REXEL
a world of energy

Condensed consolidated interim financial statements as of March 31, 2016

Société Anonyme (corporation)
with share capital of € 1,509,356,890
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Condensed consolidated interim financial statements as of March 31, 2016 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2016 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the condensed consolidated interim financial statements for the period ended March 31, 2016, the French version will prevail.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	*Note*	For the period ended March 31, 2016	2015 [1]
Sales	*4*	3,160.6	3,221.6
Cost of goods sold		(2,387.4)	(2,427.1)
Gross profit		**773.2**	**794.5**
Distribution and administrative expenses	*5*	(663.3)	(672.3)
Operating income before other income and expenses		**109.9**	**122.2**
Other income	*6*	0.9	0.2
Other expenses	*6*	(17.8)	(17.4)
Operating income		**93.0**	**105.0**
Financial income		0.7	0.9
Interest expense on borrowings		(28.1)	(40.5)
Non-recurring redemption costs		-	(19.6)
Other financial expenses		(5.8)	(10.4)
Net financial expenses	*7*	***(33.2)***	***(69.6)***
Net income before income tax		**59.7**	**35.4**
Income tax	*8*	(20.9)	(12.3)
Net income from continuing operations		**38.8**	**23.2**
Net loss from discontinued operations	*9*	-	(2.5)
Net income / (loss)		**38.8**	**20.7**
Portion attributable:			
to the equity holders of the parent		*38.9*	*21.1*
to non-controlling interests		*(0.0)*	*(0.4)*
Earnings per share:			
Basic earnings per share (in euros)	*11*	*0.13*	*0.07*
Fully diluted earnings per share (in euros)	*11*	*0.13*	*0.07*
Earnings per share from continuing operations:			
Basic earnings per share from continuing operations (in euros)		*0.13*	*0.08*
Fully diluted earnings per share from continuing operations (in euros)		*0.13*	*0.08*

[1] Restated for Latin America reporting segment presented as discontinued operations (see note 9)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Comprehensive Income *(unaudited)*

(in millions of euros)	For the period ended March 31, 2016	2015
Net income	**38.8**	**20.7**
Items to be reclassified to profit and loss in subsequent periods		
Net gain / (loss) on net investment hedges	60.8	(137.8)
Income tax	(20.9)	47.4
	39.9	(90.4)
Foreign currency translation adjustment	(113.6)	280.2
Income tax	24.0	(40.4)
	(89.6)	239.9
Net gain / (loss) on cash flow hedges	(2.4)	(1.7)
Income tax	0.8	0.6
	(1.6)	(1.1)
Items not to be reclassified to profit and loss in subsequent periods		
Remeasurements of net defined benefit liability	(17.4)	(42.9)
Income tax	4.8	6.0
	(12.6)	(36.9)
Other comprehensive income / (loss) for the period, net of tax	**(63.8)**	**111.5**
of which other comprehensive income / (loss) from discontinued operations	*-*	*1.8*
Total comprehensive income / (loss) for the period, net of tax	**(25.0)**	**132.2**
Portion attributable:		
to the equity holders of the parent	*(24.4)*	*131.2*
to non-controlling interests	*(0.6)*	*1.0*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Balance Sheet *(unaudited)*

