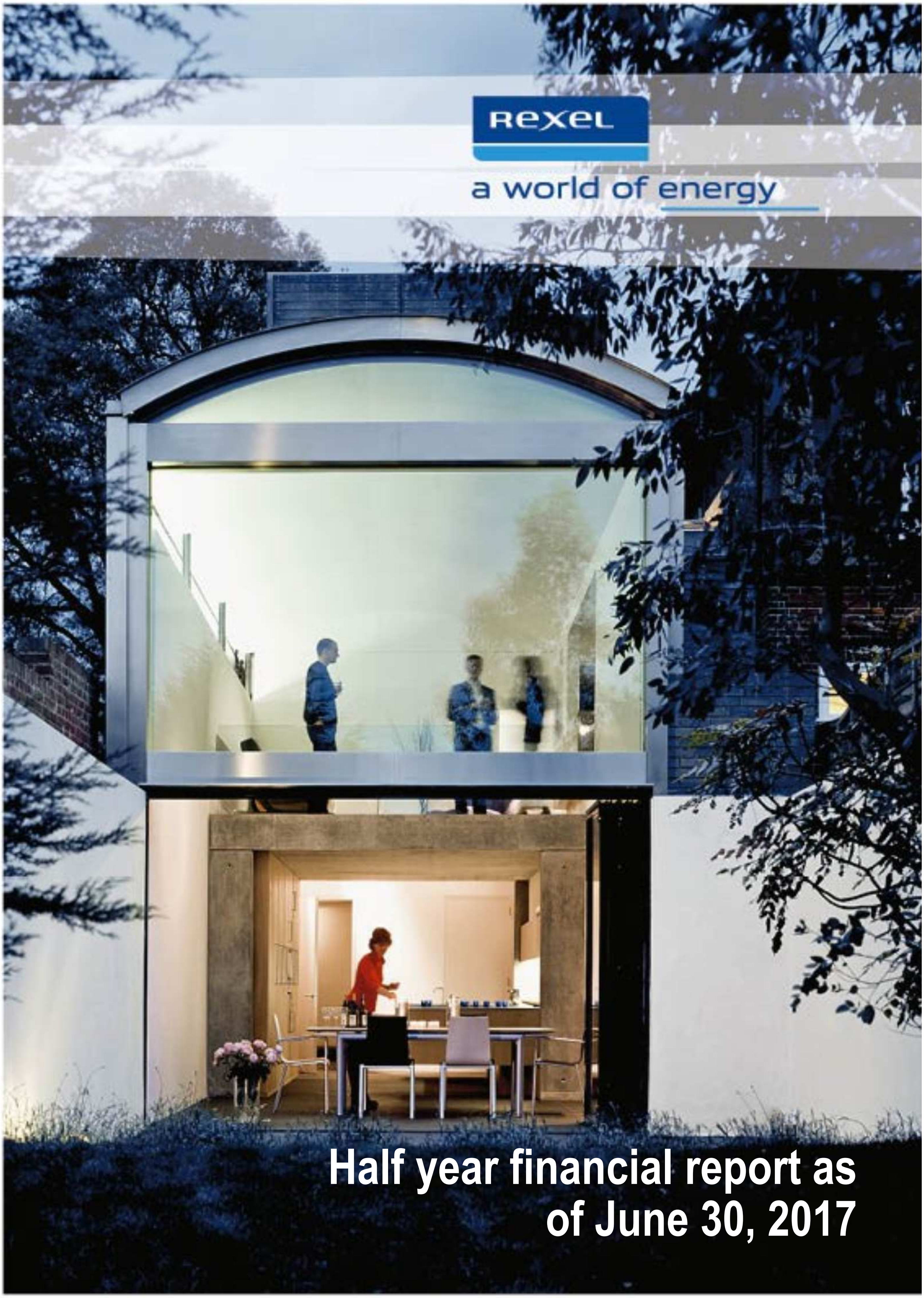

Half year financial report as of June 30, 2017

Société Anonyme (corporation)
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Half-year financial report as of June 30, 2017

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements and activity report for the period ended June 30, 2017 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 original condensed consolidated interim financial statements and activity report for the period ended June 30, 2017, the French version will prevail.

I. Activity report

(Unaudited)

TABLE OF CONTENTS

| OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 (herein after referred to as “the Group” or ”Rexel”).

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report 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 rounding.

1.1 | Financial position of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

In the first half of 2017, the Group recorded consolidated sales of €6,665.9 million, of which €3,627.0 million were generated in Europe (54% of sales), €2,401.3 million in North America (36% of sales) and €637.5 million in Asia-Pacific (10% of sales).

The Group’s activities in Europe (54% of Group sales) are in France (which accounts for 36% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain, Portugal, Slovenia and Russia.

The Group’s activities in North America (36% of Group sales) are in the United States and Canada. The United States account for 79% of Group sales in this region, and Canada for 21%.

The Group’s activities in Asia-Pacific (10% of Group sales) are in Australia, New Zealand, China and India, as well as countries in South-East Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam) and in Middle East. Australia accounts for 41% of Group sales in this region and China for 36%.

This activity report analyses the Group’s sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

1.1.2 | 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.

1.1.3 | Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 13% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.
- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

1.1.4 | Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- On a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;
- On a constant and same-day basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	Quarter ended June 30,		Semester ended June 30,	
(in millions of euros)	2017	2016	2017	2016
Operating income before other income and other expenses	**142.7**	**141.8**	**282.3**	**251.7**
Changes in scope of consolidation		0.5		1.3
Foreign exchange effects		0.5		1.2
Non-recurring effect related to copper	2.3	3.3	(7.1)	11.6
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.8	5.3	9.7	9.2
Adjusted EBITA on a constant basis	**149.9**	**151.4**	**284.9**	**275.0**

1.2 | Comparison of financial results as of June 30, 2017 and as of June 30, 2016

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2017 and 2016, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**3,342.8**	**3,349.9**	**(0.2)%**	**6,665.9**	**6,510.5**	**2.4%**
Gross profit	809.0	806.4	0.3%	1,641.3	1,579.6	3.9%
Distribution and administrative expenses (1)	(661.5)	(659.3)	(0.3)%	(1,349.3)	(1,318.7)	(2.3)%
EBITA	**147.5**	**147.1**	**0.3%**	**292.0**	**260.9**	**11.9%**
Amortization (2)	(4.8)	(5.3)	9.6%	(9.7)	(9.2)	(5.3)%
Operating income before other income and expenses	**142.7**	**141.8**	**0.7%**	**282.3**	**251.7**	**12.2%**
Other income and expenses	(40.1)	(15.0)	(166.8)%	(49.9)	(32.0)	(56.1)%
Operating income	102.6	126.7	(19.0)%	232.4	219.7	5.8%
Net financial expenses	(29.6)	(43.7)	32.3%	(63.3)	(76.9)	17.8%
Income taxes	(39.4)	(26.1)	(51.1)%	(72.7)	(47.0)	(54.8)%
Net income	**33.7**	**57.0**	**(40.9)%**	**96.4**	**95.8**	**0.7%**
as a % of sales	***1.0%***	***1.7%***		***1.4%***	***1.5%***	
(1) Of which depreciation and amortization	(24.7)	(24.0)	(2.9)%	(49.5)	(47.5)	(4.3)%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

CONSTANT BASIS ADJUSTED FINANCIAL DATA		Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)		2017	2016	Change in %	2017	2016	Change in %
Sales		**3,342.8**	**3,339.1**	**0.1%**	**6,665.9**	**6,510.9**	**2.4%**
	Same-day basis			*2.8%*			*1.7%*
Gross profit		811.4	808.2	0.4%	1,633.9	1,594.0	2.5%
	as a % of sales	*24.3%*	*24.2%*		*24.5%*	*24.5%*	
Distribution and administrative expenses		(661.5)	(656.7)	(0.7)%	(1,349.0)	(1,319.0)	(2.3)%
	as a % of sales	*(19.8)%*	*(19.7)%*		*(20.2)%*	*(20.3)%*	
EBITA		**149.9**	**151.4**	**(1.0)%**	**284.9**	**275.0**	**3.6%**
	as a % of sales	***4.5%***	***4.5%***		***4.3%***	***4.2%***	

Sales

In the first half of 2017, Rexel's consolidated sales amounted to €6,665.9 million, as compared to €6,510.5 million in the first half of 2016.

On a reported basis, sales were up 2.4% year-on-year, including a positive foreign exchange currency impact of 0.6% and a negative net effect from acquisitions and divestments of 0.6%.

- The positive impact of currency amounted to €39.3 million, mainly due to the appreciation of the US dollar against the euro.
- The negative net effect from acquisitions and divestments amounted to €38.9 million, reflecting the divestment of operations in Slovakia, Poland and Baltics finalized in the second quarter of 2016 partially offset by the acquisition Brohl and Appell in North America.

On a constant and same-day basis, sales increased by 1.7%. By geography, Europe increased by 2.4%, North America increased by 1.6% and Asia-Pacific decreased by 1.6%. Excluding the 1.1 percentage point positive impact due to higher copper-based cable prices, sales were up 0.6% as compared to the first half of 2016.

On a constant and actual number of working days basis, sales increased by 2.4% as the calendar impact was positive at 0.7 percentage point.

In the second quarter of 2017, Rexel's consolidated sales amounted to €3,342.8 million, as compared to €3,349.9 million in the second quarter of 2016.

On a reported basis, sales were down 0.2% year-on-year, including a positive currency impact of 0.1% and a negative net scope effect of 0.4%.

