

Tear Sheet:

Rexel S.A.

July 21, 2025

This report does not constitute a rating action.

S&P Global Ratings expects Rexel's business performance to remain resilient in 2025, despite a difficult operating environment. In the first quarter of 2025, Rexel reported sales of €4.8 billion, reflecting 2.5% growth. This growth includes a positive scope effect of 1.9% from recent acquisitions, specifically Talley and Electrical Supplies Inc and ITESA, which helped offset the impact of Rexel's divestment in New Zealand. Additionally, the appreciation of the U.S. dollar against the euro contributed 1.0% to revenue growth.

We anticipate Rexel will achieve sales of about €20 billion by year-end 2025, with an S&P-adjusted EBITDA margin of 7.8%. The company is well positioned to benefit from megatrends such as electrification and reshoring in the U.S.; however, demand remains weak in Europe.

Furthermore, we expect pricing to remain modest, reflecting lower inflation rates. Rexel's emphasis on cost saving initiatives, positive synergies, and productivity gains should help mitigate wage increases. Assuming the foreign exchange (FX) remains at the current level, we anticipate negative FX translations effects in 2025.

In 2024, Rexel reported sales of €19.3 billion, a 2.4% decline compared to 2023. This drop was driven by lower selling prices and reduced volumes. Regionally, North America (44% of revenue in 2024) demonstrated resilience supported by a favorable environment and volume contributions, while Europe (49% of revenue in 2024) experienced a decline due to ongoing challenges in electrification, negative volume trends, and price deflation in solar products. As a result, the S&P Global Ratings-adjusted EBITDA margin fell to 7.9%, nearly 100 basis points below 2023 levels, due to reduced selling prices and a competitive environment in Europe. Rising transportation and labor costs further impacted Rexel's cost base, although these were partially mitigated by cost management initiatives.

Rexel's strategic roadmap over the next few years--with continued solid growth, notably in the U.S., driven by reshoring, grid modernization, and expanding data centers--supports its business risk profile. In June 2024, Rexel reported its updated medium-term financial targets, which include:

- Sales growth potential between 5% and 8%, with targeted M&A representing between 2% and 3%;
- Adjusted EBITA margin above 7%; and

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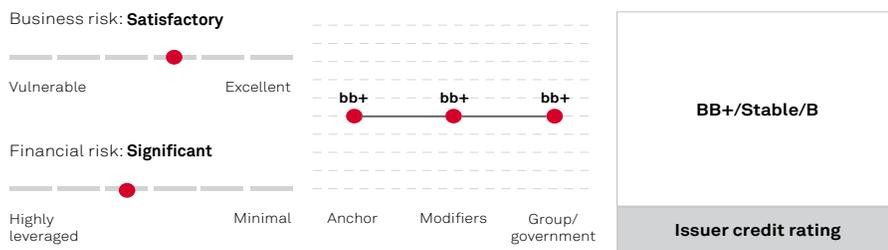
- Average conversion rate of 65% of EBITDA after leases into free cash flow before interest and tax.

These will be supported by the company capital allocation priorities:

- A dividend payout of at least 40%, and share buybacks between €50 million and €150 million per year;
- A contribution of M&A to sales between 2% and 3%;
- A targeted net financial debt to EBITDA after leases leverage ratio of about 2.0x, which is equivalent to adjusted funds from operations (FFO) to debt of slightly over 20%, which is still within the 20%-30% range we view as commensurate with the 'BB+' rating.

Rexel has consumed a significant part of its rating headroom through acquisitions, though its credit metrics remain commensurate with a 'BB+' rating. In 2024, Rexel's FFO to debt weakened to 23.6%, down from 31.1% in 2023, largely reflecting acquisition spending. Its reported debt to EBITDA rose to 1.8x, up from 1.3x in 2023, approaching its target 2.0x. We anticipate Rexel's credit metrics to modestly weaken over 2025-2026, compared with 2024, reflecting its current capital allocation priorities, particularly its objective to increase sales through acquisitions. In our base-case scenario, we assume Rexel will spend €200 million-€300 million per year in 2025-2026 for bolt-on acquisitions to meet its target, and that FFO to debt will be about 22%. For 2025, we expect increased dividend payments in line with improved earnings, as well as moderate share buybacks over the next 12-24 months. We anticipate capital expenditure of about €160 million-€170 million over 2025-2026 to support the company's digital transformation, resulting in free operating cash flow averaging €600 million-€650 million over the period.

