

letter

No. 11

to Rexel's shareholders

LEADING DISTRIBUTOR WORLDWIDE OF ELECTRICAL SUPPLIES



message from the Chairman

December 2012

Dear Shareholders,

Over the first nine months of this year, Rexel has demonstrated the resilience of its business model despite an increasingly challenging macro-economic environment. While our reported sales were up 6.8% to over €10 billion year-to-date, the adjusted EBITA margin increased by 10 basis points to 5.6% on a reported basis.

With 9 acquisitions so far in 2012, we have demonstrated our commitment to driving market consolidation by increasing our market share in mature markets, extending our footprint in fast-growing countries and growing our offer of value-added services and presence in key vertical markets.

This year's results and accomplishments form an integral part of Rexel's Energy in Motion company plan introduced at the Investor Day at the end of May. This medium term plan combines a roadmap for driving profitable growth, both organically and through acquisitions, actively managing our resources

for increasing returns, instilling a culture of cooperation for mutual success with all our stakeholders and achieving excellence in operations by optimizing the services we offer our customers.

At the centre of our Energy in Motion strategy is a mission to support our customers around the globe, wherever they are, to create value and help them to run their businesses better, by providing a broad range of sustainable and innovative products and services for automation, technical supply and energy management.

I look forward to sharing more details with you about our performance and progress in the execution of our company plan in the future.

Rudy Provoost
Chairman and CEO

“Over the first nine months of this year, Rexel has demonstrated the resilience of its business model despite an increasingly challenging macro-economic environment.”

contents

strategy in action	pages 2-3
financial Results.....	page 4
our Commitments.....	page 5
shareholders' notebook	page 6

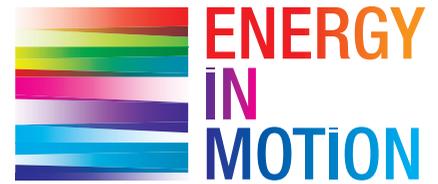
REXEL

ELECTRICAL SUPPLIES

strategy

in action

Energy in Motion



In recent years, Rexel has doubled in size, extended its footprint in emerging markets and consolidated its position in mature markets. The business model has also moved on from electrical distributor to electrical services provider and today, Rexel offers more than just products but also end-to-end customized solutions, providing added value to clients' businesses.

Drawing on these strengths, in May, Rexel unveiled its 2015 ambitions and launched its Energy in Motion company plan. The plan is based on four strategic priorities:



PROFITABLE GROWTH

Delivering profitable growth, focusing on three organic growth drivers (see page 3) and acquisitions, which

- extend our footprint in fast growing markets
- consolidate our position in mature markets and create synergies
- and, target companies that provide value added services and that increase our presence in key vertical markets



CULTURE OF COOPERATION

Actively managing our resources to increase returns by

- driving our asset productivity
- capitalizing on our brand equity
- and, turning customer knowledge and insights into a better service offer



ACTIVE RESOURCES MANAGEMENT

Increasing cooperation with all our stakeholders by

- stimulating teamwork
- developing value-added customer relationships
- driving strategic partnerships with key suppliers
- living up to our commitments with YOU



EXCELLENCE IN OPERATIONS

Optimizing our operations by

- enhancing service levels and cost productivity
- improving supply chain performance and commercial activities
- and, investing in e-commerce and customer support

The plan takes into account the challenges and opportunities facing our industry and at its heart is Rexel's mission to support customers across the globe, wherever they are, and to create value to help them run their businesses better.

YOUR QUESTIONS

WHAT IS YOUR DIVIDEND POLICY?

Rexel's structural ability to generate strong cash-flow throughout the cycle, has allowed the Group to revise its dividend policy upwards since February 2012. As announced at the AGM on 16 May, 2012, Rexel will now be offering an annual dividend of at least 40% of the Group's recurring net result (vs. the previous offer of "circa 30% to 35% of the Group's net result").

Ambitious financial targets

Rexel has set the following medium-term targets (assuming no major economic downturn):

- Organic growth (excluding the impact of copper) over the 2012-2015 period should outperform the weighted average GDP growth of the regions in which the Group operates by around two percentage points, thanks to the acceleration of energy efficiency drivers and to the implementation of the “Energy in Motion” plan.
- Acquisitions should contribute between 3% and 5% of additional annual sales on average over the period.
- Adjusted EBITA margin should be above 6.5% in 2015.
- Free cash-flow after interest and tax should exceed €500 million in 2015.

