outlook

In an environment that is expected to remain difficult throughout most of the year and taking into account challenging comparables in Q1, Rexel aims at delivering in 2016:

> Organic sales growth on a constant and same-day basis of between -3% and +1%

> This sales guidance includes a c. 1.1 percentage point negative impact from copper prices (based on the assumption of average copper price of USD4,500/t in 2016, i.e. a c. 20% decline vs. 2015)

> Excluding this assumed negative impact of c. 1.1 percentage points from copper prices, this corresponds to a sales guidance of between -1.9% and +2.1%

> Adjusted EBITA margin of between 4.1% and 4.5%

In addition, Rexel confirms its cash allocation policy of:

> Paying out an attractive dividend of at least 40% of recurring net income

> Continuing its targeted accretive acquisition strategy

> While maintaining a sound financial structure with net debt ≤ 3x EBITDA at December 31

...thanks to solid free cash-flow generation of:

> Between 70% and 80% of EBITDA, before interest and tax

> Between 35% and 45% of EBITDA, after interest and tax

Shareholders' Meeting

Rexel's Annual General Meeting of shareholders will take place in Paris on May 25.

At the AGM, Rexel will propose to distribute €0.40 per share, representing 45% of the Group's recurring net income, payable in cash and integrally deducted from the "Issue premium" account. This amount is both consistent with Rexel's cash allocation strategy and in line with the Group's policy to pay out at least 40% of recurring net income.

The record date is July 4.

Payment will be made from July 5, 2016.

2016 Calendar

Wednesday, May 25

> Shareholders' Meeting, Paris

Tuesday, June 7

> Meeting with shareholders, Lyon

Friday, July 29

> 2016 Second-Quarter & Half-Year Results

Monday, October 31

> 2016 Third-Quarter Results and Nine-months Results

To take part

- > **Read the full summary of resolutions on our website in the AGM section;**
- > **Request an admission pass from your financial intermediary if you wish to attend;**
- > **Vote:**
 - by submitting the completed proxy form (which allows you to give your proxy vote to the Chairman or to a person of your choice);
 - by connecting to Sharinbox before May 24, 3.00pm (Paris time);
- > **And follow the AGM live or in replay on our website.**

Contact us

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Change of service provider for the management of registered shares

Since February 2, 2016, Rexel's registered shares have been managed by Société Générale Securities Services (SGSS). The accounts, held by BNP Paribas Securities Services until this date, were transferred to Société Générale Securities Services with no impact on the amount of the assets or on their availability.

All of your transaction requests must now be sent to SGSS.

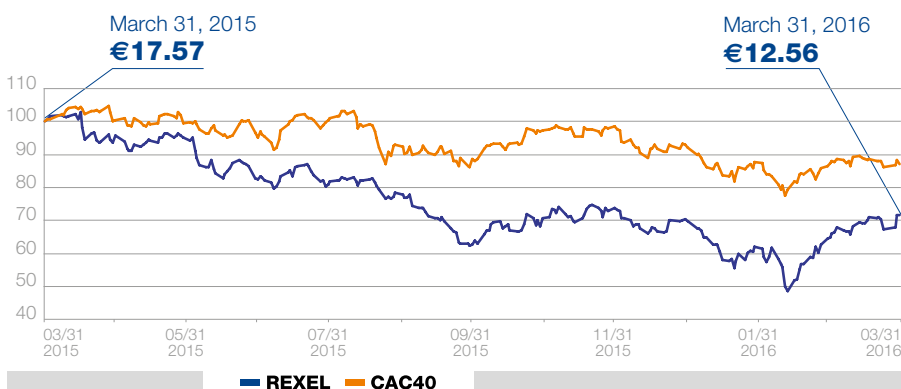
You have access to the SGSS Nomilia Customer Relationship Centre, at +33 (0)2 51 85 58 08 and to its Sharinbox website.

Securities services

Société Générale Securities Services (SGSS)

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From abroad: +33 (0)2 51 85 67 89
www.sharinbox.societegenerale.com

SHARE PRICE



Company details

> ISIN **FR0010451203**

> Mnemonic code **RXL**

> Market **Eurolist by NYSE Euronext**

At March 31, 2016

> Number of shares
301.9 million

> Market capitalisation
€3.8Bn