Ratings Score Snapshot



Recent Research

- [Industry Credit Outlook 2025: Building Materials](#), Jan. 14, 2025
- [Tear Sheet: Rexel S.A.](#), Aug. 27, 2024
- [Industry Credit Outlook Update Europe: Building Materials](#), July 18, 2024
- [Tear Sheet: Rexel S.A.](#), March 19, 2024

Company Description

France-based [Rexel](#) is one of the top five-largest global business-to-business distributors of low- and ultra-low-voltage electrical products and supplies. The company sells an extensive portfolio of products to the residential, commercial, and industrial construction sectors. It also provides complementary services, such as technical assistance and training. As of 2024, Rexel's distribution network comprises more than 1,950 branches across 19 countries, with over 27,000 employees. It also has broad geographic coverage, with operations in Europe (49% of sales in 2024), North America (44% of sales in 2024), and Asia Pacific (7% of sales in 2024). The company reported sales of about €19.3 billion and S&P Global Ratings-adjusted EBITDA of €1.1 billion in 2024. Rexel is listed on the Euronext stock exchange in Paris. As of July 7, 2025, it has a market capitalization of about €7.5 billion.

Outlook

The stable outlook reflects our view that Rexel will continue to weather global macroeconomic uncertainties while posting adjusted FFO to debt of about 21%-23 over 2025-2026.

Downside scenario

We could lower our rating on Rexel if it experienced severe margin pressure and weaker cash flow, such that its FFO to debt falls below 20% absent swift prospects for a recovery. We could also downgrade Rexel if it adopted a more aggressive financial policy, including large share buybacks and debt-funded acquisitions, that caused its FFO to debt to remain below 20%.

Upside scenario

We could raise our rating on Rexel if it sustained FFO to debt of more than 30%. Under such a scenario, the company would need to demonstrate its ability and willingness to preserve these improved credit metrics. We view this scenario as unlikely in the next 24 months, given Rexel's current capital allocation priorities, particularly its target to increase sales through acquisitions and to distribute funds to shareholders.

Key Metrics

Rexel S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	14,690	18,702	19,153	19,285	19,600-20,200	20,800-21,100	22,200-22,500
EBITDA	1,241	1,672	1,634	1,527	1,450-1,550	1,550-1,650	1,650-1,750
Debt	3,201	3,132	3,693	4,445	4,300-4,800	4,800-5,300	5,300-5,800
Adjusted ratios							
Debt/EBITDA (x)	2.6	1.9	2.3	2.9	3.0-3.2	3.2-3.4	3.2-3.4
FFO/debt (%)	29.5	40.1	31.1	23.6	20.0-22.0	20.0-22.0	20.0-22.0
CFO/debt (%)	20.9	26.0	27.8	19.4	14.0-16.0	14.0-16.0	14.0-16.0
FOCF/debt (%)	17.4	21.8	23.5	16.4	11.0-13.0	11.0-13.0	9.0-11.0

Rexel S.A.--Forecast summary

DCF/debt (%)	13.1	12.3	10.1	6.1	2.0-3.0	2.0-3.0	1.0-2.0
EBITDA margin (%)	8.4	8.9	8.5	7.9	7.5-8.0	7.5-8.0	7.5-8.0