(in millions of euros)	Note	As of March 31, 2016	As of December 31, 2015
Assets			
Goodwill		4,276.9	4,266.6
Intangible assets		1,086.4	1,108.0
Property, plant and equipment		287.5	288.7
Long-term investments		53.0	33.8
Deferred tax assets		156.8	159.0
Total non-current assets		**5,860.6**	**5,856.2**
Inventories		1,522.5	1,535.0
Trade accounts receivable		2,194.2	2,129.4
Current tax assets		35.3	47.6
Other accounts receivable		475.3	495.3
Assets held for sale	***10***	48.4	53.8
Cash and cash equivalents	***13.1***	443.9	804.8
Total current assets		**4,719.6**	**5,065.8**
Total assets		**10,580.2**	**10,922.1**
Equity			
Share capital		1,509.4	1,509.4
Share premium		1,680.5	1,680.5
Reserves and retained earnings		1,132.4	1,154.1
Total equity attributable to equity holders of the parent		**4,322.3**	**4,343.9**
Non-controlling interests		8.4	9.0
Total equity		**4,330.7**	**4,352.9**
Liabilities			
Interest bearing debt (non-current part)	***13.1***	2,243.4	2,342.1
Net employee defined benefit liabilities		351.6	343.4
Deferred tax liabilities		200.1	211.2
Provision and other non-current liabilities		81.0	72.3
Total non-current liabilities		**2,876.1**	**2,968.9**
Interest bearing debt (current part)	***13.1***	700.9	660.4
Accrued interest	***13.1***	27.5	8.1
Trade accounts payable		1,919.9	2,138.3
Income tax payable		17.5	29.8
Other current liabilities		667.5	712.9
Liabilities related to assets held for sale	***10***	40.2	50.7
Total current liabilities		**3,373.4**	**3,600.2**
Total liabilities		**6,249.5**	**6,569.1**
Total equity and liabilities		**10,580.2**	**10,922.1**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows *(unaudited)*

(in millions of euros)	**Note**	For the period ended March 31, **2016**	**2015**
Cash flows from operating activities			
Operating income		93.0	103.9
Depreciation, amortization and impairment of assets	**5-6-9**	27.4	26.3
Employee benefits		(3.9)	(3.8)
Change in other provisions		4.2	(1.2)
Other non-cash operating items		2.5	4.3
Interest paid		(31.6)	(41.4)
Income tax paid		(20.3)	(34.0)
Operating cash flows before change in working capital requirements		***71.2***	***54.3***
Change in inventories		4.1	(10.3)
Change in trade receivables		(68.5)	(27.5)
Change in trade payables		(223.5)	(183.1)
Change in other working capital items		0.8	(25.4)
Change in working capital requirements		***(287.1)***	***(246.2)***
Net cash from operating activities		**(215.9)**	**(191.9)**
Of which operating flows provided / (used) by discontinued operations		-	*(7.4)*
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(34.6)	(32.6)
Proceeds from disposal of tangible and intangible assets		3.6	0.5
Acquisitions of subsidiaries, net of cash acquired	**3.2**	(89.0)	(7.5)
Change in long-term investments		(0.3)	(2.7)
Net cash from investing activities		**(120.3)**	**(42.4)**
Of which investing flows provided / (used) by discontinued operations		-	*(0.9)*
Cash flows from financing activities			
Disposal / (Purchase) of treasury shares		1.0	1.9
Repayment of senior notes	**13.2**	-	(522.6)
Settlement of interest rate swaps qualified as fair value hedge		3.0	-
Net change in credit facilities, commercial papers, other financial borrowings	**13.2**	119.0	239.9
Net change in securitization	**13.2**	(134.1)	(154.1)
Net change in finance lease liabilities	**13.2**	0.3	0.9
Net cash from financing activities		**(10.9)**	**(434.0)**
Of which financing flows provided / (used) by discontinued operations		-	*10.1*
Net (decrease) / increase in cash and cash equivalents		**(347.1)**	**(668.3)**
Cash and cash equivalents at the beginning of the period		804.8	1,159.8
Effect of exchange rate changes on cash and cash equivalents		(13.0)	(12.8)
Cash and cash equivalent reclassified to assets held for sale		(0.7)	-
Cash and cash equivalents at the end of the period		**443.9**	**478.7**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity *(unaudited)*