On a constant and same-day basis, sales increased by 2.8%, reflecting 3.6% improvement in Europe, 1.9% in North America, and 1.4% in Asia Pacific. Excluding the positive impact of 1.1 percentage point due to the higher copper-based cable prices compared to the second quarter of 2016, sales were up 1.7%.

On a constant and actual number of working days basis, sales increase by 0.1% as the calendar impact was negative at 2.7 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1 2017	Q2 2017	YTD 2017
Growth on a constant and same-day basis	0.6%	2.8%	1.7%
Number of working days effect	4.1%	(2.6)%	0.8%
Growth on a constant and actual-day basis	***4.8%***	***0.1%***	***2.4%***
Changes in scope effect	(0.8)%	(0.4)%	(0.6)%
Foreign exchange effect	1.2%	0.1%	0.6%
Total scope and currency effects	***0.4%***	***(0.3)%***	***-***
Growth on a reported basis (1)	**5.1%**	**(0.2)%**	**2.4%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects

Gross profit

In the first half of 2017, gross profit amounted to €1,641.3 million, up 3.9%, on a reported basis, as compared to €1,579.6 million in the first half of 2016.

On a constant basis, adjusted gross profit increased by 2.5% and adjusted gross margin increased by 5 basis points to 24.5% of sales, mainly reflecting an improvement in gross margin of North America.

In the second quarter of 2017, gross profit amounted to €809.0 million, up 0.3% on a reported basis as compared to €806.4 million in the second quarter of 2016.

On a constant basis, adjusted gross profit increased by 0.4% and adjusted gross margin increased by 10 basis points to 24.3% of sales, reflecting an improvement in Europe and North America while dropping in Asia Pacific.

Distribution & administrative expenses

<u>In the first half of 2017</u>, distribution and administrative expenses amounted to €1,349.3 million, up 2.3%, on a reported basis, as compared to €1,318.7 million in first half of 2016.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 2.3%, representing 20.2% of sales in the first half of 2017 as compared to 20.3% in the first half of 2016, improving by 5 basis points. This reflected an increase in Europe mitigated by lower corporate overhead expenses.

<u>In the second quarter of 2017</u>, distribution and administrative expenses amounted to €661.5 million, up 0.7%, on a reported basis, as compared to €659.3 million in the second quarter of 2016.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 0.7%, representing 19.8% of sales in the second quarter of 2017, a 10 basis-points deterioration as compared to 19.7% in the second quarter of 2016.

EBITA

<u>In the first half of 2017</u>, as a result, EBITA stood at €292.0 million, up 11.9%, on a reported basis, as compared to €260.9 million in the first half of 2016.

<u>On a constant basis</u>, adjusted EBITA increased by 3.6% to €284.9 million and adjusted EBITA margin stood at 4.3% of sales as compared to 4.2% in the first half of 2016.

<u>In the second quarter of 2017</u>, EBITA stood at €147.5 million, up 0.3%, on a reported basis, as compared to €147.1 million in the second quarter of 2016.

<u>On a constant basis</u>, adjusted EBITA decreased by 1.0% to €149.9 million and adjusted EBITA margin stood at 4.5% of sales, stable year-on-year.

Other income and expenses

<u>In the first half of 2017</u>, other income and expenses represented a net expense of €49.9 million, consisting mainly of:

- €13.9 million restructuring costs including €2.2 million due to changes in corporate senior management positions. Other restructuring costs are mainly related to reduction in workforce and were incurred in Asia Pacific for €4.7 million, North America for €1.8 million and Europe for €4.9 million;

- €11.3 million associated with the disposal of Lenn International Pte. Lt, an Oil & Gas cable distributor in South East Asia;

- €9.1 million associated with the wind-up of the Oil & Gas business in Thailand due to market decline;

- €12.8 million Finland goodwill impairment due to lower than expected prospects.

<u>In the first half of 2016</u>, other income and expenses represented a net expense of €32.0 million, consisting mainly of:

- €23.0 million restructuring costs mainly relating to changes in corporate senior management positions (€7.5 million), branch network optimization in North America and support services reorganization in the United-Kingdom and China;
- €3.2 million associated with losses on disposal of operations in Slovakia, Poland and Baltics.

Net Financial expenses

Net financial expenses decreased from €76.9 million in the first half of 2016 to €63.3 million in the first half of 2017.

In the first half of 2017, net financial expenses were impacted by a €6.3 million one-off expense relating to the early repayment of the outstanding remaining 5.25% $330 million senior notes due 2020 that were refinanced through the issuance of the 2.625% €300 million senior notes due 2024.

In the first half of 2016, a €10 million one-off expense was recognized as part of the early repayment of the 5.125% €650 million senior notes due 2020 that were refinanced through the issuance of the 3.50% €650 million senior notes due 2023.

Restated from these effects in both periods, net financial expenses were down 14.6% mainly driven by a 50 basis-point decrease in the effective interest rate on gross debt (from 3.7% in the first half of 2016 to 3.2% in the first half of 2017) mainly as a result of the refinancing transactions.

Tax expense

In the first half of 2017 income expenses was €72.7 million as compared €47.0 million in the first half of 2016. The increase in income tax expenses in the first half 2017 as compared to the first half 2016 is primarily due to the rise in the taxable income which includes non-tax deductible Finland goodwill impairment and disposal losses of Lenn International Ltd in Singapore and the Oil & Gas business in Thailand.

As a result, effective tax rate increased from 32.9% in the first half of 2016 to 43.0 % in the first half of 2017.

Net income from continuing operations

As a result of the above items, net income stood at €96.4 million in the first half of 2017 slightly improving from €95.8 million in first half of 2016.

1.2.2 | Europe (54% of Group sales)

REPORTED	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**1,799.1**	**1,846.4**	**(2.6)%**	**3,627.0**	**3,641.5**	**(0.4)%**
Gross profit	480.1	487.7	(1.6)%	987.7	975.9	1.2%
Distribution and administrative expenses	(379.2)	(388.5)	2.4%	(774.5)	(780.5)	0.8%
EBITA	**100.9**	**99.3**	**1.7%**	**213.2**	**195.3**	**9.1%**
as a % of sales	*5.6%*	*5.4%*		*5.9%*	*5.4%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**1,799.1**	**1,811.4**	**(0.7)%**	**3,627.0**	**3,555.0**	**2.0%**
Same-day basis			*3.6%*			*2.4%*
Gross profit	483.0	480.7	0.5%	982.2	962.6	2.0%
as a % of sales	*26.8%*	*26.5%*		*27.1%*	*27.1%*	
Distribution and administrative expenses	(379.3)	(381.4)	0.6%	(774.2)	(763.2)	(1.5)%
as a % of sales	*(21.1)%*	*(21.1)%*		*(21.3)%*	*(21.5)%*	
EBITA	**103.7**	**99.3**	**4.4%**	**208.0**	**199.4**	**4.3%**
as a % of sales	***5.8%***	***5.5%***		***5.7%***	***5.6%***	

Sales

In the first half of 2017, sales in Europe amounted to €3,627.0 million, a 0.4% decrease on a reported basis, as compared to €3,641.5 million in first half of 2016.

Exchange rate variations accounted for a decrease of €45.6 million, mainly due to the depreciation of the British Pound against the Euro.

The negative net effect from acquisition and divestments amounted to €40.8 million, related to Poland, Slovakia and Baltics, sold in the first half of 2016.

On a constant and same-day basis, sales increased by 2.4% as compared to the first half of 2016. Excluding the positive impact of 1.5 percentage point due to the higher copper-based cable prices compared to the first half of 2016, sales were up 0.9%.

In the second quarter of 2017, sales stood at €1,799.1 million, a down 2.6% on a reported basis, as compared to €1,846.4 million in the second quarter of 2016.

On a constant and same-day basis, sales increased by 3.6%. Excluding the positive impact of 1.5 percentage point due to the higher copper-based cable prices compared to the second quarter of 2016, sales were up 2.1%.

In **France**, sales amounted to €1,323.3 million in the first half of 2017, an increase of 2.6% as compared to the first half of 2016 on a constant and same-day basis, reflecting favorable residential and commercial end-markets.
In the second quarter of 2017, sales amounted to €655.3 million, an increase of 4.7% as compared to the second quarter of 2016 on a constant and same-day basis.

In **The United Kingdom**, sales amounted to €439.9 million in the first half of 2017, a decrease of 2.1% from the first half of 2016 on a constant and same-day basis.

In the second quarter of 2017, sales amounted to €207.7 million, a decrease of 0.9% from the second quarter of 2016 on a constant and same-day basis, which nevertheless represented a sequential improvement compared to the first quarter of 2017.

In **Germany**, sales stood at €401.1 million in the first half of 2017, a 2.9% increase from the first half of 2016 on a constant and same-day basis, mainly attributable to the positive copper impact (which accounted for 2.3 percentage points).
Excluding this effect, sales were up 0.6%, reflecting continuing sales momentum driven by industrial end-market, while sales to residential were negative.

In the second quarter of 2017, sales stood at €195.8 million, a 2.4% increase from the second quarter of 2016 on a constant and same-day basis.

In **Scandinavia** sales amounted to €475.9 million in the first half of 2017, an increase of 4.7% from the first half of 2016 on a constant and same-day basis, with contrasted performances in the three countries: +13.4% in Sweden, -0.8% in Norway and -8.7% in Finland. Sweden performance was driven by a growing market and gains of market share.

In the second quarter of 2017, sales amounted to €240.7 million, an increase of 4.3% from the second quarter of 2016 on a constant and same-day basis, with Sweden at +12.9%, Norway at -2.0% and Finland at -7.4%.

