

The Rexel logo consists of the word "Rexel" in a white, sans-serif font, centered within a dark blue rectangular box with rounded corners. The background of the entire page is a composite image featuring a person in a white shirt with arms outstretched in the foreground, a city skyline at night with illuminated skyscrapers in the middle ground, and tall grass in the foreground. The image is overlaid with horizontal blue and white stripes.

Rexel

a world of energy

Half year financial report as of June 30, 2016



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Half-year financial report as of June 30, 2016

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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, 2016 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, 2016, the French version will prevail.

I. Activity report

(Unaudited)

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1. | 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 2016, the Group recorded consolidated sales of €6,510.5 million, of which €3,641.5 million were generated in Europe (56% of sales), €2,236.4 million in North America (34% of sales) and €632.6 million in Asia-Pacific (10% of sales).

The Group’s activities in Europe (56% 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. On April 28, 2016, Rexel completed the sale of its assets in Slovakia, Poland and Baltics to the Würth Group. Results of operations in the first half of 2016 include the performance of assets located in these countries for the period from January 1, 2016 until their disposal date.

The Group’s activities in North America (34% 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 39% of Group sales in this region and China for 34%.

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. Second, 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.

<i>(in millions of euros)</i>	Quarter ended June 30,		Period ended June 30,	
	2016	2015	2016	2015
Operating income before other income and other expenses	141.8	144.7	251.7	266.8
Changes in scope of consolidation	-	3.5	-	5.7
Foreign exchange effects	-	(4.4)	-	(6.2)
Non-recurring effect related to copper	3.3	0.7	11.4	5.1
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	5.3	4.3	9.2	8.6
Adjusted EBITA on a constant basis	150.4	148.7	272.3	280.0

1.2 | Comparison of financial results as of June 30, 2016 and as of June 30, 2015

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2016 and 2015, in millions of euros and as a percentage of sales. For the period ended March 31, 2015 and June 30, 2015 results of Latin America segment are excluded from continuing operations and are presented discontinued operations following the completion of the sale transaction in September 2015.

REPORTED (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	3,349.9	3,423.5	(2.2)%	6,510.5	6,645.2	(2.0)%
Gross profit	806.4	814.9	(1.0)%	1,579.6	1,609.4	(1.9)%
Distribution and administrative expenses ⁽¹⁾	(659.3)	(665.9)	(1.0)%	(1,318.7)	(1,334.0)	(1.1)%
EBITA	147.1	149.0	(1.3)%	260.9	275.4	(5.3)%
Amortization ⁽²⁾	(5.3)	(4.3)	22.9%	(9.2)	(8.6)	7.3%
Operating income before other income and expenses	141.8	144.7	(2.0)%	251.7	266.8	(5.7)%
Other income and expenses	(15.0)	(42.1)	(64.2)%	(32.0)	(59.2)	(46.0)%
Operating income	126.7	102.6	23.5%	219.7	207.6	5.8%
Net financial expenses	(43.7)	(69.8)	(37.4)%	(76.9)	(139.4)	(44.8)%
Income taxes	(26.1)	(12.8)	104.0%	(47.0)	(25.0)	87.6%
Net income from continuing operations	57.0	20.0	184.4%	95.8	43.2	121.8%
<i>as a % of sales</i>	1.7%	0.6%		1.5%	0.7%	
Net income from discontinued operations	0.0	(39.2)	n.a.	0.0	(41.7)	n.a.
Net income	57.0	(19.2)	n.a.	95.8	1.5	n.a.
(1) Of which depreciation and amortization	(24.0)	(22.9)	4.7%	(47.5)	(44.4)	7.1%
(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,			Period ended June 30,		
(in millions of euros)		2016	2015	Change in %	2016	2015	Change in %
Sales		3,349.9	3,348.0	0.1%	6,510.5	6,572.7	(0.9)%
Gross profit	Same-day basis	810.1	801.0	1.1%	1,591.9	1,600.9	(0.6)%
	as a % of sales	24.2%	23.9%		24.5%	24.4%	
Distribution and administrative expenses		(659.8)	(652.3)	1.1%	(1,319.6)	(1,320.9)	(0.1)%
	as a % of sales	(19.7)%	(19.5)%		(20.3)%	(20.1)%	
EBITA		150.4	148.7	1.1%	272.3	280.0	(2.7)%
	as a % of sales	4.5%	4.4%		4.2%	4.3%	

Sales

In the first half of 2016, Rexel's consolidated sales amounted to €6,510.5 million, as compared to €6,572.7 million in the first half of 2015.

On a reported basis, sales were down 2.0% year-on-year, including a negative currency impact of 2.0 percentage points and a positive net effect from acquisitions of 0.9 percentage point.

- The negative impact of currency amounted to €130.0 million, mainly due to the depreciation of the Canadian dollar and the British pound against the euro.
- The positive net effect from acquisitions amounted to €57.5 million, reflecting partially mainly acquisitions made in Europe and offset by the divestment of Slovakia, Poland and Baltics finalized in the second quarter of 2016.

On a constant and same-day basis, sales decreased by 1.9%. By geography, Europe decreased by 0.3%, North America decreased by 4.3% and Asia-Pacific decreased by 1.6%. Excluding the 1.2 percentage point negative impact due to lower copper-based cable prices, sales were down 0.7% as compared to the first half of 2015.

On a constant and actual number of working days basis, sales decreased by 0.9% as the calendar impact was positive at 1.0 percentage point.

In the second quarter of 2016, Rexel's consolidated sales amounted to €3,349.9 million, as compared to €3,348.0 million in the second quarter of 2015.

On a reported basis, sales were down 2.2% year-on-year, including a negative currency impact of 2.8% and a positive net effect from acquisitions of 0.6%.

On a constant and same-day basis, sales decreased by 2.3%, reflecting 4.2% drop in North America and 3.2% in Asia-Pacific, and 0.9% decrease in Europe. Excluding the negative impact of 1.3 percentage point due to the lower copper-based cable prices compared to the second quarter of 2015, sales were down 1.0%.

On a constant and actual number of working days basis, sales increase by 0.1% as the calendar impact was positive at 2.4 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	Q2	Year-to-Date
Growth on a constant and same-day basis	(1.4)%	(2.3)%	(1.9)%
Number of working days effect	(0.6)%	2.4%	1.0%
Growth on a constant and actual-day basis	(2.0)%	0.1%	(0.9)%
Changes in scope effect	1.2%	0.6%	0.9%
Foreign exchange effect	(1.1)%	(2.8)%	(2.0)%
Total scope and currency effects	0.1%	(2.2)%	(1.1)%
Growth on a reported basis ⁽¹⁾	(1.9)%	(2.2)%	(2.0)%

(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 2016, gross profit amounted to €1,579.6 million, down 1.9%, on a reported basis, as compared to €1,609.4 million in the first half of 2015.

On a constant basis, adjusted gross profit decreased by 0.6% and adjusted gross margin increased by 10 basis points to 24.5% of sales, mainly reflecting an improvement in gross margin of Europe and Asia Pacific operations.

In the second quarter of 2016, gross profit amounted to €806.4 million, down 1.0% on a reported basis as compared to €814.9 million in the second quarter of 2015.