(in millions of euros)	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	Total attributable to the equity holders of the parent	Non-controlling interests	TOTAL EQUITY
For the period ended March 31, 2015									
As of January 1, 2015	**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**
Net income	-	-	21.1	-	-	-	**21.1**	(0.4)	20.7
Other comprehensive income	-	-	-	148.1	(1.1)	(36.9)	**110.1**	1.4	111.5
Total comprehensive income for the period	**-**	**-**	**21.1**	**148.1**	**(1.1)**	**(36.9)**	**131.1**	**1.0**	**132.2**
Share capital increase	0.1	-	-	-	-	-	**0.1**	-	0.1
Share-based payments	-	-	4.0	-	-	-	**4.0**	-	4.0
Acquisition of non-controlling interests	-	-	-	-	-	-	**-**	0.6	0.6
Disposal / (Purchase) of treasury shares	-	-	1.5	-	-	-	**1.5**	-	1.5
As of March 31, 2015	**1,460.1**	**1,599.8**	**1,378.1**	**227.6**	**(2.8)**	**(190.3)**	**4,472.5**	**9.3**	**4,481.8**
For the period ended March 31, 2016									
As of January 1, 2016	**1,509.4**	**1,680.5**	**1,154.4**	**160.6**	**(1.9)**	**(159.1)**	**4,343.9**	**9.0**	**4,352.9**
Net income	-	-	38.9	-	-	-	**38.9**	(0.0)	38.8
Other comprehensive income	-	-	-	(49.1)	(1.6)	(12.6)	**(63.2)**	(0.6)	(63.8)
Total comprehensive income for the period	**-**	**-**	**38.9**	**(49.1)**	**(1.6)**	**(12.6)**	**(24.4)**	**(0.6)**	**(25.0)**
Share-based payments	-	-	1.8	-	-	-	**1.8**	-	1.8
Disposal / (Purchase) of treasury shares	-	-	1.0	-	-	-	**1.0**	-	1.0
As of March 31, 2016	**1,509.4**	**1,680.5**	**1,196.1**	**111.5**	**(3.5)**	**(171.7)**	**4,322.3**	**8.4**	**4,330.7**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Accompanying Notes

1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

These condensed consolidated interim financial statements cover the period from January 1 to March 31, 2016 and were authorized for issue by the Board of Directors on April 28, 2016.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of compliance

The condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending March 31, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force at March 31, 2016. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s financial statements prepared for the financial year closed on December 31, 2015 and included in the Registration Document filed with the Autorité des Marchés Financiers on April 7, 2016 under the number D.16-0299.

IFRS as adopted by the European Union can be consulted on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 | Basis of preparation

The condensed financial statements as of March 31, 2016 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used as of December 31, 2015 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2015, with the exception of the new standards and interpretations disclosed in note 2.2.1.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

2.2.1 | Changes in accounting policies - amended standards

Effective as of January 1, 2016, the following new amendments previously endorsed by the European Union are applicable to Rexel. These changes had no material effect on the Group's financial statements:

- Amendment to IAS 19 "Defined Benefits Plans: Employee Contributions": the narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards.
- Improvements to IFRSs 2012-2014 cycle include a series of minor amendments to IFRS 5 "Non-Current Assets held for sale and Discontinued Operations", IFRS 7 "Financial Instruments Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting".
- IAS 1 "Disclosure initiative" amendment addresses professional judgment to apply in determining what information to disclose in the financial statements. For example, the amendment makes clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendment clarifies that professional judgment should be used in determining where and in what order information is presented in the financial disclosures.

2.2.2 | Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 "Financial Instruments". The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect as of January 1, 2018 with early application permitted.
- IFRS 15 "Revenue from Contracts with Customers": the new standard supersedes IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will come into effect as of January 1, 2018 with early application permitted.
- On January 13, 2016, the IASB issued a new accounting standard called IFRS 16 "Leases" which represents a major revision to account for leases. The standard provides a single lessee accounting model requiring to recognize assets and liabilities for all leases unless the term is twelve months or less, or the underlying asset has a low value. IFRS 16 applies to reporting period beginning on or after January 1, 2019.
- Disclosure Initiative (Amendments to IAS 7 "Statement of cash flows"), issued in January 2016 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are applicable for annual periods beginning on or after 1 January 2017.