In **Belgium** and in **The Netherlands**, sales amounted respectively to €192.7 million and €128.4 million in the first half of 2017, an increase from the first half of 2016 of respectively 10.0% and 11.9% on a constant and same-day basis. This increase was mainly due to higher volume on cable sales and on building installation products in Belgium. In the Netherlands, growth was mainly driven by photovoltaic sales.
In the second quarter of 2017, sales amounted respectively to €95.6 million and €65.8 million. Sales in Belgium increased by 9.3% on a constant and same-day basis. Sales in The Netherlands were up 15.4% on a constant and same-day basis.

In **Switzerland** and **Austria**, sales amounted respectively to €219.4 million and €164.7 million in the first half of 2017. Sales in Switzerland decreased by 3.1% from the first half of 2016, on a constant and same-day basis, still affected by a fierce competitive environment. Sales in Austria increased by 2.8% from the first half of 2016, on a constant and same-day basis.
In the second quarter of 2017, sales amounted respectively to €108.1 million and €85.1 million.. Sales in Switzerland decreased by 2.4% from the second quarter of 2016, on a constant and same-day basis. Sales in Austria grew by 5.2% from the second quarter of 2016, on a constant and same-day basis

In **Southern Europe**, sales amounted to €184.2 million in the first half of 2017, an 8.0% decrease from the first half of 2016, on a constant and same-day basis. This reflects a 13.8% decrease in Spain attributable to both domestic and export activities. Sales increase by 1.3% in Italy and decrease by 0.7% in Portugal from first half of 2016, on a constant and same-day basis.
In the second quarter of 2017, sales amounted to €94.6million, a 6.7% decrease from the second quarter of 2016, on a constant and same-day basis. This reflects a 11.7% decrease in Spain attributable to both domestic and export activities. Sales increase by 2.6% in Italy and decrease by 5.4% in Portugal from the second quarter of 2016, on a constant and same-day basis.

Gross profit

<u>In the first half of 2017</u>, Europe recorded a gross profit of €987.7 million, up 1.2%, on a reported basis, as compared to €975.9 million in the first half of 2016.

<u>On a constant basis</u>, adjusted gross profit increased by 2.0% and adjusted gross margin remained stable at 27.1% of sales, stable year-on-year thanks to the positive effect of supplier concentration strategy that offset pressure mainly due to temporary effects in France (competitive environment in the cable) and in the UK (delays in price increase).

<u>In the second quarter of 2017</u>, on a constant basis, adjusted gross profit is broadly stable, with an increase by 0.5%, and adjusted gross margin increased by 30 basis points at 26.8% of sales, as compared to the second quarter of 2016.

Distribution & administrative expenses

<u>In the first half of 2017</u>, distribution and administrative expenses amounted to €774.5 million, down 0.8%, on a reported basis, as compared to €780.5 million in the first half of 2016.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 1.5% in the first half of 2017, representing 21.3% of sales, a 10 basis-point increase as compared to 21.5% in the first half of 2016.

<u>In the second quarter of 2017</u>, on a constant basis, adjusted distribution and administrative expenses remained stable at 21.1% of sales compared to the second quarter of 2016.

EBITA

<u>In the first half of 2017</u>, as a result, on a reported basis, EBITA amounted to €213.2 million, up 9.1% as compared to €195.3 million in the first half of 2016.

<u>On a constant basis</u>, adjusted EBITA increased by 4.3% from the first half of 2016 and adjusted EBITA margin increased by 10 basis points to 5.7% of sales.

<u>In the second quarter of 2017</u>, on a constant basis, adjusted EBITA increased by 4.4% from the second quarter of 2016 and the adjusted EBITA margin increased by 30 basis points to 5.8% of sales.

1.2.3 | North America (36% of Group sales)

REPORTED	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**1,210.8**	**1,171.6**	**3.3%**	**2,401.3**	**2,236.4**	**7.4%**
Gross profit	271.1	257.1	5.4%	539.2	487.9	10.5%
Distribution and administrative expenses	(223.9)	(207.1)	(8.1)%	(456.1)	(414.7)	(10.0)%
EBITA	**47.3**	**50.0**	**(5.5)%**	**83.1**	**73.1**	**13.6%**
as a % of sales	*3.9%*	*4.3%*		*3.5%*	*3.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**1,210.8**	**1,191.5**	**1.6%**	**2,401.3**	**2,305.6**	**4.1%**
Same-day basis			*1.9%*			*1.6%*
Gross profit	270.7	264.7	2.3%	537.3	511.0	5.1%
as a % of sales	*22.4%*	*22.2%*		*22.4%*	*22.2%*	
Distribution and administrative expenses	(223.9)	(210.8)	(6.2)%	(456.1)	(428.4)	(6.5)%
as a % of sales	*(18.5)%*	*(17.7)%*		*(19.0)%*	*(18.6)%*	
EBITA	**46.8**	**53.8**	**(13.1)%**	**81.2**	**82.6**	**(1.7)%**
as a % of sales	***3.9%***	***4.5%***		***3.4%***	***3.6%***	

Sales

In the first half of 2017, sales in North America amounted to €2,401.3 million, up 7.4%, on a reported basis, as compared to €2,236.4 million in the first half of 2016.

Favorable exchange rate variations accounted for €66.0 million, due to the appreciation of US dollar against the euro.

On a constant and same-day basis, sales increased by 4.1% as compared to the first half of 2016.

In the second quarter of 2017, sales stood at €1,210.8 million, up 3.3% on a reported basis, as compared to €1,171.6 million in the second quarter of 2016.

On a constant and same-day basis, sales increased by 1.9% from the second quarter of 2016.

In **the United States**, sales stood at €1,900.1 million in the first half of 2017, a 1.6% increase from the first half of 2016 on a constant and same-day basis, mainly due to good performance on momentum on proximity business (Contractors & Installers; Platt) whereas projects business was down.

In the second quarter of 2017, sales increased by 1.0% from the second quarter of 2016, on a constant and same-day basis.

In **Canada**, sales amounted to €501.2 million in the first half of 2017, up 1.5% from the first half of 2016 on a constant and same-day basis mainly driven by wind projects and commercial end-market especially automation products.
In the second quarter of 2017, sales increased by 5.3% from the second quarter of 2016, on a constant and same-day basis.

Gross profit

<u>**In the first half of 2017**</u>, in North America, gross profit amounted to €539.2 million, up 10.5%, on a reported basis, as compared to €487.9 million in the first half of 2016.

<u>On a constant basis</u>, adjusted gross profit increased by 5.1% and adjusted gross margin is 20 basis points higher at 22.4% of sales compared to the first half of 2016.

<u>**In the second quarter of 2017**</u>, on a constant basis, adjusted gross profit increased by 2.3% and adjusted gross margin is 15 basis points higher at 22.4% as compared to the second quarter of 2016.

Distribution & administrative expenses

<u>**In the first half of 2017**</u>, distribution and administrative expenses amounted to €456.1 million, up 10.0%, on a reported basis, as compared to €414.7 million in the first half of 2016.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 6.5% and representing 19.0% of sales in the first half of 2017, a 40 basis-point increase as compared to 18.6% in the first half of 2016, reflecting investments in future growth (branch/counter openings and commercial).

<u>**In the second quarter of 2017**</u>, on a constant basis, adjusted distribution and administrative expenses increased by 6.2%, representing 18.5% of sales as compared to 17.7% in the second quarter of 2017.

EBITA

<u>**In the first half of 2017**</u>, as a result, EBITA amounted to €83.1 million, up 13.6%, on a reported basis, as compared to €73.1 million in the first half of 2016.

<u>On a constant basis</u>, adjusted EBITA decreased by 1.7% from the first half of 2016.

<u>**In the second quarter of 2017**</u>, on a constant basis, adjusted EBITA decreased by 13.1% and the adjusted EBITA margin decreased by 65 basis points to 3.9% of sales.

1.2.4 | Asia-Pacific (10% of Group sales)

REPORTED	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**332.9**	**331.9**	**0.3%**	**637.5**	**632.6**	**0.8%**
Gross profit	57.8	61.5	(6.0)%	114.4	115.8	(1.2)%
Distribution and administrative expenses	(54.8)	(56.7)	3.3%	(112.9)	(108.3)	(4.2)%
EBITA	**3.0**	**4.8**	**(37.6)%**	**1.5**	**7.5**	**(80.0)%**
as a % of sales	*0.9%*	*1.4%*		*0.2%*	*1.2%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**332.9**	**336.2**	**(1.0)%**	**637.5**	**650.2**	**(2.0)%**
Same-day basis			*1.4%*			*(1.6)%*
Gross profit	57.8	62.8	(8.0)%	114.4	120.4	(5.0)%
as a % of sales	*17.4%*	*18.7%*		*17.9%*	*18.5%*	
Distribution and administrative expenses	(54.8)	(57.5)	4.8%	(112.9)	(112.3)	(0.5)%
as a % of sales	*(16.5)%*	*(17.1)%*		*(17.7)%*	*(17.3)%*	
EBITA	**3.0**	**5.3**	**(42.9)%**	**1.5**	**8.1**	**(81.4)%**
as a % of sales	***0.9%***	***1.6%***		***0.2%***	***1.2%***	

Sales

In the first half of 2017, sales in Asia-Pacific amounted to €637.5 million, up 0.8%, on a reported basis, as compared to €632.6 million in the first half of 2016.

Favorable exchange rate variation accounted for €19.0 million, primarily due to the appreciation of the Australian Dollar against the Euro.