Rexel also confirms its dividend policy of paying out at least 40% of the Group’s recurring net income.



Organic growth drivers

HIGH POTENTIAL BUSINESS CATEGORIES

(Energy Efficiency, Renewable Energies and Building Automation)



INTERNATIONAL CUSTOMERS AND PROJECTS



VERTICAL MARKETS

(oil & gas and mining)



These three drivers will:

- post double-digit annual growth on average between 2011 and 2015;
- generate 1 billion euros of additional sales between 2011 and 2015;
- represent c.20% of total Group sales in 2015.

financial results

In the first 9 months of 2012, Rexel has demonstrated the resilience of its business model in an increasingly challenging environment.

Strong growth in reported sales

In the first 9 months of 2012, Rexel recorded sales of 10,009.4 million Euros, up 6.8% on a reported basis, including a positive currency effect of 410.5 million Euros, and a net positive effect of 281.3 million Euros from changes in the scope of consolidation.

On a constant and same-day basis, sales were down by 0.8%. Excluding the negative impact of -0.9% linked to volatility in copper-based cable prices, sales were up slightly (+0.1%) on a constant and same day basis.

Resilience of our profitability

In the first 9 months of 2012, our EBITA margin increased 10 basis points to 5.6%, reflecting a 20 basis point improvement in our gross margin to 24.5% and an increase in distribution and administrative expenses as a percentage of sales (from 18.87% in the first nine months of 2011 to 18.96% in the first nine months of 2012). Reported EBITA rose 8.2% to 561.2 million Euros over 9 months year on year, supported by acquisitions and a positive currency effect.

Recurring net result up 10%

In the first 9 months of 2012, net income reached 236.4 million Euros (compared with 256.3 million Euros in the first nine months of 2011). The slowdown of -7.8% was mainly attributable to the rise in the effective tax rate, compared with 2011, which benefitted from the recognition of prior-year losses carried forward. Net financial expenses rose to 149 million Euros compared to 152.1 million Euros in the first nine months of 2011. The average effective interest rate over nine months stood at 7.2% (flat compared to the first nine months of 2011). Recurring net income reached 286.6 million Euros, up 10% on the previous year.

Temporary rise in indebtedness ratio

In the first 9 months of 2012, free cash-flow before interest and tax saw an inflow of 228.6 million Euros (versus an inflow of 236.6 million Euros in the first nine months of 2011). At 30 September 2012, net debt stood at 2773.2 million Euros versus 2270.2 million Euros at 30 September 2011 and the indebtedness ratio (Net financial debt/ EBITDA), as calculated under the Senior Credit Agreement terms, rose to 3.07x versus 2.8x at 30 September 2011. This level was temporarily impacted by the payment of Platt in early July. It will return to around 2.8x by the end of the year, thanks to the strong seasonality of cash-flow generation during the fourth quarter.

Key Figures
as at 30 September 2012

REVENUES

(in billions of euros)

10.0

→ +6.8%⁽¹⁾

EBITA MARGIN ⁽²⁾

5.6%

→ +10bps⁽³⁾

NET INCOME

(in millions of euros)

286.6

→ +10.0%

(1) On a reported basis

(2) On a constant and adjusted basis

(3) Bps: abbreviation of "basis points"

2012 OUTLOOK

In a macroeconomic environment that has slowed continuously since the beginning of the year, Rexel, driven by its acquisition strategy, targets:

- Mid-to high-single digit growth in reported sales (vs. previous target of "organic growth above weighted GDP average growth"),
- Mid-to high-single digit growth in reported EBITA (new target).

Despite the increasingly uncertain macroeconomic context, Rexel confirms its profitability and cash-flow targets:

- Adjusted EBITA margin of 5.7% (in line with the previously-announced target of "at least 5.7%"),
- Free cash-flow before interest and tax of around €600 million (unchanged).

our commitments

Strengthening our Community Involvement

Rexel has reaffirmed its commitment to community involvement in a new Community Involvement Charter and dedicated Guide. Building on our professional expertise in energy efficiency, Rexel has formalised its commitment to promoting better usage and optimized consumption of energy.