3. | BUSINESS COMBINATIONS

3.1 | 2016 Acquisitions

On January 4, 2016, Rexel acquired Sofinther, a French €116 million annual sales distribution company specializing in thermal, heating and control solutions. The Group acquired a 100% ownership interest for a total consideration of €81.6 million. A goodwill of €50.9 million was recognised on a provisional basis, the fair value measurement of customer relationships being still under progress as of the balance sheet date. Sofinther has been consolidated starting on its acquisition date.

In addition, the Group acquired the following non-material entities in the first quarter of 2016:

- Cordia, a French distributor of fire prevention equipment and services
- Brohl & Appell, a US company specialized in industrial automation.

3.2 | Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets and liabilities, for the entities acquired in 2016.

Net assets acquired and consideration transferred of acquisitions consolidated for the period ended March 31, 2016

(in millions of euros)	***Sofinther***	***Others***	***Total***
Other fixed assets	2.8	0.8	3.6
Other non current assets	0.7	0.0	0.7
Current assets	51.9	10.2	62.0
Net financial debt	8.4	2.9	11.4
Other non current liabilities	(1.0)	(0.2)	(1.2)
Current liabilities	(32.0)	(3.3)	(35.3)
Net asset acquired (except goodwill acquired)	**30.7**	**10.5**	**41.2**
Goodwill acquired [(2)]	50.9	12.8	63.7
Consideration transferred	**81.6**	**23.3**	**104.9**
Cash acquired	(11.8)	(3.9)	(15.7)
Payments related to entities not yet consolidated	-	-	-
Net cash paid for acquisitions	**69.8**	**19.3**	**89.1**
Deferred payments	(1.6)	-	(1.6)
Net cash paid for 2016 acquisitions	**68.2**	**19.3**	**87.5**
Payments related to prior year acquisitions [(1)]	-	1.5	1.5
Net cash paid for acquisitions in 2016	**68.2**	**20.8**	**89.0**

[(1)] converted at acquisition date exchange rate

[(2)] On a preliminary basis as of March 31, 2016

The amount of fees associated with these acquisitions totaled €0.8 million, of which €0.3 million was incurred during the period ended March 31, 2016.

For the period ended March 31, 2016, the contribution of the acquired entities in 2016 to the Group's sales and operating income was €32.1 million and €2.1 million respectively.

4. | SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial reporting structure. The information is shown by geographic zone consistently with Group's internal organization.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific area.

Following the divestment of Latin America operations in 2015, this segment is no longer presented and is disclosed as discontinued operations.

The Group's financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

Information by geographic segment for the period ended March 31, 2016 and 2015

2016 *(in millions of euros)*	Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended March 31,						
Sales to external customers ………………	1,795.1	1,064.8	300.7	**3,160.6**	-	**3,160.6**
EBITA ……………………………………[1]	96.1	23.1	2.7	**121.9**	(8.1)	**113.8**
As of March 31,						
Working capital………………………………	735.4	645.7	233.0	**1,614.1**	(11.8)	**1,602.3**
Goodwill ……………………………………	2,583.3	1,439.1	254.5	**4,276.9**	-	**4,276.9**

2015 *(in millions of euros)*	Europe [3]	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items [3]	**Total Group**
For the period ended March 31, [2]						
Sales to external customers ………………….	1,785.5	1,128.5	307.6	**3,221.6**	-	**3,221.6**
EBITA ……………………………………[1]	101.6	29.2	6.1	**137.0**	(10.5)	**126.4**
As of December 31,						
Working capital………………………………	572.5	588.1	175.3	**1,335.9**	(22.1)	**1,313.8**
Goodwill ………………………………………	2,543.7	1,465.4	257.6	**4,266.6**	-	**4,266.6**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses

(2) Restated for Latin America reporting segment presented as discontinued operations (see note 9)

(3) After reallocation of Rexel Holding Netherlands BV from Corporate Holdings to Europe reporting segment

