

Tear Sheet:

Rexel S.A.**August 3, 2026***This report does not constitute a rating action.*

Rexel's operating performance should remain resilient in 2026, driven by a positive shift in volume and price increase. In the first half of the year, Rexel reported sales of €9.9 million, reflecting 2.2% growth compared with last year and 5.1% growth on an organic basis. The second quarter was particularly strong, with 6.7% organic growth that was driven by positive volume in all geographies and a favorable pricing effect. Growth in Europe was driven by energy transition solutions, including HVAC, solar, and EV charging following heatwaves and volatility in energy prices. North America saw support from high-growth segments such as data centers and industrial automation. We expect sales to grow 6.0%-6.5% this year, with an S&P Global Ratings-adjusted EBITDA margin of about 8%. Rexel continues to benefit from secular megatrends in the U.S., including data centers and grid modernization, while the European market is starting to show some signs of recovery. Rexel's active pass-through in the context of higher raw material prices, combined with continuous cost-saving programs, should help to offset the current inflationary environment.

Rexel's strategic roadmap over the next few years continues to support its business risk profile. Rexel has raised its full-year 2026 guidance, supported by a solid performance in the first half of the year. This includes organic growth of about 5% from 3% to 5% initially, adjusted EBITDA margin of at least 6.2%, and an average conversion rate of 65% of EBITDA after leases into free cash flow before interest and taxes. In addition, we expect Rexel's Axelerate 2028 plan to strengthen its market position through continued market share gains, expansion of value-added services, enhanced digital capabilities, and operational excellence initiatives, while supporting a sustainable adjusted EBITA margin above 7% in the medium term.

We expect Rexel's rating headroom to be slightly reduced in 2026 on the back of a buoyant M&A strategy. We anticipate S&P Global Ratings-adjusted funds from operations (FFO)-to-debt ratio to decrease to 21x-23x in 2026 from 23.8x in 2025, reflecting Rexel's current capital allocation priorities, particularly its objective to increase sales through acquisitions. In our base-case scenario, we assume Rexel will spend €400 million-€450 million this year for bolt-on acquisitions and about €300 million in 2027-2028. Although approaching our FFO-to-debt downside trigger of 20% this year, we expect Rexel's S&P Global Ratings-adjusted FFO-to-debt ratio to remain broadly stable in 2027-2028. That said, we expect a similar dividends payments level as in 2025 and moderate share buybacks over the next 12-24 months. We anticipate capital expenditure of about €150 million-€160 million over 2026-2027 to support the company's digital

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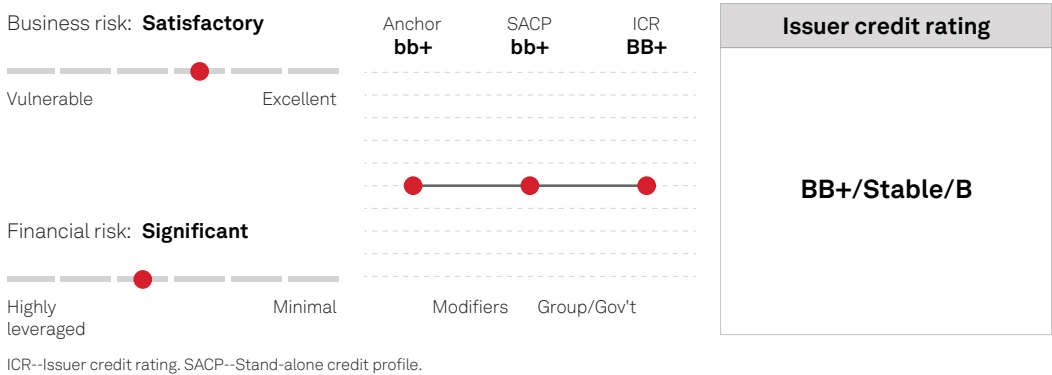
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transformation, resulting in free operating cash flow (FOCF) averaging €700 million-€750 million over the period.

Ratings Score Snapshot



Recent Research

- [Industry Credit Outlook Update Europe: Building Materials](#), July 16, 2026
- [Industry Credit Outlook 2026: Building Materials](#), Jan. 14, 2026
- [Rexel's S.A.'s Proposed Senior Unsecured Notes Assigned 'BB+' Issue Rating And '4' Recovery Rating](#), Sept. 2, 2025

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 2025, Rexel's distribution network comprises more than 1,950 branches across 17 countries, with over 26,000 employees. It also has broad geographic coverage, with operations in Europe (50% of sales in 2025), North America (44% of sales in 2025), and Asia Pacific (6% of sales in 2025). The company reported sales of about €19.4 billion and S&P Global Ratings-adjusted EBITDA of €1.5 billion in 2025. Rexel is listed on the Euronext stock exchange in Paris. As of July 2, 2026, it has a market capitalization of about €12.5 billion.