On a constant basis, adjusted gross profit increased by 1.1% and adjusted gross margin increased by 30 basis points to 24.2% of sales, reflecting an improvement in Europe and Asia Pacific while remaining stable in North America.

Distribution & administrative expenses

In the first half of 2016, distribution and administrative expenses amounted to €1,318.7 million, down 1.1%, on a reported basis, as compared to €1,334.0 million in first half of 2015.

On a constant basis, adjusted distribution and administrative expenses decreased by 0.1% but deteriorated by 20 basis points, representing 20.3% of sales in the first half of 2016 as compared to 20.1% in the first half of 2015. This reflected an increase in Europe and Asia Pacific mitigated by a decrease in North America mainly coming from the ongoing impact of the cost reduction program in force in the USA, as well as reduction of operating expenses at corporate level.

In the second quarter of 2016, distribution and administrative expenses amounted to €659.3 million, down 1.0%, on a reported basis, as compared to €665.9 million in the second quarter of 2015.

On a constant basis, adjusted distribution and administrative expenses increased by 1.1%, representing 19.7% of sales in the second quarter of 2016, a 20 basis-point deterioration as compared to 19.5% in the second quarter of 2015.

EBITA

In the first half of 2016, as a result, EBITA stood at €260.9 million, down 5.3%, on a reported basis, as compared to €275.4 million in the first half of 2015.

On a constant basis, adjusted EBITA decreased by 2.7% to €272.3 million and adjusted EBITA margin stood at 4.2% of sales, down 8 basis points year-on-year.

In the second quarter of 2016, EBITA stood at €147.1 million, down 1.3%, on a reported basis, as compared to €149.0 million in the second quarter of 2015.

On a constant basis, adjusted EBITA increased by 1.1% to €150.4 million and adjusted EBITA margin stood at 4.5% of sales, up 5 basis points year-on-year.

Other income and expenses

In the first half of 2016, 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.

In the first half of 2015, net other income and expenses represented a net expense of €59.2 million, consisting mainly of:

- €36.8 million restructuring costs incurred in connection with branch network optimization and logistics rationalization in Europe (mainly in Germany, Spain and the United Kingdom) and branch and banner reorganizations in North America
- €19.1 million impairment expenses on goodwill attributable to Australia for €10.3 million and to The Netherlands for €8.5 million.

Net Financial expenses

In the first half of 2016, net financial expenses stood at €76.9 million, as compared to €139.4 million in the first half of 2015.

In the first half of 2016, net financial expenses were impacted by a €10 million one-off expense relating to the early repayment of the € 650 million senior notes due 2020.

In the first half of 2015, net financial expenses included a €52.5 million non-recurring expense incurred in connection with the early repayment of the €500 million senior notes due 2018 (straight repayment in the first quarter of 2015) and the US\$500 million senior notes due 2019 (refinanced by the €500 million senior notes due 2022 issued in the second quarter of 2015).

Restated from these effects in both periods, net financial expenses were down 23.0% mainly driven by a 50 basis-point decrease in the effective interest rate on gross debt (from 4.2% in the first half of 2015 to 3.7% in the first half of 2016) as a result of refinancing transactions.

Tax expense

In the first half of 2016, income tax expense was €47.0 million, as compared to €25.0 million in the first half of 2015. The increase in income tax expense is primarily due to the rise in profit before tax (from € 68.2 in the first half of 2015 million to €142.8 million in the first half of 2016), partly offset by the decrease in the effective tax rate from 36.7% in the first half of 2015 to 32.9% in the first half of 2016.

Net income from continuing operations

As a result of the above items, net income from continuing operations stood at €95.8 million in the first half of 2016, has more than doubled as compared to €43.2 million in first half of 2015.

Net income from discontinued operations

In the first half of 2015, net income from discontinued operations was a loss of €41.7 million as a result of the disposal of Rexel's operations in Latin America.

Net income

Including net income from discontinued operations, net income stood at €95.8 million in the first half of 2016, from €1.5 million in first half of 2015.

1.2.2 | Europe (56% of Group sales)

REPORTED (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	1,846.4	1,819.2	1.5%	3,641.5	3,604.8	1.0%
Gross profit	487.7	476.7	2.3%	975.9	963.6	1.3%
Distribution and administrative expenses	(388.5)	(377.5)	2.9%	(780.5)	(762.9)	2.3%
EBITA	99.3	99.2	0.1%	195.3	200.8	(2.7)%
as a % of sales	5.4%	5.5%		5.4%	5.6%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	1,846.4	1,789.6	3.2%	3,641.5	3,586.4	1.5%
	<i>Same-day basis</i>		<i>(0.9)%</i>			<i>(0.3)%</i>
Gross profit	488.4	470.3	3.8%	980.4	963.0	1.8%
	<i>as a % of sales</i>	<i>26.5%</i>	<i>26.3%</i>	<i>26.9%</i>	<i>26.9%</i>	
Distribution and administrative expenses	(388.7)	(372.9)	4.2%	(780.8)	(761.2)	2.6%
	<i>as a % of sales</i>	<i>(21.1)%</i>	<i>(20.8)%</i>	<i>(21.4)%</i>	<i>(21.2)%</i>	
EBITA	99.7	97.4	2.3%	199.6	201.8	(1.1)%
	<i>as a % of sales</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.5%</i>	<i>5.6%</i>	

Sales

In the first half of 2016, sales in Europe amounted to €3,641.5 million, a 1.0% increase on a reported basis, as compared to €3,604.8 million in first half of 2015.

Exchange rate variations accounted for a decrease of €53.0 million, mainly due to the depreciation of the British Pound against the euro.

The positive net effect from acquisition amounted to €53.7 million, related to SOFINOTHER, acquired in the beginning of 2016 in France.

On a constant and same-day basis, sales decreased by 0.3% as compared to the first half of 2015. Excluding the negative impact of 1.4 percentage point due to the lower copper-based cable prices compared to the first half of 2015, sales were up 1.1%.

In the second quarter of 2016, sales stood at €1,846.4 million, a 1.5% growth on a reported basis, as compared to €1,819.2 million in the second quarter of 2015.

On a constant and same-day basis, sales decreased by 0.9%. Excluding the negative impact of 1.6 percentage point due to the lower copper-based cable prices compared to the second quarter of 2015, sales were up 0.7%.

In **France**, sales amounted to €1,300.0 million in the first half of 2016, an increase of 1.2% as compared to the first half of 2015 on a constant and same-day basis, reflecting good performance in HVAC sales, lighting and security businesses, partly offset by lower copper price.

In the second quarter of 2016, sales were stable year on year, on a constant and same-day basis.

In the **United Kingdom**, sales amounted to €496.5 million in the first half of 2016, a decrease of 3.7% from the first half of 2015 on a constant and same-day basis, affected by lower copper price and a drop in photovoltaic sales.

In the second quarter of 2016, sales decreased by 6.4% from the second quarter of 2015, on a constant and same-day basis, reflecting lower copper price and PV sales as well as branch closures.