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

(in millions of euros)	**For the period ended March 31, 2016**	**2015** [1]
EBITA - Total continuing operations…………………………………………	**113.8**	**126.4**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities …………………………………………………………	(3.9)	(4.3)
Other income and other expenses………………………………………………	(16.9)	(17.2)
Net financial expenses……………………………………………………………	(33.2)	(69.6)
Net income before tax from continuing operations………………………	**59.7**	**35.4**

(1) Restated for Latin America reporting segment presented as discontinued operations (see note 9)

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

(in millions of euros)	As of March 31, 2016	As of December 31, 2015
Working capital	1,602.3	1,313.8
Goodwill	4,276.9	4,266.6
Total allocated assets & liabilities	**5,879.2**	**5,580.4**
Liabilities included in allocated working capital	2,581.5	2,842.7
Accrued interest receivable	2.5	0.7
Other non-current assets	1,426.9	1,430.5
Deferred tax assets	156.8	159.0
Current tax assets	35.3	47.6
Assets classified as held for sale	48.4	53.8
Derivatives	5.7	2.4
Cash and cash equivalents	443.9	804.8
Group consolidated total assets	**10,580.2**	**10,922.1**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended March 31, 2016	2015 [1]
Personnel costs (salaries & benefits)	401.0	404.2
Building and occupancy costs	70.6	72.8
Other external costs	157.0	159.9
Depreciation expense	23.5	21.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	3.9	4.3
Bad debt expense	7.3	9.7
Total distribution and administrative expenses	**663.3**	**672.3**

[1] Restated for Latin America reporting segment presented as discontinued operations (see note 9)

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended March 31, 2016	2015 [1]
Gains on disposal of tangible assets	0.3	0.0
Write-back asset impairment	0.1	0.1
Release of unused provisions	0.4	0.1
Other operating income	0.1	0.1
Total other income	**0.9**	**0.2**
Restructuring costs [2]	(13.6)	(15.3)
Losses on non-current assets disposed of	(0.1)	(0.4)
Acquisition related costs	(0.8)	(0.4)
Losses on earn-out	(1.1)	-
Other operating expenses	(2.3)	(1.3)
Total other expenses	**(17.8)**	**(17.4)**

[1] Restated for Latin America reporting segment presented as discontinued operations (see note 9)

[2] Restructuring costs were mainly related to reorganization of support services in the United-Kingdom, of branch network in North America and to changes in Group senior management positions

7. | NET FINANCIAL EXPENSES

(in millions of euros)	**For the period ended March 31,** 2016	2015 [1]
Interest income on cash and cash equivalents	0.1	0.5
Interest income on receivables and loans	0.6	0.4
Financial income	**0.7**	**0.9**
Interest expense on financial debt (stated at amortized cost)	(30.1)	(40.9)
Interest gain / (expense) on interest rate derivatives	1.0	2.8
Gains and losses on derivative instruments previously deferred in other comprehensive income and reclassified in the income statement	-	(0.1)
Change in fair value of interest rate derivatives through profit and loss	0.9	(2.3)
Financial expense on borrowings	**(28.1)**	**(40.5)**
Non-recurring redemption costs [2]	**-**	**(19.6)**
Foreign exchange gain (loss)	*(3.3)*	*(3.9)*
Change in fair value of exchange rate derivatives through profit and loss	*3.2*	*0.5*
Net foreign exchange gain (loss)	(0.1)	(3.4)
Net financial expense on employee benefit obligations	(2.8)	(3.0)
Others	(3.0)	(4.1)
Other financial expenses	**(5.8)**	**(10.4)**
Net financial expenses	**(33.2)**	**(69.6)**

[1] Restated for Latin America reporting segment presented as discontinued operations (see note 9)

[2] Non-recurring costs related to the early repayment in March 2015 of the senior notes due 2018

8. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2016 financial year to the interim income before taxes. The effective tax rate for the period ending March 31, 2016 is 35.0%, compared with 34.6% for the period ended March 31, 2015.