Financial Summary

Rexel S.A.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	13,742	12,593	14,690	18,702	19,153	19,285
EBITDA	908	768	1,241	1,672	1,634	1,527
Funds from operations (FFO)	662	570	945	1,254	1,150	1,050
Interest expense	133	112	95	110	170	203
Cash interest paid	128	109	97	106	157	196
Operating cash flow (OCF)	573	724	668	814	1,025	863
Capital expenditure	124	110	109	131	158	132
Free operating cash flow (FOCF)	449	614	558	683	867	731
Discretionary cash flow (DCF)	316	614	419	386	373	272
Cash and short-term investments	514	685	574	895	913	883
Gross available cash	514	685	574	895	913	835
Debt	3,562	2,879	3,201	3,132	3,693	4,445
Common equity	4,235	3,795	4,561	5,282	5,531	5,570
Adjusted ratios						
EBITDA margin (%)	6.6	6.1	8.4	8.9	8.5	7.9
Return on capital (%)	7.9	6.4	12.7	16.1	14.0	11.1
EBITDA interest coverage (x)	6.8	6.9	13.1	15.1	9.6	7.5
FFO cash interest coverage (x)	6.2	6.2	10.8	12.8	8.3	6.4
Debt/EBITDA (x)	3.9	3.8	2.6	1.9	2.3	2.9
FFO/debt (%)	18.6	19.8	29.5	40.1	31.1	23.6
OCF/debt (%)	16.1	25.1	20.9	26.0	27.8	19.4
FOCF/debt (%)	12.6	21.3	17.4	21.8	23.5	16.4
DCF/debt (%)	8.9	21.3	13.1	12.3	10.1	6.1

Peer Comparison

Rexel S.A.--Peer Comparisons

	Rexel S.A.	WESCO International Inc.	Adolf Wuerth GmbH & Co. KG
Foreign currency issuer credit rating	BB+/Stable/B		BB/Stable/--
Local currency issuer credit rating	BB+/Stable/B		A/Stable/A-1
Period	Annual		Annual

Rexel S.A.--Peer Comparisons

Period ending	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR
Revenue	19,285	21,075	20,017
EBITDA	1,527	1,620	1,918
Funds from operations (FFO)	1,050	993	1,447
Interest	203	389	153
Cash interest paid	196	382	168
Operating cash flow (OCF)	863	1,218	1,619
Capital expenditure	132	91	763
Free operating cash flow (FOCF)	731	1,127	856
Discretionary cash flow (DCF)	272	552	653
Cash and short-term investments	883	679	1,945
Gross available cash	835	679	1,772
Debt	4,445	5,300	2,550
Equity	5,570	4,535	8,945
EBITDA margin (%)	7.9	7.7	9.6
Return on capital (%)	11.1	12.3	10.1
EBITDA interest coverage (x)	7.5	4.2	12.5
FFO cash interest coverage (x)	6.4	3.6	9.6
Debt/EBITDA (x)	2.9	3.3	1.3
FFO/debt (%)	23.6	18.7	56.7
OCF/debt (%)	19.4	23.0	63.5
FOCF/debt (%)	16.4	21.3	33.6
DCF/debt (%)	6.1	10.4	25.6

Environmental, Social, And Governance

Environmental factors are a positive consideration in our credit rating analysis of Rexel.

Electrical product distributors' environmental risk is comparatively low because they distribute, rather than develop, products and thus are not as energy intensive as manufacturers. Rexel's product offerings respond to new structural trends, such as the internet of things, digitalization, and the greater demand for carbon-free products and solutions. To increase its market, the company has invested about €300 million in digital platforms in the past four years (about 2% of sales), which has enabled it to increase its proportion of digital sales to 28% of total sales in 2023 and improve its profitability profile (digital sales are more profitable). Digital sales are also a driver of market share gains for Rexel. Rexel has set a target to increase its digital sales to 40% of total sales by 2025. Rexel's exposure to megatrends such as electrification are helping the company to navigate the current downturn in the construction business with a comparatively better performance than its average peer in the sector.

Rating Component Scores

Foreign currency issuer credit rating	BB+/Stable/B
Local currency issuer credit rating	BB+/Stable/B
Business risk	Satisfactory
Country risk	Low
Industry risk	Intermediate
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb+
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bb+

Related Criteria

- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 21, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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