In **Germany**, sales stood at €389.6 million in the first half of 2016, a 2.4% decrease from the first half of 2015 on a constant and same-day basis, mainly attributable to the negative copper impact. Excluding this effect, sales were up 1.0%, mainly driven by the industry market (utilities, automotive and food industry).

In the second quarter of 2016, sales decreased by 2.0% from the second quarter of 2015, on a constant and same-day basis. Excluding the effect of copper price, sales were up 2.1%.

In **Scandinavia** sales amounted to €458.2 million in the first half of 2016, an increase of 1.8% from the first half of 2015 on a constant and same-day basis, with contrasted performances in the three countries: +7.0% in Sweden, -0.1% in Norway and -7.2% in Finland. The drop in sales in Finland reflected the challenging base effect in the first half of 2015 (+5.1%) as well as difficult macro-economic conditions.

In the second quarter of 2016, sales were up 3.5% from the second quarter of 2015, on a constant and same-day basis. Sales increased by 10.2% in Sweden, and decreased by 0.3% in Norway and by 5.7% in Finland.

In **Belgium** and in **The Netherlands**, sales amounted respectively to €176.6 million and €113.9 million in the first half of 2016. Sales in Belgium increased by 1.0% with a good performance on photovoltaic equipment. Sales in The Netherlands were up 5.1% on a constant and same-day basis.

In the second quarter of 2016, sales increased by 2.9% in Belgium and improved by 3.3% in The Netherlands.

In **Switzerland** and **Austria**, sales amounted respectively to €224.2 million and €160.2 million in the first half of 2016. Sales in Austria increased by 4.9% from the first half of 2015, on a constant and same-day basis. Sales in Switzerland decreased by 5.0% from the first half of 2015, on a constant and same-day basis, largely impacted by the deflationary environment due to the Swiss franc strengthening against Euro occurred in 2015.

In the second quarter of 2016, sales increased by 4.1% in Austria, while they decreased by 4.0% in Switzerland as compared to the second quarter of 2015, on a constant and same-day basis.

In **Southern Europe**, sales amounted to €200.0 million in the first half of 2016, a 5.5% decrease from the first half of 2015 on a constant and same-day basis. This reflects a 4.5% decrease in Spain mainly attributable to lower export activities while domestic activities were slightly up 1.1%. In Italy sales were down 0.9%.

In the second quarter of 2016, sales decreased by 8.2% on a constant and same-day basis from the second quarter of 2015, of which Spain -7.7% (export sales were down 44.2% while domestic sales were broadly stable) and Italy -4.7%.

Gross profit

In the first half of 2016, Europe recorded a gross profit of €975.9 million, up 1.3%, on a reported basis, as compared to €963.6 million in the first half of 2015.

On a constant basis, adjusted gross profit increased by 1.8% and adjusted gross margin increased by 7 basis points to 26.9% of sales.

In the second quarter of 2016, on a constant basis, adjusted gross profit increased by 3.8% and adjusted gross margin increased by 20 basis points at 26.5% of sales, as compared to the second quarter of 2015.

Distribution & administrative expenses

In the first half of 2016, distribution and administrative expenses amounted to €780.5 million, up 2.3%, on a reported basis, as compared to €762.9 million in the first half of 2015.

On a constant basis, adjusted distribution and administrative expenses increased by 2.6% in the first half of 2016, representing 21.4% of sales, a 20 basis-point increase as compared to 21.2% in the first half of 2015, reflecting a higher level of investment expenses and depreciation.

In the second quarter of 2016, on a constant basis, adjusted distribution and administrative expenses increased by 4.2%, representing 21.1% of sales as compared to 20.8% in the second quarter of 2015.

EBITA

In the first half of 2016, as a result, on a reported basis, EBITA amounted to €195.3 million, down 2.7% as compared to €200.8 million in the first half of 2015.

On a constant basis, adjusted EBITA decreased by 1.1% from the first half of 2015 and adjusted EBITA margin decreased by 10 basis points to 5.5% of sales.

In the second quarter of 2016, on a constant basis, adjusted EBITA increased by 2.3% and the adjusted EBITA margin remained stable at 5.4% of sales.

1.2.3 / North America (34% of Group sales)

REPORTED (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	1,171.6	1,250.9	(6.3)%	2,236.4	2,379.3	(6.0)%
Gross profit	257.1	275.3	(6.6)%	487.9	524.2	(6.9)%
Distribution and administrative expenses	(207.1)	(222.9)	(7.1)%	(414.7)	(442.5)	(6.3)%
EBITA	50.0	52.5	(4.7)%	73.1	81.7	(10.5)%
<i>as a % of sales</i>	4.3%	4.2%		3.3%	3.4%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	1,171.6	1,219.4	(3.9)%	2,236.4	2,347.8	(4.7)%
	<i>Same-day basis</i>		(4.2)%			(4.3)%
Gross profit	260.2	271.0	(4.0)%	495.7	521.9	(5.0)%
	<i>as a % of sales</i>	22.2%	22.2%	22.2%	22.2%	
Distribution and administrative expenses	(207.4)	(217.6)	(4.7)%	(415.4)	(437.9)	(5.1)%
	<i>as a % of sales</i>	(17.7)%	(17.8)%	(18.6)%	(18.7)%	
EBITA	52.8	53.3	(1.0)%	80.3	84.0	(4.3)%
	<i>as a % of sales</i>	4.5%	4.4%	3.6%	3.6%	

Sales

In the first half of 2016, sales in North America amounted to €2,236.4 million, down 6.0%, on a reported basis, as compared to €2,379.3 million in the first half of 2015.

Unfavorable exchange rate variations accounted for €40.2 million, due to the depreciation of Canadian dollar against the euro.

On a constant and same-day basis, sales decreased by 4.3% as compared to the first half of 2015, impacted by a 29% drop in the oil and gas segment, representing 8% of total sales of the region. Excluding this impact, sales decreased by 1.9%.

In the second quarter of 2016, sales stood at €1,171.6 million, down 6.3% on a reported basis, as compared to €1,250.9 million in the second quarter of 2015.

On a constant and same-day basis, sales decreased by 4.2% from the second quarter of 2015, impacted by a 21% drop in the oil and gas segment. Excluding this impact, sales decreased by 2.7%.

In the United States, sales dropped to €1,755.8 million in the first half of 2016, a 3.5% decrease from the first half of 2015 on a constant and same-day basis. Sales were adversely impacted by decline in oil and gas business for 2.8 percentage points, lower cable sales for 2.1 percentage points and branch closures for 1.3 percentage point (as part of program of cost efficiency measures implemented in the USA and presented on July 29, 2015).

Excluding these unfavorable effects, sales were up 2.7% in the first half of 2016, mainly reflecting growth in the non-residential end-market.

In the second quarter of 2016, sales decreased by 3.4% from the second quarter of 2015, on a constant and same-day basis, of which 1.7 percentage point attributable to the 24% drop in sales to the oil and gas industry, 2.0 percentage points attributable to lower cable sales for and 1.1 percentage point attributable to branch network optimization. Excluding these unfavorable effects, sales were up 1.4% in the quarter.