9. | DISCONTINUED OPERATIONS

Effective on September 15, 2015, the Group sold its operations in Latin America to Sonepar for a selling price of €17.2 million ($ 18.6 million).

The income statement of Latin America operating segment presented as discontinued operations in 2015 is detailed as follows:

(in millions of euros)	For the period ended March 31, **2015**
Sales	64.6
Cost of goods sold	(51.1)
Gross profit	**13.5**
Distribution and administrative expenses	(14.4)
Operating income before other income and expenses	**(0.9)**
Other income and expenses	(0.2)
Operating income	**(1.1)**
Net financial expenses	(2.6)
Net income / (loss) before income tax	**(3.8)**
Income tax	1.3
Net income / (loss) from discontinued operations	**(2.5)**
Earnings per share for discontinued operations:	
Basic earnings per share (in euros)	*(0.01)*
Fully diluted earnings per share (in euros)	*(0.01)*

<u>*Distribution and administrative expenses*</u>

(in millions of euros)	**For the period ended March 31, 2015**
Personnel costs (salaries & benefits) …………………………………………………	7.9
Building and occupancy costs ……………………………………………………………	1.8
Other external costs ………………………………………………………………………	3.2
Depreciation expense ………………………………………………………………………	0.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities ………………………………………………………………	0.1
Bad debt expense …………………………………………………………………………	0.9
Total distribution and administrative expenses ……………………………	**14.4**

10. | ASSETS HELD FOR SALE

On January 19, 2016, the Group entered into a master agreement and local sale agreements with the Würth group to dispose of its operations in Poland, Slovakia and Baltics. These agreements provide for a selling price based on an enterprise value of €10 million less working capital adjustments calculated at the closing of the transaction. All these transactions have been approved by the relevant anti-trust authorities on April 18, 2016. These agreements also provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This transaction does not qualify as discontinued operations as Poland, Slovakia and Baltics do not represent a major geographical area. Therefore, related results of operations are not presented separately in the income statement.

Assets and liabilities of countries classified as held for sale are as follows:

(in millions of euros)	As of March 31, 2016	As of December 31, 2015
Assets		
Inventories	9.9	8.0
Trade accounts receivable	29.2	36.3
Other accounts receivable	2.5	3.5
Cash and cash equivalents	3.7	2.9
Total assets	**45.3**	**50.7**
Liabilities		
Interest bearing debt	0.2	0.2
Trade accounts payable	27.5	38.2
Other liabilities	12.5	12.3
Total liabilities	**40.2**	**50.6**
Net assets held for sale	**5.0**	**0.1**

As of March 31, 2016, accumulated foreign currency translation adjustment recognized in equity was €6.1 million. Foreign currency translation adjustment will be recycled to income statement at completion date of the transaction.

The Group also recognized other net assets held for sale of €3.1 million mainly related to properties in Europe.

11. | EARNINGS PER SHARE

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	For the period ended March 31, 2016	2015
***Net income attributed to ordinary shareholders** :*		
- of which continuing operations (in millions of euros)	*38.9*	*23.6*
- of which discontinuing operations (in millions of euros)	-	*(2.5)*
***Net income attributed to ordinary shareholders** (in millions of euros)*	***38.9***	***21.1***
Weighted average number of ordinary shares (*in thousands*)	300,288	290,378
Potential dilutive shares in connection with payments of dividends (in thousands)	-	239
Non-dilutive potential shares (in thousands)	664	1,168
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***300,952***	***291,785***
Basic earning per share (in euros)	**0.13**	**0.07**
Dilutive potential shares (in thousands)	950	1,481
- of which share options (in thousands)	*77*	*105*
- of which bonus shares (in thousands) (1)	*873*	*1,376*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***301,902***	***293,266***
Fully diluted earnings per share (in euros)	**0.13**	**0.07**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date

12. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of March 31, 2016, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended March 31, 2016, remeasurement of pension and post-retirement benefits accounted for a loss before tax of €17.4 million was recognized in other comprehensive income (€42.9 million for the period ended March 31, 2015). This loss resulted mainly from the decrease in discount rates as of March 31, 2016 as compared to December 31, 2015 such as presented below:

Discount rate (in %)	As of March 2016	As of December 2015	As of March 2015
United Kingdom	3.50	3.50	3.25
Canada	3.75	4.00	3.50
Switzerland	0.50	0.75	0.75

13. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2016. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

13.1 | Net financial debt

As of March 31, 2016, Rexel's consolidated net debt stood at €2,495.6 million, consisting of the following items:

(in millions of euros)		As of March 31, 2016			As of December 31, 2015		
		Current	Non-current	Total	Current	Non-current	Total
Senior notes		-	1,637.0	1,637.0	-	1,637.1	1,637.1
Securitization		323.4	606.9	930.3	378.7	710.8	1,089.4
Bank loans		64.9	4.6	69.5	57.2	1.5	58.7
Commercial paper		206.6	-	206.6	134.6	-	134.6
Bank overdrafts and other credit facilities		104.8	-	104.8	88.4	-	88.4
Finance lease obligations		7.6	20.1	27.7	8.0	19.5	27.6
Accrued interests	(1)	27.5	-	27.5	8.1	-	8.1
Less transaction costs		(6.4)	(25.2)	(31.6)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest		***728.4***	***2,243.4***	***2,971.8***	***668.5***	***2,342.1***	***3,010.6***
Cash and cash equivalents				(443.9)			(804.8)
Accrued interest receivable				(2.5)			(0.7)
Debt hedge derivatives	(2)			(29.8)			(6.4)
Net financial debt				**2,495.6**			**2,198.7**

(1) Of which accrued interests on Senior Notes for €21.4 million as of March 31, 2016 (€3.3 million as of December 31, 2015)

(2) Debt hedge derivatives include fair value hedge interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

13.1.1 |Senior notes

As of March 31, 2016, the carrying amount of the existing senior notes is detailed as follows:

	As of March 31, 2016					As of December 31, 2015				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments (1)	**Total**	**Nominal amount** *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments (1)	**Total**
Senior notes due 2020	USD	500.0	439.2	12.4	**451.6**	USD	500.0	459.3	4.5	**463.8**
Senior notes due 2020	EUR	650.0	650.0	20.4	**670.4**	EUR	650.0	650.0	19.7	**669.7**
Senior notes due 2022	EUR	500.0	500.0	15.1	**515.1**	EUR	500.0	500.0	3.8	**503.8**
TOTAL			1,589.2	47.9	**1,637.0**			1,609.3	28.0	**1,637.1**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 14)

13.1.2 |Securitization programs

Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of March 31, 2016, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

Program	Commitment	Amount of receivables assigned as of March 31, 2016	Amount drawn down as of March 31, 2016	Balance as of		Repayment Date
				March 31, 2016	December 31, 2015	
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia [(1)]	EUR 425.0	EUR 429.4	EUR 301.7	301.7	345.7	12/18/2017
United States	USD 545.0	USD 602.5	USD 427.0	375.1	444.9	12/20/2017
Canada	CAD 175.0	CAD 215.4	CAD 137.0	92.9	115.8	01/18/2019
Europe	EUR 384.0	EUR 467.2	EUR 323.4	323.4	378.2	12/20/2016
TOTAL				**1,093.1**	**1,284.6**	
***Of which*:**	***- on balance sheet:***			***930.3***	***1,089.4***	
	- off balance sheet :			***162.9***	***195.2***	

(1) Commitment reduced to €375.0 million on April 18, 2016

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of March 31, 2016, the total outstanding amount authorized for these securitization programs was €1,406.4 million, of which €1,093.1 million were used.

13.1.3 |Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of March 31, 2016, the company had issued €206.6 million of commercial paper (€134.6 million as of December 31, 2015).