Outlook

The stable outlook reflects our view that Rexel will continue to weather global macroeconomic uncertainties and display robust growth while posting adjusted FFO to debt of about 21%-23% over 2026-2027.

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-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2022a	2023a	2024a	2025a	2026e	2027f	2028f
Revenue	18,702	19,153	19,285	19,415	20,500-21,000	21,500-22,000	22,500-23,000
EBITDA	1,672	1,634	1,527	1,529	1,600-1,700	1,700-1,800	1,800-1,900
Debt	3,132	3,693	4,445	4,409	4,500-5,000	5,000-5,500	5,500-6,000
Adjusted ratios							
Debt/EBITDA (x)	1.9	2.3	2.9	2.9	2.9-3.0	2.9-3.0	2.9-3.0
FFO/debt (%)	40.1	31.1	23.6	23.8	21.0-23.0	21.0-23.0	21.0-23.0
CFO/debt (%)	26.0	27.8	19.4	18.6	16.0-18.0	16.0-18.0	16.0-18.0
FOCF/debt (%)	21.8	23.5	16.4	15.3	13.0-15.0	13.0-15.0	13.0-15.0
DCF/debt (%)	12.3	10.1	6.1	5.1	5.5-6.5	5.0-6.0	4.0-5.0
EBITDA margin (%)	8.9	8.5	7.9	7.9	~8.0	~8.0	~8.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Financial Summary

Rexel S.A.--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	12,593	14,690	18,702	19,153	19,285	19,415
EBITDA	768	1,241	1,672	1,634	1,527	1,529
Funds from operations (FFO)	570	945	1,254	1,150	1,050	1,049
Interest expense	112	95	110	170	203	207
Cash interest paid	109	97	106	157	196	209
Operating cash flow (OCF)	724	668	814	1,025	863	822
Capital expenditure	110	109	131	158	132	146
Free operating cash flow (FOCF)	614	558	683	867	731	676

Rexel S.A.--Financial Summary

Discretionary cash flow (DCF)	614	419	386	373	272	225
Cash and short-term investments	685	574	895	913	883	1,038
Gross available cash	685	574	895	913	835	1,038
Debt	2,879	3,201	3,132	3,693	4,445	4,409
Common equity	3,795	4,561	5,282	5,531	5,570	5,406
Adjusted ratios						
EBITDA margin (%)	6.1	8.4	8.9	8.5	7.9	7.9
Return on capital (%)	6.4	12.7	16.1	14.0	11.1	10.6
EBITDA interest coverage (x)	6.9	13.1	15.1	9.6	7.5	7.4
FFO cash interest coverage (x)	6.2	10.8	12.8	8.3	6.4	6.0
Debt/EBITDA (x)	3.8	2.6	1.9	2.3	2.9	2.9
FFO/debt (%)	19.8	29.5	40.1	31.1	23.6	23.8
OCF/debt (%)	25.1	20.9	26.0	27.8	19.4	18.6
FOCF/debt (%)	21.3	17.4	21.8	23.5	16.4	15.3
DCF/debt (%)	21.3	13.1	12.3	10.1	6.1	5.1

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/--	A/Stable/A-1
Local currency issuer credit rating	BB+/Stable/B	BB/Stable/--	A/Stable/A-1
Period	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31
Mil.	EUR	EUR	EUR
Revenue	19,415	20,024	20,488
EBITDA	1,529	1,455	2,059
Funds from operations (FFO)	1,049	899	1,688
Interest	207	366	163
Cash interest paid	209	353	130
Operating cash flow (OCF)	822	260	1,686
Capital expenditure	146	85	714
Free operating cash flow (FOCF)	676	175	972
Discretionary cash flow (DCF)	225	(480)	831
Cash and short-term investments	1,038	515	1,641
Gross available cash	1,038	515	1,382
Debt	4,409	5,270	2,328
Equity	5,406	4,281	9,430
EBITDA margin (%)	7.9	7.3	10.0
Return on capital (%)	10.6	12.0	10.3
EBITDA interest coverage (x)	7.4	4.0	12.6
FFO cash interest coverage (x)	6.0	3.5	14.0
Debt/EBITDA (x)	2.9	3.6	1.1

Rexel S.A.--Peer Comparisons

FFO/debt (%)	23.8	17.1	72.5
OCF/debt (%)	18.6	4.9	72.4
FOCF/debt (%)	15.3	3.3	41.8
DCF/debt (%)	5.1	(9.1)	35.7

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. Digital transformation remains a core focus for Rexel. To increase its market, the company has invested in digital, which has enabled it to increase its proportion of digital sales to 34% of total sales in 2025 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 50% of total sales in the medium term. 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: Recovery Rating Criteria For Corporate Issuers](#), March 30, 2026
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024

- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 6, 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 | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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