In **Canada**, sales amounted to €480.6 million in the first half of 2016, down 7.2% from the first half of 2015 on a constant and same-day basis, of which 1.0 percentage point due to the 11% drop in sales to the oil and gas industry, 1.3 percentage point due to lower cable sales and 0.8 percentage point attributable to the 87% drop in sales to the wind industry.

In the second quarter of 2016, sales decreased by 7.1% from the second quarter of 2015, on a constant and same-day basis, of which 0.8 percentage point attributable to the 9% drop in oil and gas industry, 0.9 percentage point due to lower cable sales and 1.4 percentage point attributable to the 89% drop in sales to the wind industry. Excluding these unfavorable effects, sales were down 4.0% in the quarter, reflecting a weak macro-economic environment.

Gross profit

In the first half of 2016, in North America, gross profit amounted to €487.9 million, down 6.9%, on a reported basis, as compared to €524.2 million in the first half of 2015.

On a constant basis, adjusted gross profit decreased by 5.0% and adjusted gross margin is 6 basis points lower at 22.2% of sales. Gross margin deterioration was mainly driven by Canada.

In the second quarter of 2016, on a constant basis, adjusted gross profit decreased by 4.0% and adjusted gross margin is stable at 22.2% as compared to the second quarter of 2015.

Distribution & administrative expenses

In the first half of 2016, distribution and administrative expenses amounted to €414.7 million, down 6.3%, on a reported basis, as compared to €442.5 million in the first half of 2015.

On a constant basis, adjusted distribution and administrative expenses decreased by 5.1% in the first half of 2016 and representing 18.6% of sales in the first half of 2016, a 10 basis-point decrease as compared to 18.7% in the first half of 2015, mainly coming from the cost reduction program implemented in North America in 2015.

In the second quarter of 2016, on a constant basis, adjusted distribution and administrative expenses decreased by 4.7%, representing 17.7% of sales as compared to 17.8% in the second quarter of 2015.

EBITA

In the first half of 2016, as a result, EBITA amounted to €73.1 million, down 10.5%, on a reported basis, as compared to €81.7 million in the first half of 2015.

On a constant basis, adjusted EBITA decreased by 4.3% from the first half of 2015.

In the second quarter of 2016, on a constant basis, adjusted EBITA decreased by 1.0% while the adjusted EBITA margin increased by 10 basis points to 4.5% of sales.

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

REPORTED (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	331.9	353.4	(6.1)%	632.6	661.1	(4.3)%
Gross profit	61.5	62.9	(2.2)%	115.8	121.6	(4.8)%
Distribution and administrative expenses	(56.7)	(56.3)	0.7%	(108.3)	(108.9)	(0.5)%
EBITA	4.8	6.6	(27.2)%	7.5	12.7	(41.1)%
<i>as a % of sales</i>	1.4%	1.9%		1.2%	1.9%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	331.9	339.0	(2.1)%	632.6	638.4	(0.9)%
<i>Same-day basis</i>			(3.2)%			(1.6)%
Gross profit	61.5	59.7	3.0%	115.8	115.9	(0.1)%
<i>as a % of sales</i>	18.5%	17.6%		18.3%	18.2%	
Distribution and administrative expenses	(56.7)	(53.2)	6.4%	(108.3)	(103.4)	4.7%
<i>as a % of sales</i>	(17.1)%	(15.7)%		(17.1)%	(16.2)%	
EBITA	4.8	6.5	(25.5)%	7.5	12.5	(40.0)%
<i>as a % of sales</i>	1.4%	1.9%		1.2%	2.0%	

Sales

In the first half of 2016, sales in Asia-Pacific amounted to €632.6 million, down 4.3%, on a reported basis, as compared to €661.1 million in the first half of 2015.

Unfavorable exchange rate variation accounted for €36.8 million, primarily due to the deterioration of the Chinese currency against the euro.

On a constant and same-day basis, sales declined by 1.6% as compared to the first half of 2015.

In the second quarter of 2016, sales stood at €331.9 million, a 6.1% drop on a reported basis, as compared to €353.4 million in the second quarter of 2015.

On a constant and same-day basis, sales decreased by 3.2% from the second quarter of 2015.

In **Australia**, sales amounted to €243.7 million, a 0.6% increase from the first half of 2015, on a constant and same-day basis, reflecting a gradual improvement on sales.

In the second quarter of 2016, sales were flat from the second quarter of 2015, on a constant and same-day basis.

In **China**, sales amounted to €214.8 million in the first half of 2016, a 12.0% decrease compared to the first half of 2015, on a constant and same-day basis due to tougher macro-economic conditions.

In the second quarter of 2016, sales decreased by 18.1% from the second quarter of 2015, on a constant and same-day basis.

Gross profit

In the first half of 2016, in Asia-Pacific, gross profit amounted to €115.8 million, down 4.8%, on a reported basis, as compared to €121.6 million in the first half of 2015.

On a constant basis, adjusted gross profit decreased by 0.1% and adjusted gross margin was 18.3% of sales, a 10 basis-point increase as compared to the first half of 2015.

In the second quarter of 2016, on a constant basis, adjusted gross profit increased by 3.0% and adjusted gross margin was 18.5% of sales, an increase of 90 basis points from the second quarter of 2015.

Distribution & administrative expenses

In the first half of 2016, on a reported basis, distribution and administrative expenses amounted to €108.3 million, down 0.5% as compared to €108.9 million in the first half of 2015.

On a constant basis, adjusted distribution and administrative expenses increased by 4.7% from the first half of 2015, representing 17.1% of sales in the first half of 2016, a 90 basis-point deterioration as compared to 16.2% in the first half of 2015.

In the second quarter of 2016, on a constant basis, adjusted distribution and administrative expenses increased by 6.4%, representing 17.1% of sales as compared to 15.7% in the second quarter of 2015.

EBITA

In the first half of 2016, as a result, EBITA amounted to €7.5 million, down 41.1%, on a reported basis, as compared to €12.7 million in the first half of 2015.

On a constant basis, adjusted EBITA decreased by 40.0% from the first half of 2015 and adjusted EBITA margin decreased by 80 basis points to 1.2% of sales.

In the second quarter of 2016, on a constant basis, adjusted EBITA decreased by 25.5% while the adjusted EBITA margin decreased by 50 basis points to 1.4% of sales.

1.2.5/ Other operations

REPORTED (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	0.0	0.0	n.a.	0.0	0.0	n.a.
Gross profit	0.0	0.0	n.a.	0.0	0.0	n.a.
Distribution and administrative expenses	(7.0)	(9.2)	(24.3)%	(15.1)	(19.8)	(23.6)%
EBITA	(7.0)	(9.2)	(24.4)%	(15.1)	(19.8)	(23.7)%
<i>as a % of sales</i>	<i>n.a.</i>	<i>n.a.</i>		<i>n.a.</i>	<i>n.a.</i>	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change in %	2016	2015	Change in %
Sales	0.0	0.0	n.a.	0.0	0.0	n.a.
Gross profit	0.0	0.0	n.a.	0.0	0.0	n.a.
<i>as a % of sales</i>	<i>n.a.</i>	<i>n.a.</i>		<i>n.a.</i>	<i>n.a.</i>	
Distribution and administrative expenses	(7.0)	(8.5)	(18.0)%	(15.1)	(18.3)	(17.7)%
<i>as a % of sales</i>	<i>n.a.</i>	<i>n.a.</i>		<i>n.a.</i>	<i>n.a.</i>	
EBITA	(7.0)	(8.5)	(18.0)%	(15.1)	(18.3)	(17.7)%
<i>as a % of sales</i>	<i>n.a.</i>	<i>n.a.</i>		<i>n.a.</i>	<i>n.a.</i>	

This segment mostly includes unallocated corporate overhead expenses. These expenses decreased by €3.2 million as compared to the first half of 2015, mainly due to lower salaries and benefits.