13.2 |Change in net financial debt

As of March 31, 2016 and 2015, the change in net financial debt was as follows:

(in millions of euros)	2016	2015
As of January 1,	**2,198.7**	**2,213.1**
Repayment of senior notes	-	(522.6)
Net change in credit facilities, commercial papers and other financial borrowings	119.0	239.9
Net change in credit facilities	**119.0**	**(282.7)**
Net change in securitization	(134.1)	(154.1)
Net change in finance lease liabilities	0.3	0.9
Net change in financial liabilities	***(14.9)***	***(435.9)***
Change in cash and cash equivalents	347.1	668.3
Effect of exchange rate changes on net financial debt	(41.1)	182.6
Effect of acquisition	4.4	1.7
Effect of divestment	-	1.7
Amortization of transaction costs	1.6	2.9
Non recurring refinancing costs	-	19.6
Other changes	(0.3)	(1.5)
As of March 31,	**2,495.6**	**2,652.5**

13.3 | Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros) ***Due within***	As of March 31, **2016**	As of December 31, **2015**
One year	734.9	675.0
Two years	522.8	602.8
Three years	98.2	4.0
Four years	1,125.3	118.5
Five years	1.5	1,134.0
Thereafter	520.7	509.6
Total gross financial debt before transaction costs	**3,003.4**	**3,043.9**
Transaction costs	(31.6)	(33.3)
Gross financial debt	**2,971.8**	**3,010.6**

The €650 million and the $500 million senior notes issued in April 2013 mature in June 2020, the €500 million senior notes issued in May 2015 mature in June 2022.

The Senior Facility Agreement was amended in November 2014 for a period of 5 years ending in November 2020. The Senior Facility Agreement together with the €45 million Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,027.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million.

On June 26, 2015, Rexel extended the maturity of its $40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of March 31, 2016, this facility was not drawn down.

Lastly, securitization programs mature in 2016, 2017 and 2019. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €1,919.9 million as of March 31, 2016 (€2,138.3 million as of December 31, 2015) and are due in less than one year.

As of March 31, 2016, the Group's liquidity amounted to €1,194.7 million (€1,645.5 million as of December 2015) in excess of €459.8 million compared to €734.9 million expected to be paid within the next twelve months with respect to financial debt repayment.

(in millions of euros)	**As of March 31, 2016**	**As of December 31, 2015**
Cash and cash equivalents	443.9	804.8
Bank overdrafts	(104.8)	(88.4)
Commercial paper	(206.6)	(134.6)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	80.1	81.7
Liquidity	**1,194.7**	**1,645.5**

14. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 2016, the Group held the following classes of financial instruments measured at fair value:

	March 31, 2016		December 31, 2015		
(in millions of euros)	Carrying amount	*Fair value*	Carrying amount	*Fair value*	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	27.1	27.1	8.2	8.2	Level 2
Other derivatives	5.7	5.7	2.6	2.6	Level 2
Financial liabilities					
Senior notes	1,637.0	1,627.6	1,637.1	1,646.2	Level 1
Hedging derivatives	4.5	4.5	1.1	1.1	Level 2
Other derivatives	10.3	10.3	12.5	12.5	Level 2

IFRS hierarchy:

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

Valuation techniques:

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Interest rate swaps are measured using present value techniques based on observable interest yield curves. The Group also takes into account the counterparties credit risk for derivative assets or the Group's own credit risk for derivatives liabilities.

15. | SEASONALITY

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

16. | LITIGATION

Following a tax audit, Rexel received in December 2011 a tax reassessment in which the French tax authorities alleged that Rexel did not evidence the substance of borrowings contracted from Ray Finance LP (subsidiary of Ray Investment SARL – former parent company of Rexel) amounting to €952 million; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely and referred the case to the Administrative Court in April 2014. In March 2016, the Administrative Court decided that Rexel's position was correct; the tax administration may appeal against that judgment. This tax claim is reserved for €31.3 million through a write-down of deferred tax assets on tax losses carried forward.

17. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the condensed consolidated interim financial statements there have been no subsequent events after March 31, 2016 that would have a significant impact on Rexel's financial situation.