The Group and its subsidiaries are supporting various projects targeting energy efficiency through better education, vocational training, and involvement in the construction of energy efficient social housing, etc.

In 2012, Rexel signed a key partnership with Schneider Electric to fight fuel poverty

Schneider Electric and Rexel have recently signed an agreement to develop community projects across the world to improve access to energy efficiency for the poorest in society.

In partnership with the Schneider Foundation, the first project was launched in October 2012 at the Taiyuan Vocational School in Shanxi Province, China, which has 10 laboratories for students training to become electricians.

The project includes the upgrade of several laboratories, the provision of textbooks and teaching materials and the training of teachers. In addition to financial support, the Rexel China team will provide advice and expertise.



Connected to success



Newey & Eyre, the UK subsidiary of Rexel, has joined forces with the Electrical Contractors Association (ECA) in the Wired for Success training programme, whose goal is to encourage more women to train for a career in the electrical sector. Launched in October 2011, the training programme combines technical and commercial know-how with career support. Twelve women have been enrolled on the 2-year programme, which offers flexible training hours for mothers. Once the course is completed, students will receive help for the first year to get their foot on the career ladder.

Energy audit in the logistics centres

Rexel France has conducted an energy audit of eight of its logistics centres to identify ways of reducing CO₂ emissions and energy consumption. Through better programming of electric heaters and boilers and lowering of set room temperatures, Rexel France will reduce gas bills by 16%, which represents 270 metric tonnes of CO₂ equivalent. Medium-term plans to reduce electricity consumption will be launched alongside these measures.



YOUR QUESTIONS

WHAT HAS BEEN YOUR LARGEST ACQUISITION IN 2012?

The acquisition of Platt Electric Supply for around €300m, which was announced in May, significantly increased the Group's market share in the U.S. It also strengthening Rexel's presence in the Western United States, a region where growth should beat the U.S. market average. Platt Electric Supply's business model focusing on organic growth, strong financial performance and robust operations, provides solid foundations for future growth.

Rexel at a glance

Feedback from the Annual General Meeting



Rexel's Annual General Meeting, a key event in the Group's relations with its shareholders, was held on 16 May 2012 in Paris. In total, 539 shareholders, were represented by proxy or voted by post, for a total of 214,598,807 shares with voting rights, representing 214,598,807 votes and bringing the quorum to 80.5%. All the Management Board's resolutions were adopted by a large majority. They included the payment of a dividend of €0.65 per share, with the option of payment made in shares.

Rexel Opportunity¹²: 14.36% of employees have participated in Rexel's employee shareholding plan

For the third time since its IPO in 2007, Rexel has offered its employees the opportunity to buy shares on preferential terms. Launched in September 2012, Opportunity12* was offered to more than 90% of employees across 16 countries, with 14.36% of employees subscribing to the plan. In accordance with Rexel's commitments to sustainable development and with the exception of a few countries, communication to employees and subscription to the plan was offered online through a dedicated website: www.rexel.opportunity.com.

* In view of local regulations, the offer in the UK was disassociated from Opportunity12 and proposed under the name "2012 Share Incentive Plan".



2011 annual report

Read about Rexel and find out more about the Group's key facts and figures for 2011. Available on www.rexel.com or by post/mail on request.

Company Details

ISIN: FR0010451203

Market: Eurolist by NYSE Euronext

Number of shares (as at November 7, 2012):
271,570,052

Market capitalisation (as at November 7, 2012):
€4.016 billion

Indices: SBF 120, CAC Mid 100, CAC All-Tradable,
CAC AllShares, FTSE EuroMid, FTSE4Good, Stoxx600,
STOXX Europe Sustainability and ASPI Eurozone.

2012 Calendar

February 12, 2013:
Fourth-quarter
and full-year 2012 results
May 2, 2013:
First-quarter 2013 results
July 26, 2013:
Second-quarter
and half-year 2013 results
October 31, 2013:
Third-quarter
and 9-month 2013 results

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Share price from 7 November, 2011 to 7 November, 2012



...see you soon!