1.3 | Outlook

As regards the second half of the year, Rexel expect contrasting effects:

- Some factors will favor the second half of the year in comparison to the first half:
 - Activity in France (circa 1/3 of Group sales) should gradually benefit from the first positive effects of the construction recovery,
 - The negative impact from the drop in sales to the Oil & Gas segment (circa 8% of sales in North America) should continue to decrease,
 - The copper effect should start being less negative, notably in Q4.
- Other factors lead to caution in the second half of the year:
 - The consequences of Brexit on activity in the UK (circa 8% of Group sales) are still difficult to estimate,
 - Uncertainty about industrial activity levels in North America and China.

As a consequence, Rexel 2016 full-year financial targets remain unchanged:

- Organic sales growth on a constant and same-day basis of between -3% and +1%,
- Adjusted EBITA margin of between 4.1% and 4.5%,
- Solid free cash-flow generation of:
 - Between 70% and 80% of EBITDA, before interest and tax,
 - Between 35% and 45% of EBITDA, after interest and tax.

As announced on June 24, Ian Meakins, who joined the Board of Directors on July 1, will become Non-Executive Chairman of the Board on October 1.

Rexel will present both its 2017 full-year financial targets and its updated 2020 ambitions, along with the 2016 full-year results, at a financial meeting to be held in Paris on February 13, 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 2015 Registration Document filed with the *Autorité des Marchés Financiers* on April 7, 2016 under the number D.16-0299. There has not been any significant change in these risk factors in the first half of 2016.

2. | LIQUIDITY AND CAPITAL RESOURCES

2.1 | Cash flow

(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2016	2015	Change	2016	2015	Change
Operating cash flow	151.3	142.3	9.0	274.4	271.9	2.5
Interest	(31.9)	(38.1)	6.2	(63.5)	(79.5)	16.0
Taxes	(14.0)	(41.2)	27.2	(34.3)	(75.2)	40.8
Change in working capital requirements	62.7	25.4	37.3	(224.4)	(220.8)	(3.6)
Net cash flow from operating activities	168.0	88.4	79.7	(47.9)	(103.6)	55.7
<i>o.w. operating cash flows used by discontinued operations</i>	-	(3.5)	3.5	-	(10.9)	10.9
Net cash flow from operating activities - continuing operations	168.0	91.9	76.1	(47.9)	(92.6)	44.8
Net cash flow from investing activities	(25.9)	(36.5)	10.6	(146.3)	(73.9)	(72.4)
<i>o.w. investing cash flows (used)/provided by discontinued operations</i>	-	(0.8)	0.8	-	(1.7)	1.7
Net cash flow from investing activities - continuing operations	(25.9)	(35.8)	9.8	(146.3)	(72.2)	(74.1)
<i>o.w. Operating capital expenditures ⁽¹⁾</i>	(25.9)	(26.0)	0.1	(56.9)	(57.2)	0.3
Net cash flow from financing activities	(52.4)	(54.8)	2.4	(63.2)	(493.8)	430.6
<i>o.w. financing cash flows (used)/provided by discontinued operations</i>	-	0.7	(0.7)	-	10.8	(10.8)
Net cash flow from financing activities - continuing operations	(52.4)	(55.5)	3.1	(63.2)	(504.7)	441.5
Net cash flow	89.7	(2.9)	92.7	(257.3)	(671.3)	414.0
<i>o.w. net cash flow from discontinued operations</i>	-	(3.6)	3.6	-	(1.8)	1.8
Net cash flow - continuing operations	89.7	0.7	89.1	(257.3)	(669.5)	412.2
Free cash flow - continuing operations:						
Operating cash flow	151.3	143.2	8.1	274.4	273.4	1.0
Change in working capital requirements	62.7	27.0	35.7	(224.4)	(213.8)	(10.6)
Operating capital expenditures ⁽¹⁾	(25.9)	(26.0)	0.1	(56.9)	(57.2)	0.3
Free cash flow before interest and taxes	188.1	144.2	43.9	(6.9)	2.4	(9.3)
Interest	(31.9)	(36.5)	4.6	(63.5)	(76.6)	13.1
Taxes	(14.0)	(41.8)	27.8	(34.3)	(75.6)	41.3
Free cash flow after interest and taxes	142.2	65.9	76.3	(104.7)	(149.8)	45.1
WCR as a % of sales ⁽²⁾ at:				June 30,	June 30,	
Reported basis				2016	2015	
Constant basis				10.8%	11.3%	
				10.7%	11.4%	

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €47.9 million in the first half of 2016 compared to €103.6 million in the first half of 2015 (€92.6 million excluding discontinued operations).

Operating cash flow from continuing operations

Operating cash flow before interest, income tax and changes in working capital requirements remain broadly stable at €274.4 million in the first half of 2016 as compared to the first half of 2015.

Interest and taxes from continuing operations

In the first half of 2016, net interest paid decreased from €79.5 million in the first half of 2015 to €63.5 million in the first half of 2016. This decrease is mainly coming from the early repayment in the first half of 2015 and refinancing at lower interest rate of senior notes due 2018 and 2019

Income tax paid decreased from €75.2 million in the first half of 2015 to €34.3 million in the first half of 2016. This decrease is due to the refund received in the first half of 2016 of excess tax installments paid in 2015 in respect of French corporate income tax as a result of lower than expected taxable income for the 2015 fiscal year. In the first half of 2015, income tax paid also included a one off payment relating to a tax reassessment in Finland that is still disputed by the Group.

Change in working capital requirements - continuing operations

In the first half of 2016, change in working capital requirements accounted for an outflow of €224.4 million broadly stable as compared to the first half of 2015. This outflow is mainly attributable to change in trade receivables for €165.3 million (€839 million in the first half of 2015), offset by improvement on inventories representing an inflow of €15.5 million (outflow of €38.6 million in the first half of 2015) as well as inflow of trade payables for €33.8 million (outflow of €61.2 million in the first half of 2015).

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 10.7% of sales as of June 30, 2016 as compared to 11.4% as of June 30, 2015 representing a 70 basis-point improvement in working capital requirements. This improvement is mainly associated with trade payables outstanding as of June 30, 2016 which increased by 3 days as compared to June 30, 2015.

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 €146.3 million outflow in the first half of 2016, as compared to an outflow of €73.9 million in the first half of 2015.