On a constant and same-day basis, sales declined by 1.6% as compared to the first half of 2016. The decrease in sales is driven by a weak Oil & Gas business in South East Asia (-32.7%), partly offset by a good momentum in China.

In the second quarter of 2017, sales stood at €332.9 million, a 1.0% drop on a reported basis, as compared to €331.9 million in the second quarter of 2016.

On a constant and same-day basis, sales increased by 1.4% from the second quarter of 2016, mainly driven by China (+16.9%).

In **Australia**, sales amounted to €261.9 million in the first half of 2017, a 1.5% increase from the first half of 2016, on a constant and same-day basis, reflecting strong sales to the residential end-market, partly offset by lower project sales.
In the second quarter of 2017, sales increased by 2.1% from the second quarter of 2016, on a constant and same-day basis.

In **China**, sales amounted to €230.8 million in the first half of 2017, a 9.6% increase compared to the first half of 2016, on a constant and same-day basis, mainly driven by automation products to industry.
In the second quarter of 2017, sales increased by 16.9% from the second quarter of 2016, on a constant and same-day basis.

Gross profit

<u>In the first half of 2017</u>, in Asia-Pacific, gross profit amounted to €114.4 million, down 1.2%, on a reported basis, as compared to €115.8 million in the first half of 2016.

<u>On a constant basis</u>, adjusted gross profit decreased by 5.0% and adjusted gross margin was 17.9% of sales, a 60 basis-point decrease as compared to the first half of 2016, mainly impacted by Asian countries, as well as banner mix from China.

<u>In the second quarter of 2017</u>, on a constant basis, adjusted gross profit decreased by 8.0% and adjusted gross margin was 17.4% of sales, a decrease of 130 basis points from the second quarter of 2016.

Distribution & administrative expenses

<u>In the first half of 2017</u>, on a reported basis, distribution and administrative expenses amounted to €112.9 million, up 4.2% as compared to €108.3 million in the first half of 2016.

<u>On a constant basis</u>, adjusted distribution and administrative expenses increased by 0.5% from the first half of 2016, representing 17.7% of sales in the first half of 2017, a 40 basis-point deterioration as compared to the first half of 2016.

<u>In the second quarter of 2017,</u> on a constant basis, adjusted distribution and administrative expenses decreased by 4.8%, representing 16.5% of sales in the second quarter of 2017, an improvement of 65 basis points compared to the second quarter of 2016.

EBITA

<u>In the first half of 2017</u>, as a result, EBITA amounted to €1.5 million, down 80.0%, on a reported basis, as compared to €7.5 million in the first half of 2016.

<u>On a constant basis</u>, adjusted EBITA decreased by 81.4% from the first half of 2016 and adjusted EBITA margin decreased by 100 basis points to 0.2% of sales.

<u>In the second quarter of 2017</u>, on a constant basis, adjusted EBITA decreased by 42.9% while the adjusted EBITA margin decreased by 65 basis points to 0.9% of sales.

1.2.5 | Other operations

REPORTED	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	-	-	**n.a.**	**-**	**-**	**n.a.**
Gross profit	-	-	**n.a.**	-	-	n.a.
Distribution and administrative expenses	(3,6)	(7,0)	48,0%	(5,7)	(15,1)	62,0%
EBITA	**(3,6)**	**(7,0)**	**48,0%**	**(5,8)**	**(15,1)**	**61,8%**
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended June 30,			Semester ended June 30,		
(in millions of euros)	2017	2016	Change in %	2017	2016	Change in %
Sales	**-**	**-**	**n.a.**	**-**	**-**	**n.a**
Gross profit	-	-	n.a.	-	-	n.a
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
Distribution and administrative expenses	(3,6)	(7,0)	48,0%	(5,7)	(15,1)	62,0%
as a % of sales	*n.a.*	*n.a.*		*n.a.*	*n.a.*	
EBITA	**(3,6)**	**(7,0)**	**48,0%**	(5,8)	(15,1)	61,8%
as a % of sales	***n.a.***	***n.a.***		***n.a.***	***n.a.***	

This segment mostly includes unallocated corporate overhead expenses. These expenses decreased by €9.3 million as compared to the first half of 2016, mainly due to lower salaries and benefits as a result of reduction of headcount and lower variable bonuses and non-recurring items on long term incentive expense.

1.3 | Outlook

Rexel's first-half performance and expectations of further sales growth acceleration for the remainder of the year allow the Group to confirm its financial targets for the full year, as announced on February 13:

- Rexel targets resuming organic growth, with sales up in the low single digits (on a constant and same-day basis) after two years of decline;
- In addition, Rexel targets a mid to high single-digit increase in adjusted EBITA;
- Lastly, Rexel targets an indebtedness ratio (net-debt-to-EBITDA, as calculated under the Senior Credit Agreement terms) of below 3 times at December 31, 2017.

1.4 | Risk factors and uncertainties

Group activities are facing certain macroeconomic, business, operational, market and legal risk factors. The main risk factors to which the Group is exposed are described in the section "Risk factors" of the 2016 Registration Document filed with the *Autorité des Marchés Financiers* on March 31, 2017 under the number D.17-0272. There has not been any significant change in these risk factors in the first half of 2017.

2. | LIQUIDITY AND CAPITAL RESOURCES

2.1 | Cash flow

(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2017	2016	*Change*	2017	2016	*Change*
Operating cash flow	149.1	151.3	*(2.2)*	296.8	274.4	*22.3*
Interest	(26.0)	(31.9)	*5.9*	(51.8)	(63.5)	*11.7*
Taxes	(39.3)	(14.0)	*(25.2)*	(63.5)	(34.3)	*(29.1)*
Change in working capital requirements	8.5	62.7	*(54.2)*	(320.3)	(224.4)	*(95.8)*
Net cash flow from operating activities	**92.3**	**168.0**	***(75.8)***	**(138.8)**	**(47.9)**	***(91.0)***
Net cash flow from investing activities	**(21.4)**	**(25.9)**	***4.6***	**(48.8)**	**(146.3)**	***97.5***
o.w. Operating capital expenditures (1)	*(27.4)*	*(25.9)*	*(1.5)*	*(53.0)*	*(56.9)*	*3.9*
Net cash flow from financing activities	**(304.0)**	**(52.4)**	***(251.6)***	**11.4**	**(63.2)**	***74.7***
Net cash flow	**(233.1)**	**89.7**	**(322.8)**	**(176.1)**	**(257.3)**	**81.2**

WCR as a % of sales (2) at:	**June 30, 2017**	**June 30, 2016**
Reported basis	11.7%	10.8%
Constant basis	11.7%	10.8%

(1) Net of disposals

(2) Working capital requirements, end of period, divided by last 12-month sales.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €138.8 million in the first half of 2017 compared to €47.9 million in the first half of 2016.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements improved from €274.5 million in the first half of 2016 to €296.8 million in the first half of 2017. This increase was mainly due to the non-recurring effect related to the change in copper-based cable prices which contributed positively to operating cash flow for €7.1 million in the first half of 2017 and negatively for €11.6 million in the first half of 2016.

Interest and taxes

Net interest paid decreased from €63.5 million in the first half of 2016 to €51.8 million in the first half of 2017. This decrease mainly results from the refinancing of the senior notes at lower interest rate that occurred both in the first half of 2016 and 2017.

Income tax paid increased from €34.3 million in the first half of 2016 to €63.5 million in the first half of 2017. This rise mainly reflects a base effect in the first half of 2016 as income tax paid was favorably impacted by refunds of excess income tax installments paid in prior periods in France and in the US.

Change in working capital requirements

Change in working capital requirements accounted for an outflow of €320.3 million in the first half of 2017 as compared to €224.4 million in the first half of 2016. Trade receivables and inventories contributed for €175.5 million and €56.8 million respectively in the first half of 2017 (€165.3 million and -€15.5 million in the first half of 2016 respectively).
As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 11.7% of sales as of June 30, 2017 as compared to 10.8% as of June 30, 2016, a 90 basis-point increase. This increase was primarily associated with inventories and sales outstanding as a percentage of total sales which raised to 12.1% and 17.5% respectively as of June 30, 2017 from 11.4% and 17.1% respectively as of June 30, 2016. Inventories level rose as a result of the enlargement of the available product range in stock while trade receivables increased due to accelerating sales in June 2017.

2.1.2 | Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €48.8 million outflow in the first half of 2017, as compared to an outflow of 146.3 million in the first half of 2016.

	Quarter ended June 30,		Semester ended June 30,	
(in millions of euros)	2017	2016	0	2016
Acquisitions of operating fixed assets	*(28.6)*	*(28.2)*	*(54.4)*	*(62.8)*
Proceed from disposal of operating fixed assets	*1.1*	*2.3*	*1.4*	*5.9*
Net cash flow from operating investing activities	**(27.4)**	**(25.9)**	**(53.0)**	**(56.9)**
Acquisition of subsidiaries, net of cash acquired	-	*(2.5)*	-	*(91.5)*
Proceeds from disposal of subsidiaries, net of cash disposed of	*3.5*	*1.7*	*3.5*	*1.7*
Net cash flow from financial investing activities	**3.5**	**(0.9)**	**3.5**	**(89.9)**
Net change in long-term investments	**2.5**	**0.8**	**0.7**	**0.5**
Net cash flow from investing activities	**(21.4)**	**(25.9)**	**(48.8)**	**(146.3)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €53.0 million in the first half of 2017, as compared to €56.9 million in the first half of 2016.