(in millions of euros)	Quarter ended June 30,		Period ended June 30,	
	2016	2015	2016	2015
Acquisitions of operating fixed assets	(26.9)	(25.2)	(53.4)	(51.2)
Proceed from disposal of operating fixed assets	2.3	1.8	5.9	2.3
Net change in debts and receivables on fixed assets	(1.3)	(2.6)	(9.3)	(8.2)
Net cash flow from operating investing activities - <u>continuing</u> operations	(25.9)	(26.0)	(56.9)	(57.2)
Net cash flow from operating investing activities - <u>discontinued</u> operations	-	(0.8)	-	(1.7)
Net cash flow from operating investing activities	(25.9)	(26.8)	(56.9)	(58.9)
Acquisition of subsidiaries, net of cash acquired	(2.5)	(11.6)	(91.5)	(14.1)
Proceeds from disposal of subsidiaries, net of cash disposed of	1.7	-	1.7	-
Net cash flow from financial investing activities	(0.9)	(11.6)	(89.9)	(14.1)
Net change in long-term investments	0.8	1.8	0.5	(0.9)
Net cash flow from investing activities	(25.9)	(36.5)	(146.3)	(73.9)

Acquisitions and disposals of operating fixed assets - continuing operations

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €56.9 million in the first half of 2016, as compared to €57.2 million in the first half of 2015.

In the first half of 2016, gross capital expenditures stood at €53.4 million (€51.2 million in the first half of 2015), i.e. 0.8% of sales for the period. Disposals of fixed assets were €5.9 million (€2.3 million in the first half of 2015). Net changes in the related payables and receivables amounted to €9.3 million, accounting for an increase in net capital expenditures for the period (€8.2 million in the first half of 2015).

Financial investments

Financial investments resulted in a net cash-out of €91.5 million in the first half of 2016 as compared to a net outflow of €14.1 million in the first half of 2015, 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.

In the first half of 2015, they were mainly comprised of the acquisition price of Electro-Industry en Acoustiek in Belgium and Shanghai Maxqueen Industry Development Co. Ltd in China, as well as earn-out payments and price adjustments related to prior years' acquisitions.

2.1.3/ Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In the first half of 2016, cash flow from financing activities reflected a net debt repayment 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.

In the first half of 2015, cash flow from financing activities reflected a net debt repayment of €493.8 million, resulting mainly from the:

- Redemption of the 7.00% senior notes due 2018 on March, 16 2015 for €522.6 million including a redemption premium of €25.4 million;
- Redemption of the 6.125% senior notes due 2019 on June 22, 2015 for €468.6 million including a redemption premium of €25.5 million;
- Decrease of €163.0 million in assigned receivables with respect to securitization programs;

partially compensated by the:

- €500 million issuance of senior notes due 2022 with coupons of 3.25% for an amount net of transaction costs of €489,7 million;
- Increase in other borrowings amounting to €174.3 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, 2016, Rexel's consolidated net debt amounted to €2,380.2 million, consisting of the following items:

<i>(in millions of euros)</i>	June 30, 2016			December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	1,634.6	1,634.6	-	1,637.1	1,637.1
Securitization	326.5	684.1	1,010.6	378.7	710.8	1,089.4
Bank loans	56.0	4.0	60.0	57.2	1.5	58.7
Commercial paper	145.8	-	145.8	134.6	-	134.6
Bank overdrafts and other credit facilities	92.1	-	92.1	88.4	-	88.4
Finance lease obligations	7.5	18.7	26.3	8.0	19.5	27.6
Accrued interest ⁽¹⁾	8.1	-	8.1	8.1	-	8.1
Other						
Less transaction costs	(6.2)	(25.4)	(31.6)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest	629.9	2,315.9	2,945.9	668.5	2,342.1	3,010.6
Cash and cash equivalents			(535.1)			(804.8)
Accrued interest receivables			(0.6)			(0.7)
Debt hedge derivative			(29.9)			(6.4)
Net financial debt			2,380.2			2,198.7

⁽¹⁾ of which accrued interest on Senior Notes for €4.5 million at June 30, 2016 (€3.3 million at December 31, 2015)

At June 30, 2016, the Group's liquidity amounted to €1,360.2 million (€1,645.5 million at December 31, 2015).

<i>(in million of euros)</i>	June 30, 2016	December 31, 2015
Cash and cash equivalents	535.1	804.8
Bank overdrafts	(92.1)	(88.4)
Commercial paper	(145.8)	(134.6)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	81.0	81.7
Liquidity	1,360.2	1,645.5

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 3.25x as of June 30, 2016 (as compared to 2.99x as of December 31, 2015 and 3.20x as of June 30, 2015).

II. Condensed consolidated interim financial statements as of June 30, 2016 (unaudited¹)

1. The condensed consolidated interim financial statements as of June 30, 2016 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on the 2016 half year information is presented after the condensed consolidated interim financial statements.

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Consolidated Income Statement (*unaudited*)

<i>(in millions of euros)</i>	Note	For the quarter ended June 30,		For the period ended June 30,	
		2016	2015	2016	2015
Sales	5	3,349.9	3,423.5	6,510.5	6,645.2
Cost of goods sold		(2,543.5)	(2,608.6)	(4,930.9)	(5,035.8)
Gross profit		806.4	814.9	1,579.6	1,609.4
Distribution and administrative expenses	6	(664.6)	(670.2)	(1,327.9)	(1,342.6)
Operating income before other income and expenses		141.8	144.7	251.7	266.8
Other income	7	0.6	0.4	1.5	0.6
Other expenses	7	(15.6)	(42.4)	(33.5)	(59.8)
Operating income		126.7	102.6	219.7	207.6
Financial income		0.4	0.4	1.1	1.3
Interest expense on borrowings		(28.3)	(29.8)	(56.4)	(70.3)
Non-recurring redemption costs		(10.0)	(33.0)	(10.0)	(52.5)
Other financial expenses		(5.8)	(7.5)	(11.6)	(17.9)
Net financial expenses	8	(43.7)	(69.8)	(76.9)	(139.4)
Net income before income tax		83.0	32.8	142.8	68.2
Income tax	9	(26.1)	(12.8)	(47.0)	(25.0)
Net income from continuing operations		57.0	20.0	95.8	43.2
Net loss from discontinued operations	10	-	(39.2)	-	(41.7)
Net income / (loss)		57.0	(19.2)	95.8	1.5
Portion attributable:					
<i>to the equity holders of the parent</i>		57.1	(18.6)	96.0	2.5
<i>to non-controlling interests</i>		(0.1)	(0.6)	(0.2)	(1.0)
Earnings per share:					
<i>Basic earnings per share (in euros)</i>	12	0.19	(0.06)	0.32	0.01
<i>Fully diluted earnings per share (in euros)</i>	12	0.19	(0.06)	0.32	0.01
Earnings per share from continuing operations:					
<i>Basic earnings per share from continuing operations (in euros)</i>		0.19	0.07	0.32	0.15
<i>Fully diluted earnings per share from continuing operations (in euros)</i>		0.19	0.07	0.32	0.15

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

Consolidated Statement of Comprehensive Income *(unaudited)*

	<i>(in millions of euros)</i>	Note	For the quarter ended June 30,		For the period ended June 30,	
			2016	2015	2016	2015
Net income			57.0	(19.2)	95.8	1.5
Items to be reclassified to profit and loss in subsequent periods						
Net gain / (loss) on net investment hedges			(50.0)	28.6	10.8	(109.2)
Income tax			17.2	(9.8)	(3.7)	37.6
			(32.8)	18.8	7.1	(71.6)
Foreign currency translation adjustment			76.2	(60.0)	(37.4)	220.2
Income tax			(20.7)	11.0	3.3	(29.3)
			55.5	(49.0)	(34.1)	190.9
Net gain / (loss) on cash flow hedges			(0.7)	1.9	(3.1)	0.2
Income tax			0.2	(0.6)	1.1	0.0
			(0.4)	1.3	(2.0)	0.2
Items not to be reclassified to profit and loss in subsequent periods						
Remeasurements of net defined benefit liability		14	(36.1)	77.4	(53.4)	34.5
Income tax			4.8	(5.6)	9.7	0.3
			(31.2)	71.7	(43.8)	34.8
Other comprehensive income / (loss) for the period, net of tax			(9.0)	42.9	(72.8)	154.3
<i>of which other comprehensive income / (loss) from discontinued operations</i>			-	(0.8)	-	0.9
Total comprehensive income / (loss) for the period, net of tax			48.0	23.7	23.0	155.8
Portion attributable:						
<i>to the equity holders of the parent</i>			48.0	24.9	23.6	156.1
<i>to non-controlling interests</i>			0.0	(1.3)	(0.6)	(0.3)

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

Consolidated Balance Sheet (*unaudited*)

<i>(in millions of euros)</i>	Note	As of June 30, 2016	As of December 31, 2015
Assets			
Goodwill		4,285.8	4,266.6
Intangible assets		1,107.4	1,108.0
Property, plant and equipment		290.6	288.7
Long-term investments		57.2	33.8
Deferred tax assets		145.6	159.0
Total non-current assets		5,886.6	5,856.2
Inventories		1,524.8	1,535.0
Trade accounts receivable		2,289.2	2,129.4
Current tax assets		24.4	47.6
Other accounts receivable		525.5	495.3
Assets held for sale		0.3	53.8
Cash and cash equivalents	15.1	535.1	804.8
Total current assets		4,899.2	5,065.8
Total assets		10,785.8	10,922.1
Equity			
Share capital		1,511.1	1,509.4
Share premium		1,567.1	1,680.5
Reserves and retained earnings		1,171.8	1,154.1
Total equity attributable to equity holders of the parent		4,250.0	4,343.9
Non-controlling interests		8.4	9.0
Total equity		4,258.4	4,352.9
Liabilities			
Interest bearing debt (non-current part)	15.1	2,315.9	2,342.1
Net employee defined benefit liabilities		378.0	343.4
Deferred tax liabilities		205.6	211.2
Provision and other non-current liabilities		79.8	72.3
Total non-current liabilities		2,979.3	2,968.9
Interest bearing debt (current part)	15.1	621.8	660.4
Accrued interest	15.1	8.1	8.1
Trade accounts payable		2,105.9	2,138.3
Dividends payable	11	120.3	-
Income tax payable		12.6	29.8
Other current liabilities		679.1	712.9
Liabilities related to assets held for sale		0.2	50.7
Total current liabilities		3,548.1	3,600.2
Total liabilities		6,527.4	6,569.1
Total equity and liabilities		10,785.8	10,922.1

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

Consolidated Statement of Cash Flows (*unaudited*)

	Note	For the quarter ended June 30,		For the period ended June 30,	
		2016	2015	2016	2015
<i>(in millions of euros)</i>					
Cash flows from operating activities					
Operating income		126.7	64.6	219.7	168.5
Depreciation, amortization and impairment of assets	6-7	29.3	82.0	56.6	108.3
Employee benefits		(9.1)	(7.4)	(13.0)	(11.2)
Change in other provisions		(1.9)	1.9	2.3	0.8
Other non-cash operating items		6.3	1.2	8.7	5.5
Interest paid		(31.9)	(38.1)	(63.5)	(79.5)
Income tax paid		(14.0)	(41.2)	(34.3)	(75.2)
Operating cash flows before change in working capital requirements		105.4	63.0	176.6	117.3
Change in inventories		11.4	(26.7)	15.5	(37.0)
Change in trade receivables		(96.8)	(60.2)	(165.3)	(87.6)
Change in trade payables		189.7	116.1	(33.8)	(67.0)
Change in other working capital items		(41.6)	(3.9)	(40.8)	(29.2)
Change in working capital requirements		62.7	25.4	(224.4)	(220.8)
Net cash from operating activities		168.0	88.4	(47.9)	(103.6)
<i>Of which operating flows provided / (used) by discontinued operations</i>		-	(3.5)	-	(10.9)
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(28.2)	(28.6)	(62.8)	(61.3)
Proceeds from disposal of tangible and intangible assets		2.3	1.9	5.9	2.4
Acquisitions of subsidiaries, net of cash acquired	4.2	(2.5)	(11.6)	(91.5)	(14.1)
Proceeds from disposal of subsidiaries, net of cash disposed of		1.7	-	1.7	-
Change in long-term investments		0.8	1.8	0.5	(0.9)
Net cash from investing activities		(25.9)	(36.5)	(146.3)	(73.9)
<i>Of which investing flows provided / (used) by discontinued operations</i>		-	(0.8)	-	(1.7)
Cash flows from financing activities					
Contribution received from non-controlling interests		-	2.7	-	2.7
Disposal / (Purchase) of treasury shares		(1.3)	(2.0)	(0.3)	(0.1)
Acquisition of non-controlling interests		-	-	-	(5.0)
Issuance of senior notes net of transaction costs		643.4	489.7	643.4	489.7
Repayment of senior notes	15.2	(675.0)	(468.6)	(675.0)	(991.2)
Settlement of interest rate swaps qualified as fair value hedge		2.8	-	5.8	-
Net change in credit facilities, commercial papers, other financial borrowings	15.2	(102.6)	(65.6)	16.4	174.3
Net change in securitization	15.2	81.6	(8.9)	(52.5)	(163.0)
Net change in finance lease liabilities	15.2	(1.3)	(1.9)	(1.0)	(1.1)
Dividend paid		-	(0.1)	-	(0.1)
Net cash from financing activities		(52.4)	(54.8)	(63.2)	(493.8)
<i>Of which financing flows provided / (used) by discontinued operations</i>		-	0.7	-	10.8
Net (decrease) / increase in cash and cash equivalents		89.7	(2.9)	(257.3)	(671.3)
Cash and cash equivalents at the beginning of the period		443.9	478.7	804.8	1,159.8
Effect of exchange rate changes on cash and cash equivalents		(2.2)	(1.0)	(15.2)	(13.8)
Cash and cash equivalent reclassified to assets held for sale		3.6	(14.4)	2.9	(14.4)
Cash and cash equivalents at the end of the period		535.1	460.4	535.1	460.4

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

Consolidated Statement of Changes in Equity (*unaudited*)