In the first half of 2017, gross capital expenditures stood at €51.4 million (€53.4 million in the first half of 2016), i.e. 0.8% of sales for the period. Disposals of fixed assets were €1.4 million (€5.9 million in the first half of 2016). Net changes in the related payables and receivables amounted to €3.0 million, accounting for an increase in net capital expenditures for the period (€9.3 million in the first half of 2016).

Financial investments

Financial investments were nil in the first half of 2017 whereas they represented a net outflow of €91.5 million in the first half of 2016, consisting mainly in acquisition of subsidiaries.

In the first half of 2016, they were mainly comprised of the acquisition price of Sofinther and Cordia in France and Brohl & Appel in the United States, as well as earn-out payments and price adjustments related to prior years' acquisitions.

2.1.3 | Cash flow from financing activities

In the first half of 2017, cash flow from financing activities represented a net cash inflow of €11.4 million, resulting mainly from the:

- Redemption of the remaining outstanding 5.25% US$330 million senior notes due 2020 for €302.3 million including a redemption premium of €6.3 million;
- Decrease of €59.5 million in assigned receivables associated with securitization programs;

partially compensated by the:

- €300 million issuance of senior notes due 2024 with coupons of 2.625% for an amount net of transaction costs of €295.8 million;
- €80.0 million increase in credit facilities and commercial papers.

In the first half of 2016, cash flow from financing activities reflected a net cash outflow of €63.2 million, resulting mainly from the:

- Redemption of the 5.125% €650 million senior notes due 2020 on June, 16 2016 for €675.0 million including a redemption premium of €25.0 million;
- Decrease of €52.5 million in assigned receivables associated with securitization programs;

partially compensated by the:

- €650 million issuance of senior notes due 2023 with coupons of 3.50% for an amount net of transaction costs of €643.4 million.

2.2 | Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At June 30, 2017, Rexel's consolidated net debt amounted to €2,306.6 million, consisting of the following items:

(in millions of euros)	**Period ended June 30, 2017**			**Period ended December 31,**		
	Current	**Non current**	**Total**	**Current**	**Non current**	**Total**
Senior notes	-	1.457.3	1.457.3	-	1.480.9	1.480.9
Securitization	325.6	670.8	996.3	367.9	718.2	1.086.0
Bank loans	21.7	2.5	24.2	18.6	3.2	21.8
Commercial paper	190.7	-	190.7	131.7	-	131.7
Bank overdrafts and other credit facilities	116.4	-	116.4	84.5	-	84.5
Finance lease obligations	6.1	15.1	21.1	6.8	16.9	23.7
Accrued interests	5.0	-	5.0	6.3	-	6.3
Less transaction costs	(5.8)	(23.5)	(29.3)	(5.9)	(24.1)	(30.0)
Total financial debt and accrued interests	**659.6**	**2.122.2**	**2.781.8**	**610.0**	**2.195.1**	**2.805.1**
Cash and cash equivalent			(459.0)			(619.3)
Accrued interest receivable			(0.7)			(0.9)
Debt hedge derivatives			(15.4)			(12.3)
Net financial debt			2.306.7			2.172.6

[(1)] of which accrued interest on Senior Notes for €2.1 million as of June 30, 2017 (€2.5 million as of December 31, 2016)

At June 30, 2017, the Group's liquidity amounted to €1,214.0 million (€1,467.9 million at December 31, 2016).

(in millions of euros)	June 30, 2017	December 31, 2016
Cash and cash equivalents	459.0	619.3
Bank overdrafts	(116.4)	(84.5)
Commercial paper	(190.7)	(131.7)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	80.1	82.9
Liquidity	**1,214.0**	**1,467.9**

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at June 30 and December 31 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 3.33x as of June 30, 2017 (as compared to 3.04x as of December 31, 2016 and 3.25x as of June 30, 2016).

II. Condensed consolidated Interim financial statements as of June 30, 2017 (unaudited[1])

1. The condensed consolidated interim financial statements as of June 30, 2017 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on the 2017 half year information is presented after the condensed consolidated interim financial statements.

TABLE OF CONTENTS

Consolidated Income Statement (*unaudited*)

(in millions of euros)	*Note*	For the quarter ended June 30,		For the period ended June 30,	
		2017	**2016**	**2017**	**2016**
Sales	*4*	3,342.8	3,349.9	6,665.9	6,510.5
Cost of goods sold		(2,533.7)	(2,543.5)	(5,024.6)	(4,930.9)
Gross profit		**809.0**	**806.4**	**1,641.3**	**1,579.6**
Distribution and administrative expenses	*5*	(666.3)	(664.6)	(1,359.0)	(1,327.9)
Operating income before other income and expenses		**142.7**	**141.8**	**282.3**	**251.7**
Other income	*6*	3.7	0.6	4.0	1.5
Other expenses	*6*	(43.9)	(15.6)	(53.9)	(33.5)
Operating income		**102.6**	**126.7**	**232.4**	**219.7**
Financial income		0.3	0.4	0.8	1.1
Interest expense on borrowings		(23.8)	(28.3)	(46.6)	(56.4)
Non-recurring redemption costs		0.4	(10.0)	(6.3)	(10.0)
Other financial expenses		(6.4)	(5.8)	(11.1)	(11.6)
Net financial expenses	*8*	***(29.6)***	***(43.7)***	***(63.3)***	***(76.9)***
Net income before income tax		**73.1**	**83.0**	**169.2**	**142.8**
Income tax	*9*	(39.4)	(26.1)	(72.7)	(47.0)
Net income		**33.7**	**57.0**	**96.4**	**95.8**
Portion attributable:					
to the equity holders of the parent		*35.0*	*57.1*	*98.1*	*96.0*
to non-controlling interests		*(1.3)*	*(0.1)*	*(1.6)*	*(0.2)*
Earnings per share:					
Basic earnings per share (in euros)	*11*	*0.12*	*0.19*	*0.32*	*0.32*
Fully diluted earnings per share (in euros)	*11*	*0.12*	*0.19*	*0.32*	*0.32*

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

Consolidated Statement of Comprehensive Income (*unaudited*)

(in millions of euros)	***Note***	**For the quarter ended June 30, 2017**	**For the quarter ended June 30, 2016**	**For the period ended June 30, 2017**	**For the period ended June 30, 2016**
Net income		**33.7**	**57.0**	**96.4**	**95.8**
Items to be reclassified to profit and loss in subsequent periods					
Net gain / (loss) on net investment hedges		18.0	(50.0)	20.0	10.8
Income tax		(6.2)	17.2	(6.9)	(3.7)
Sub-total		**11.8**	**(32.8)**	**13.1**	**7.1**
Foreign currency translation adjustment		(136.2)	76.2	(153.4)	(37.4)
Income tax		17.6	(20.7)	21.1	3.3
Sub-total		**(118.6)**	**55.5**	**(132.3)**	**(34.1)**
Net gain / (loss) on cash flow hedges		0.4	(0.7)	0.9	(3.1)
Income tax		(0.1)	0.2	(0.3)	1.1
Sub-total		**0.2**	**(0.4)**	**0.6**	**(2.0)**
Items not to be reclassified to profit and loss in subsequent periods					
Remeasurements of net defined benefit liability	***13***	5.7	(36.1)	(16.3)	(53.4)
Income tax		(1.1)	4.8	0.1	9.7
Sub-total		**4.6**	**(31.2)**	**(16.2)**	**(43.8)**
Other comprehensive income / (loss) for the period, net of tax		**(102.0)**	**(9.0)**	**(134.9)**	**(72.8)**
Total comprehensive income / (loss) for the period, net of tax		**(68.3)**	**48.0**	**(38.4)**	**23.0**
Portion attributable:					
to the equity holders of the parent		*(66.4)*	*48.0*	*(36.3)*	*23.6*
to non-controlling interests		*(1.9)*	*0.0*	*(2.1)*	*(0.6)*

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 June 30, 2017	As of December 31, 2016
Assets			
Goodwill		4,141.8	4,300.2
Intangible assets		1,075.9	1,109.5
Property, plant and equipment		273.4	282.4
Long-term investments		35.0	41.8
Deferred tax assets		100.8	128.4
Total non-current assets		**5,626.8**	**5,862.3**
Inventories		1,573.6	1,579.3
Trade accounts receivable		2,292.0	2,187.3
Current tax assets		21.4	23.5
Other accounts receivable		490.0	489.6
Assets held for sale		-	0.3
Cash and cash equivalents	*14.1*	459.0	619.3
Total current assets		**4,836.1**	**4,899.3**
Total assets		**10,462.9**	**10,761.6**
Equity			
Share capital		1,516.1	1,514.5
Share premium		1,568.3	1,561.2
Reserves and retained earnings		1,135.7	1,302.4
Total equity attributable to equity holders of the parent		**4,220.1**	**4,378.1**
Non-controlling interests		3.0	5.2
Total equity		**4,223.1**	**4,383.3**
Liabilities			
Interest bearing debt (non-current part)	*14.1*	2,122.2	2,195.1
Net employee defined benefit liabilities		339.4	338.5
Deferred tax liabilities		208.2	240.0
Provision and other non-current liabilities		59.6	84.8
Total non-current liabilities		**2,729.4**	**2,858.3**
Interest bearing debt (current part)	*14.1*	654.6	603.6
Accrued interest	*14.1*	5.0	6.3
Trade accounts payable		2,058.9	2,179.0
Dividends payable		120.8	-
Income tax payable		26.9	37.5
Other current liabilities		644.0	693.5
Total current liabilities		**3,510.3**	**3,519.9**
Total liabilities		**6,239.7**	**6,378.3**
Total equity and liabilities		**10,462.9**	**10,761.6**

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 quarter ended June 30, 2017	For the quarter ended June 30, 2016	For the period ended June 30, 2017	For the period ended June 30, 2016
Cash flows from operating activities					
Operating income		102.6	126.7	232.4	219.7
Depreciation, amortization and impairment of assets and assets write off	*5 - 6*	54.0	29.3	83.8	56.6
Employee benefits		(6.3)	(9.1)	(11.2)	(13.0)
Change in other provisions		(8.3)	(1.9)	(15.0)	2.3
Other non-cash operating items		7.0	6.3	6.7	8.7
Interest paid		(26.0)	(31.9)	(51.8)	(63.5)
Income tax paid		(39.3)	(14.0)	(63.5)	(34.3)
Operating cash flows before change in working capital requirements		***83.8***	***105.4***	***181.4***	***176.6***
Change in inventories		11.8	11.4	(56.8)	15.5
Change in trade receivables		(76.2)	(96.8)	(175.5)	(165.3)
Change in trade payables		74.2	189.7	(66.5)	(33.8)
Change in other working capital items		(1.4)	(41.6)	(21.6)	(40.8)
Change in working capital requirements		***8.5***	***62.7***	***(320.3)***	***(224.4)***
Net cash from operating activities		**92.3**	**168.0**	**(138.8)**	**(47.9)**
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(28.6)	(28.2)	(54.4)	(62.8)
Proceeds from disposal of tangible and intangible assets		1.1	2.3	1.4	5.9
Acquisitions of subsidiaries, net of cash acquired		-	(2.5)	-	(91.5)
Proceeds from disposal of subsidiaries, net of cash disposed of	*6*	3.5	1.7	3.5	1.7
Change in long-term investments		2.5	0.8	0.7	0.5
Net cash from investing activities		**(21.4)**	**(25.9)**	**(48.8)**	**(146.3)**
Cash flows from financing activities					
Insuance of capital		-	-	0.5	-
Disposal / (Purchase) of treasury shares		(2.7)	(1.3)	(1.1)	(0.3)
Issuance of senior notes net of transaction costs	*14.2*	-	643.4	295.8	643.4
Repayment of senior notes	*14.2*	(302.3)	(675.0)	(302.3)	(675.0)
Settlement of interest rate swaps qualified as fair value hedge		-	2.8	0.5	5.8
Net change in credit facilities, commercial papers, other financial borrowings	*14.2*	(36.9)	(102.6)	80.0	16.4
Net change in securitization	*14.2*	38.7	81.6	(59.5)	(52.5)
Net change in finance lease liabilities	*14.2*	(0.8)	(1.3)	(2.4)	(1.0)
Net cash from financing activities		**(304.0)**	**(52.4)**	**11.4**	**(63.2)**
Net (decrease) / increase in cash and cash equivalents		**(233.1)**	**89.7**	**(176.1)**	**(257.3)**
Cash and cash equivalents at the beginning of the period		676.1	443.9	619.3	804.8
Effect of exchange rate changes on cash and cash equivalents		16.0	(2.2)	15.9	(15.2)
Cash and cash equivalent reclassified to assets held for sale		-	3.6	-	2.9
Cash and cash equivalents at the end of the period		**459.0**	**535.1**	**459.0**	**535.1**

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)	*Note*	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 June 30, 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		-	-	96.0	-	-	-	**96.0**	(0.2)	95.8
Other comprehensive income		-	-	-	(26.6)	(2.0)	(43.8)	**(72.4)**	(0.4)	(72.8)
Total comprehensive income for the period		**-**	**-**	**96.0**	**(26.6)**	**(2.0)**	**(43.8)**	**23.6**	**(0.6)**	**23.0**
Cash dividends	*10*	-	(120.3)	-	-	-	-	**(120.3)**	-	(120.3)
Share capital increase		1.7	6.9	(8.7)	-	-	-	**(0.0)**	-	(0.0)
Share-based payments		-	-	3.1	-	-	-	**3.1**	-	3.1
Disposal / (Purchase) of treasury shares		-	-	(0.3)	-	-	-	**(0.3)**	-	(0.3)
As of June 30, 2016		**1,511.1**	**1,567.1**	**1,244.5**	**134.0**	**(3.9)**	**(202.9)**	**4,250.0**	**8.4**	**4,258.4**
For the period ended June 30, 2017										
As of January 1, 2017		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**
Net income		-	-	98.1	-	-	-	**98.1**	(1.6)	96.4
Other comprehensive income		-	-	-	(118.7)	0.6	(16.2)	**(134.4)**	(0.5)	(134.9)
Total comprehensive income for the period		**-**	**-**	**98.1**	**(118.7)**	**0.6**	**(16.2)**	**(36.3)**	**(2.1)**	**(38.4)**
Cash dividends	*10*	-	-	(120.8)	-	-	-	**(120.8)**	-	(120.8)
Share capital increase		1.6	7.1	(8.1)	-	-	-	**0.6**	-	0.6
Share-based payments		-	-	(0.4)	-	-	-	**(0.4)**	-	(0.4)
Disposal / (Purchase) of treasury shares		-	-	(1.1)	-	-	-	**(1.1)**	-	(1.1)
As of June 30, 2017		**1,516.1**	**1,568.3**	**1,270.8**	**66.8**	**(0.1)**	**(201.8)**	**4,220.1**	**3.0**	**4,223.1**

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 June 30, 2017 and were authorized for issue by the Board of Directors on July 28, 2017.

2. | SIGNIFICANT EVENTS OF THE PERIOD ENDED JUNE 30, 2017

In February 2017, Rexel issued a 2.625% €300 million senior notes due 2024 (see note 14.1.1). Proceeds were used to repay in June 2017 the remaining outstanding 5.25% US$500 million senior notes due 2020 for US$330 million in principal amount.

3. | SIGNIFICANT ACCOUNTING POLICIES

3.1 | Statement of compliance

The condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ending June 30, 2017 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 June 30, 2017. 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 consolidated financial statements prepared for the financial year closed on December 31, 2016 and included in the Registration Document filed with the *Autorité des Marchés Financiers* on March 31, 2017 under the number D. 17-0272.

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).

3.2 | Basis of preparation

The condensed financial statements as of June 30, 2017 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 effect.

The accounting principles and adopted methods are identical to those used as of December 31, 2016 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2016, with the exception of the new standards and interpretations disclosed in note 3.2.1.

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.

3.2.1 | Changes in accounting policies - amended standards

Effective as of January 1, 2017, 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:

- 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.
- Amendments to IAS 12 "Income Taxes" issued on January 19, 2016: the amendments, "Recognition of Deferred Tax Assets for Unrealized Losses", clarify how to account for deferred tax assets related to debt instruments measured at fair value and the requirements on recognition of deferred tax assets for unrealized losses.

3.2.2 | New and amended accounting standards and interpretations endorsed by the European Union with effect in future periods

The following standards issued by IASB have been endorsed by the European Union in 2016 but are not yet effective:

- IFRS 9 "Financial Instruments" that supersedes IAS 39 "Financial Instruments": Recognition and Measurement, addresses both classification and measurement, impairment and hedge accounting. This new standard is effective as of January 1, 2018 with early application permitted. Except for hedge accounting, retrospective application is required. For hedge accounting, the requirements are generally applied prospectively. The Group plans to adopt the new standard on the required effective date.

  The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

  With regards to hedge accounting, the Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

  With regards to the new impairment model of trade receivables induced by IFRS 9, the Group expects to apply the simplified approach and record expected loss on all trade receivables resulting in a higher loss allowance and a negative impact on equity. Currently, the Group does not provide for non-due and less than 30 days past-due trade receivables. The Group is currently performing a detailed assessment to determine the magnitude of such impairment model but expects no significant impact on its financial situation and operating performance.
- IFRS 15 "Revenue from Contracts with Customers". Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. The new standard will come into effect as of January 1, 2018 with early application permitted. The Group has decided not to early adopt IFRS 15. The Group is involved in the distribution of electrical products to professional customers and currently recognizes sales when the significant risks and rewards attached to the goods are passed on to the customers which usually occurs with the delivery or shipment of the product. As sales of electrical equipment are generally expected to be the only performance obligation identified under IFRS 15, revenue will be recognized at a point in time when control of the goods is transferred to the customer, generally on delivery or shipment of the products. The Group is currently assessing the potential impacts resulting from the adoption of IFRS 15 but expects no significant impact in revenue recognition.

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

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

- 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. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). These remeasurements will be generally recognized as an adjustment to the right-of-use asset against the lease liability. IFRS 16 applies to reporting period beginning on or after January 1, 2019. Entities can choose to apply the new standard using either a full retrospective or a modified retrospective approach. IFRS 16 should impact on Rexel’s financial situation and performance as the Group entered into lease arrangements for most of its premises including branch network, logistic centers and administrative buildings. The Group has initiated the identification of lease agreements and measurement of lease liabilities on a limited scope of entities and is rolling-out the assessment phase of the impacts on the consolidated financial statements on all Group entities. The Group does not currently plan to early adopt IFRS 16.
- On June 20, 2016, the IASB issued amendments to IFRS 2 “Share-based Payment” which clarify how to account for certain types of share-based payment transactions. The amendment provides requirements on the accounting for:
  - the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
  - share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

  These amendments are applicable for annual periods beginning on or after January 1, 2018 with early application permitted.
- On December 8, 2016, the IFRS Interpretation Committee issued interpretation IFRIC 22 “Foreign Currency Transaction and Advance Consideration”. This interpretation addresses how to determine the exchange rate for the recognition of the related asset, revenue or expense when an entity has received or paid advance consideration in a foreign currency. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018.
- On 7 June 2017, the IFRS Interpretation Committee issued IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”. This interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:
  - whether an entity considers uncertain tax treatments separately;
  - the assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - how an entity considers changes in facts and circumstances.

  IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019, with early application permitted.

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 areas.

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

Information by geographic segment for the period ended June 30, 2017 and 2016

2017 *(in millions of euros)*		Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the quarter ended June 30,							
Sales to external customers........................		1,799.1	1,210.8	332.9	**3,342.8**	-	**3,342.8**
EBITA..	(1)	100.9	47.3	3.0	**151.2**	(3.6)	**147.5**
Goodwill impairment.................................		(12.8)	-	-	**(12.8)**	-	**(12.8)**

2016 *(in millions of euros)*		Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the quarter ended June 30,							
Sales to external customers.....................		1,846.4	1,171.6	331.9	**3,349.9**	-	**3,349.9**
EBITA..	(1)	99.3	50.0	4.8	**154.1**	(7.0)	**147.1**

2017 *(in millions of euros)*		Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended June 30,							
Sales to external customers		3,627.0	2,401.3	637.5	**6,665.9**	-	**6,665.9**
EBITA	(1)	213.2	83.1	1.5	**297.8**	(5.8)	**292.0**
Goodwill impairment.................................		(12.8)	-	-	**(12.8)**	-	**(12.8)**
As of June 30,							
Working capital.....................................		793.5	682.7	184.0	**1,660.2**	(135.0)	**1,525.3**
Goodwill		2,513.6	1,435.4	192.8	**4,141.8**	-	**4,141.8**

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 June 30,							
Sales to external customers		3,641.5	2,236.4	632.6	**6,510.5**	-	**6,510.5**
EBITA	(1)	195.3	73.1	7.5	**275.9**	(15.1)	**260.9**
As of December 31,							
Working capital.....................................		613.3	645.6	146.1	**1,405.0**	(18.6)	**1,386.4**
Goodwill		2,547.0	1,535.4	217.9	**4,300.2**	-	**4,300.2**

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

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 quarter ended June 30, 2017	For the quarter ended June 30, 2016	For the period ended June 30, 2017	For the period ended June 30, 2016
EBITA	**147.5**	**147.1**	**292.0**	**260.9**
Amortization of intangible assets recognized upon allocation of the acquisition of acquired entities	(4.8)	(5.3)	(9.7)	(9.2)
Other income and other expenses	(40.1)	(15.0)	(49.9)	(32.0)
Net financial expenses	(29.6)	(43.7)	(63.3)	(76.9)
Net income before tax	**73.1**	**83.0**	**169.2**	**142.8**

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 June 30, 2017	As of December 31, 2016
Working capital	1,525.3	1,386.4
Goodwill	4,141.8	4,300.2
Total allocated assets & liabilities	**5,667.1**	**5,686.6**
Liabilities included in allocated working capital	2,820.5	2,868.5
Accrued interest receivable	0.7	0.9
Other non-current assets	1,384.2	1,433.6
Deferred tax assets	100.8	128.4
Current tax assets	21.4	23.5
Assets classified as held for sale	-	0.3
Derivatives	9.2	0.4
Cash and cash equivalents	459.0	619.3
Group consolidated total assets	**10,462.9**	**10,761.6**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended June 30, 2017	For the period ended June 30, 2016
Personnel costs (salaries & benefits)	825.9	803.2
Building and occupancy costs	139.1	136.8
Other external costs	321.7	313.0
Depreciation expense	49.5	47.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	9.7	9.2
Bad debt expense	13.1	18.1
Total distribution and administrative expenses	**1,359.0**	**1,327.9**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended June 30, 2017	2016
Gains on disposal of tangible assets		0.1	0.6
Write-back asset impairment		-	0.1
Release of unused provisions		0.3	0.8
Earn-out liabilities released to income statement		2.0	-
Other operating income		1.5	0.1
Total other income		**4.0**	**1.5**
Restructuring costs	(1)	(13.9)	(23.0)
Shut-Down of Oil & Gas business in Thailand	(2)	(9.1)	-
Disposal loss of Oil & Gas business in Singapore	(3)	(11.3)	-
Losses on non-current assets disposed of		(2.3)	(3.7)
Impairment of goodwill	(4)	(12.8)	-
Acquisition related costs		(0.1)	(1.0)
Increase in earn-out liabilities		-	(2.5)
Other operating expenses		(4.4)	(3.3)
Total other expenses		**(53.9)**	**(33.5)**

(1) Of which €2.2 million due to changes in corporate senior management positions for the period ended June 30, 2017 (€7.5million for the period ended June 30, 2016)

(2) Shut-down of Oil & Gas business in Thailand as a result of market decline. Wind-up costs mainly consist of assets write-off (including goodwill)

(3) On May 25, 2017, the Group completed the sale of Lenn International Pte Ltd, an Oil & Gas cable distributor based in Singapore, for a consideration of €3.5 million and recognized a divestment loss of €11.3 million for the period ended June 30, 2017.

(4) Finland goodwill impairment (see note 7)

7. | GOODWILL IMPAIRMENT

Goodwill is tested for impairment annually at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model.

The Group considers the actual level of performance compared to the current year forecast of cash generating units (CGUs) when reviewing for indicators of impairment. Any deviation from expected performance is analyzed and cash-flow projections are updated when necessary.

As a result, the company recognized an impairment expense of €12.8 million on Finland goodwill for the period ended June 30, 2017 (see note 6). Finland operations performance was below budget targets and management revised prospects and expected cash-flows. Other value-in-use key assumptions including long term growth rate, weighted average cost of capital and EBITA margin computed in the terminal value remained unchanged as compared to the test performed as of December 31, 2016. Value-in-use calculation is mostly sensitive to the EBITA margin factored in the terminal value, the discount rate and the long term growth rate. A 50 basis points adverse change in these parameters on impairment calculation would have resulted in additional impairment of €5 million to €11 million.

8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended June 30, 2017		2016
Interest income on cash and cash equivalents	-		0.2
Interest income on receivables and loans	0.8		0.9
Financial income	**0.8**		**1.1**
Interest expense on financial debt (stated at amortized cost)	(48.7)		(59.3)
Interest gain / (expense) on interest rate derivatives	1.5		0.2
Change in fair value of interest rate derivatives through profit and loss	0.6		2.6
Financial expense on borrowings	**(46.6)**		**(56.4)**
Non-recurring redemption costs	**(6.3)**	(1)	**(10.0)**
Foreign exchange gain (loss)	*(9.6)*		*1.5*
Change in fair value of exchange rate derivatives through profit and loss	*10.8*		*(0.6)*
Net foreign exchange gain (loss)	1.1		0.9
Net financial expense on employee benefit obligations	(4.9)		(5.5)
Others	(7.4)		(7.0)
Other financial expenses	**(11.1)**		**(11.6)**
Net financial expenses	**(63.3)**		**(76.9)**

(1) Relating to the repayment of the US$330 million senior notes due 2020 (in 2016, early repayment of the €650 million senior notes due 2020) (see note 14.1.1)

9. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2017 financial year to the interim income before taxes. The effective tax rate for the period ending June 30, 2017 is 43.0%, compared with 32.9% for the period ended June 30, 2016.

10. | DIVIDENDS

On May 23, 2017, the Shareholders' meeting decided a cash distribution of €0.40 per share. The effective date of dividend payment was July 7, 2017.

	For the period ended June 30, 2017	2016
Dividends on ordinary shares	€ 0.40	€ 0.40
Dividends paid in cash (in millions of euros)	**120.8**	**120.3**

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 June 30, 2017	2016
Net income attributed to ordinary shareholders *(in millions of euros)*	***98.1***	***96.0***
Weighted average number of ordinary shares (*in thousands*)	301,645	300,448
Non-dilutive potential shares (in thousands)	832	731
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***302,477***	***301,179***
Basic earning per share (in euros)	**0.32**	**0.32**
Dilutive potential shares (in thousands)	427	787
- of which share options (in thousands)	-	*79*
- of which bonus shares (in thousands) (1)	*427*	*708*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***302,904***	***301,965***
Fully diluted earnings per share (in euros)	**0.32**	**0.32**

(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. | SHARE BASED PAYMENT

On May 23, 2017, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,873,975 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- either three years after the grant date (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called "3+2 Plan",
- or four years after the grant date (May 24, 2021) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three year service condition from grant date and performance conditions based on:	Four year service condition from grant date and performance conditions based on:	**Total**
	(i) 2016/2019 average growth of EBITA in value (ii) 2016/2019 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019 (iv) Rexel share market performance compared to peers		
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Share fair value at grant date May 23, 2017	12.75	12.34	**12.48**
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**

The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the three or four-year vesting period. The effect of restrictions attached to the dividend rights until the delivery date of the shares to the beneficiaries was computed in the fair value calculation.

13. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of June 30, 2017, 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 June 30, 2017, remeasurement of pension and post-retirement benefits accounted for a net loss before tax of €16.3 million recognized in other comprehensive income (a loss of €53.4 million for the period ended June 30, 2016). This loss resulted mainly from differences between actual and expected plan asset performance and decrease in discount rates as of June 30, 2017 as compared to December 31, 2016 such as presented below:

Discount rate (in %)	As of June 2017	As of December 2016	As of June 2016
United Kingdom	2.50	2.75	3.00
Canada	3.25	3.75	3.25
Switzerland	0.50	0.50	0.25

In Switzerland, the pension scheme was amended to reduce the conversion factor of the employee savings capital into pension payments. The reduction of the conversion factor was partly compensated by additional employer contribution into employee savings capital. The net impact of this amendment was recognized as a reduction of past service costs for €3.1 million for the period ended June 30, 2017.
In addition, as part of its derisking strategy, the Group entered into a 5-year qualifying insurance contract to finance disability coverage benefits, previously funded through the Swiss pension fund. Under this contract, the insurance company will pay the benefit payments to the plan beneficiaries on behalf of the pension fund. As a result, a change of plan assets for €3.9 million was recognized as a gain in other comprehensive income for the period ended June 30, 2017.

14. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2017. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

14.1 | Net financial debt

As of June 30, 2017, Rexel's consolidated net debt stood at €2,306.7 million, consisting of the following items:

	As of June 30, 2017			**As of December 31, 2016**		
(in millions of euros)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,457.3	1,457.3	-	1,480.9	1,480.9
Securitization	325.6	670.8	996.3	367.9	718.2	1,086.0
Bank loans	21.7	2.5	24.2	18.6	3.2	21.8
Commercial paper	190.7	-	190.7	131.7	-	131.7
Bank overdrafts and other credit facilities	116.4	-	116.4	84.5	-	84.5
Finance lease obligations	6.1	15.1	21.1	6.8	16.9	23.7
Accrued interests (1)	5.0	-	5.0	6.3	-	6.3
Less transaction costs	(5.8)	(23.5)	(29.3)	(5.9)	(24.1)	(30.0)
Total financial debt and accrued interest	***659.6***	***2,122.2***	***2,781.8***	***610.0***	***2,195.1***	***2,805.1***
Cash and cash equivalents			(459.0)			(619.3)
Accrued interest receivable			(0.7)			(0.9)
Debt hedge derivatives (2)			(15.4)			(12.3)
Net financial debt			**2,306.7**			**2,172.6**

(1) Of which accrued interests on Senior Notes for €2.1 million as of June 30, 2017 (€2.5 million as of December 31, 2016)

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

14.1.1 |Senior notes

As of June 30, 2017, the carrying amount of the existing senior notes is detailed as follows:

	As of June 30, 2017					As of December 31, 2016				
	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						US$	330.0	313.1	3.8	**316.8**
Senior notes due 2022	EUR	500.0	500.0	9.2	**509.2**	EUR	500.0	500.0	14.1	**514.1**
Senior notes due 2023	EUR	650.0	650.0	-	**650.0**	EUR	650.0	650.0	-	**650.0**
Senior notes due 2024	EUR	300.0	300.0	(1.9)	**298.1**			-	-	-
TOTAL			1,450.0	7.3	**1,457.3**			1,463.1	17.9	**1,480.9**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 15)

Issuance of €300 million notes due 2024

On March 13, 2017, Rexel issued €300 million of senior unsecured notes due 2024 which bear interests at 2.625% annually.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from June 15, 2017. The notes mature on June 15, 2024 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after March 15, 2020, the notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on:	**Redemption price (as a % of principal amount)**
March 15, 2020	101.313%
March 15, 2021	100.656%
March 15, 2022 and after	100.000%

Repayment of US$330 million notes due 2020

Proceeds from the issuance of the 2.625% €300 million senior notes were used to repay the remaining outstanding 5.25% US$500 million senior notes due 2020 for a principal amount of US$330 million on June 16, 2017. The redemption price was 102.625% of the principal amount of the redeemed notes and amounted €302.3 million. A loss of €6.3 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs and fair value hedge adjustments.

14.1.2 |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 (ageing ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2017, 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 June 30, 2017	Amount drawn down as of June 30, 2017	Balance as of June 30, 2017	Balance as of December 31, 2016	Repayment Date
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia	EUR 375.0	EUR 423.2	EUR 325.5	325.6	367.9	12/18/2017
United States	US$ 515.0	USD 605.9	US$ 445.2	390.1	441.9	12/20/2019
Canada	CAD 175.0	CAD 227.4	CAD 163.9	110.9	123.3	01/18/2019
Europe	EUR 354.0	EUR 464.3	EUR 325.6	325.6	350.6	11/20/2019
TOTAL				**1,152.1**	**1,283.7**	
Of which :	***- on balance sheet:***			***996.3***	***1,086.0***	
	- off balance sheet:(1)			***155.8***	***197.8***	

(1) The Carrying value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €22.9 million (€37.4 million as of December 31, 2016) and is recognized as a financial liability

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of June 30, 2017, the total outstanding amount authorized for these securitization programs was €1,298.6 million, of which €1,152.1 million were used.

14.1.3 | 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 June 30, 2017, the company had issued €190.7 million of commercial paper (€131.7 million as of December 31, 2016).

14.2 | Change in net financial debt

As of June 30, 2017 and 2016, the change in net financial debt was as follows:

(in millions of euros)	2017	2016
As of January 1,	**2,172.6**	**2,198.7**
Issuance of senior notes net of transaction costs	295.8	643.4
Repayment of senior notes	(302.3)	(675.0)
Net change in credit facilities, commercial papers and other financial borrowings	80.0	16.4
Net change in credit facilities	**73.5**	**(15.2)**
Net change in securitization	(59.5)	(52.5)
Net change in finance lease liabilities	(2.4)	(1.0)
Net change in financial liabilities	***11.5***	***(68.8)***
Change in cash and cash equivalents	176.1	257.3
Effect of exchange rate changes on net financial debt	(63.9)	(21.3)
Effect of acquisition	-	2.9
Amortization of transaction costs	3.0	3.2
Non recurring refinancing costs	6.3	10.0
Other changes	1.0	(1.9)
As of June 30,	**2,306.7**	**2,380.2**

14.3 | 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 June 30, 2017	As of December 31, 2016
One year	665.5	615.9
Two years	116.2	8.5
Three years	563.6	722.3
Four years	2.0	318.9
Five years	510.2	0.8
Thereafter	953.7	1,168.7
Total gross financial debt before transaction costs	**2,811.1**	**2,835.1**
Transaction costs	(29.3)	(30.0)
Gross financial debt	**2,781.8**	**2,805.1**

The €500 million notes issued in May 2015 mature in June 2022; the €650 million notes issued in May 2016 mature in June 2023; and the €300 million notes issued in March 2017 mature in June 2024.

In October 2016, the Senior Facility Agreement maturity was extended by one year to November 2021. The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €982.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million. As of June 30, 2017, this facility was undrawn.

A €45 million Bilateral Term loan has been renewed on July 3, 2017 and matures on November 12, 2021. The US$40 million bilateral Facility Agreement with Wells Fargo Bank International has been renewed on June 27, 2017 and matures on June 26, 2020. As of June 30, 2017, these two facilities were undrawn.

Lastly, securitization programs mature in 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 €2,058.9 million as of June 30, 2017 (€2,179.0 million as of December 31, 2016) and are due in less than one year.

As of June 30, 2017, the Group's liquidity amounted to €1,214.0 million (€1,467.9 million as of December 2016) in excess of €548.5 million compared to €665.5 million expected to be paid within the next twelve months with respect to financial debt repayment schedule.

(in millions of euros)	As of June 30, 2017	As of December 31, 2016
Cash and cash equivalents	459.0	619.3
Bank overdrafts	(116.4)	(84.5)
Commercial paper	(190.7)	(131.7)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	80.1	82.9
Liquidity	**1,214.0**	**1,467.9**

15. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of June 30, 2017, the Group held the following classes of financial instruments measured at fair value:

	June 30, 2017		December 31, 2016		
(in millions of euros)	**Carrying amount**	***Fair value***	**Carrying amount**	***Fair value***	**IFRS13 Hierarchy**
Financial assets					
Hedging derivatives	10.7	10.7	16.2	16.2	Level 2
Other derivatives	9.3	9.3	0.3	0.3	Level 2
Financial liabilities					
Senior notes	1,457.3	1,502.6	1,480.9	1,525.5	Level 1
Hedging derivatives	2.4	2.4	0.5	0.5	Level 2
Other derivatives	3.3	3.3	6.8	6.8	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.

16. | 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.

17. | LITIGATION

ACCC (Australia)

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings had been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia. The last hearing took place on February 12, 2016. The judgement was issued on March 9, 2017 and dismissed both claims brought by the ACCC. Further to this decision, the ACCC sent a letter dated March 2017, according to which it informed Rexel that it would not file any appeal. This case is now closed.

18. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after June 30, 2017 that would have a significant impact on Rexel's financial situation.

III. Statutory auditors report

This a free translation into English of the statutory auditors' review report on the consolidated interim financial information issued in French and is provided solely for the convenience of English-speaking users.
This report also includes information relating to the specific verification of information given in the group’s interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex

KPMG Audit
Département KPMG S.A.
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Statutory auditors' review report on the 2017 interim financial information

(Period from January 1st, 2017 to June 30, 2017)

Rexel S.A.
13, boulevard du Fort de Vaux
CS 60002
75838 Paris Cedex 17

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Rexel S.A., for the period from January 1st 2017 to June 30, 2017;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-la-Défense, July 28, 2017
French original signed by

The statutory auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Christian Perrier	Amélie Wattel	Valérie Besson	Jean-Marc Discours

IV. RESPONSIBILITY STATEMENT

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with applicable accounting standards and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the half-year report on business operations provides an accurate description of the important events which have occurred in the first six months of the financial year, the impact of these events on the financial statements, the major transactions between related parties as well as the main risks and uncertainties for the six months remaining in the financial year.

Paris, July 28, 2017

Patrick Berard
Chief Executive Officer of Rexel