<i>(in millions of euros)</i>	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, 2015									
As of January 1, 2015	1,460.0	1,599.8	1,351.5	79.5	(1.7)	(153.4)	4,335.7	7.7	4,343.4
Net income	-	-	2.5	-	-	-	2.5	(1.0)	1.5
Other comprehensive income	-	-	-	118.6	0.2	34.8	153.6	0.7	154.3
Total comprehensive income for the period	-	-	2.5	118.6	0.2	34.8	156.1	(0.3)	155.8
Cash dividends	-	-	(91.2)	-	-	-	(91.2)	(0.1)	(91.3)
Share capital increase	3.9	7.1	(10.9)	-	-	-	0.1	2.7	2.8
Share-based payments	-	-	4.7	-	-	-	4.7	-	4.7
Acquisition of non-controlling interests	-	-	-	-	-	-	-	0.6	0.6
Disposal / (Purchase) of treasury shares	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
As of June 30, 2015	1,463.9	1,606.9	1,256.3	198.1	(1.5)	(118.6)	4,405.1	10.6	4,415.7
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	-	(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

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, 2016 and were authorized for issue by the Board of Directors on July 28, 2016.

2. | SIGNIFICANT EVENTS OF THE PERIOD ENDED JUNE 30, 2016

In the second quarter of 2016, Rexel extended the maturity of its borrowings by refinancing the 5.125% €650 million senior notes due 2020 through the issuance of 3.50% €650 million senior notes due 2023 (see note 15).

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, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force as of June 30, 2016. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s financial statements prepared for the financial year closed on December 31, 2015 and included in the Registration Document filed with the Autorité des Marchés Financiers on April 7, 2016 under the number D.16-0299.

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

3.2 | Basis of preparation

The condensed financial statements as of June 30, 2016 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used as of December 31, 2015 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2015, with the exception of the new standards and interpretations disclosed in note 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, 2016, the following new amendments previously endorsed by the European Union are applicable to Rexel. These changes had no material effect on the Group's financial statements:

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

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

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

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

- On June 20, 2016, Amendments to IFRS 2 “Share-based Payment” 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 1 January 2018 with early application permitted.

4. | BUSINESS COMBINATIONS

4.1 | 2016 Acquisitions

On January 4, 2016, Rexel acquired Sofinther, a French €116 million annual sales distribution company specializing in thermal, heating and control solutions. The Group acquired a 100% ownership interest for a total consideration of €81.6 million. In the second quarter of 2016, as part of the purchase price allocation, the Group recognized customer relationships of €23.4 million with a useful life of 8 years. Goodwill arising on this acquisition amounted to €32.2 million. Sofinther has been consolidated starting on its acquisition date.

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

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

4.2 | Purchase Price Allocation

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

Net assets acquired and consideration transferred of acquisitions consolidated for the period ended June 30, 2016			
<i>(in millions of euros)</i>	Sofinther	Others	Total
Customer relationships	23.4	-	23.4
Other fixed assets	2.9	0.8	3.7
Other non current assets.....	1.6	0.0	1.6
Current assets.....	53.9	10.2	64.1
Net financial debt.....	8.4	2.9	11.4
Other non current liabilities.....	(9.1)	(0.2)	(9.3)
Current liabilities.....	<u>(31.8)</u>	<u>(3.7)</u>	<u>(35.4)</u>
Net asset acquired (except goodwill acquired).....	49.4	10.1	59.5
Goodwill acquired	<u>32.2</u>	<u>12.7</u>	<u>44.9</u>
Consideration transferred.....	81.6	22.8	104.4
Cash acquired	<u>(11.8)</u>	<u>(3.9)</u>	<u>(15.7)</u>
Net cash paid for 2016 acquisitions.....	69.8	18.8	88.6
Payments related to prior year acquisitions..... ⁽¹⁾	-	3.0	3.0
Net cash paid for acquisitions in 2016.....	69.8	21.8	91.5

⁽¹⁾ converted at acquisition date exchange rate

The amount of fees associated with these acquisitions totaled €0.8 million, of which €0.3 million was incurred during the period ended June 30, 2016.

For the period ended June 30, 2016, the contribution of the acquired entities in 2016 to the Group's sales and operating income was €71.1 million and €4.6 million respectively.

5. | SEGMENT REPORTING

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

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

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

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

Information by geographic segment for the period ended June 30, 2016 and 2015

2016 (in millions of euros)	Europe	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items	Total Group
For the 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
Goodwill impairment.....	-	-	-	-	-	-
2015 (in millions of euros)						
	Europe ⁽²⁾	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items ⁽²⁾	Total Group
For the quarter ended June 30,						
Sales to external customers.....	1,819.2	1,250.9	353.4	3,423.5	-	3,423.5
EBITA..... ⁽¹⁾	99.2	52.5	6.6	158.3	(9.2)	149.0
Goodwill impairment.....	(8.5)	-	(10.3)	(18.8)	-	(18.8)
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
Goodwill impairment.....	-	-	-	-	-	-
As of June 30,						
Working capital.....	724.7	645.7	203.1	1,573.5	(136.8)	1,436.7
Goodwill.....	2,554.7	1,475.3	255.8	4,285.8	-	4,285.8
2015 (in millions of euros)						
	Europe ⁽²⁾	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items ⁽²⁾	Total Group
For the period ended June 30,						
Sales to external customers.....	3,604.8	2,379.3	661.1	6,645.2	-	6,645.2
EBITA..... ⁽¹⁾	200.8	81.7	12.7	295.2	(19.8)	275.4
Goodwill impairment.....	(8.5)	-	(10.3)	(18.8)	-	(18.8)
As of December 31,						
Working capital.....	572.5	588.1	175.3	1,335.9	(22.1)	1,313.8
Goodwill.....	2,543.7	1,465.4	257.6	4,266.6	-	4,266.6

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

⁽²⁾ After reallocation of Rexel Holding Netherlands BV from Corporate Holdings to Europe reporting segment

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

	For the quarter ended June 30,		For the period ended June 30,	
	2016	2015	2016	2015
<i>(in millions of euros)</i>				
EBITA - Total continuing operations	147.1	149.1	260.9	275.4
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(5.3)	(4.3)	(9.2)	(8.6)
Other income and other expenses	(15.0)	(42.1)	(32.0)	(59.2)
Net financial expenses	(43.7)	(69.8)	(76.9)	(139.4)
Net income before tax from continuing operations	83.0	32.8	142.8	68.2

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

	As of June 30,	As of December 31,
	2016	2015
<i>(in millions of euros)</i>		
Working capital	1,436.7	1,313.8
Goodwill	4,285.8	4,266.6
Total allocated assets & liabilities	5,722.6	5,580.4
Liabilities included in allocated working capital	2,899.7	2,842.7
Accrued interest receivable	0.6	0.7
Other non-current assets	1,455.2	1,430.5
Deferred tax assets	145.6	159.0
Current tax assets	24.4	47.6
Assets classified as held for sale	0.3	53.8
Derivatives	2.3	2.4
Cash and cash equivalents	535.1	804.8
Group consolidated total assets	10,785.8	10,922.1

6. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

	For the period ended June 30,	
	2016	2015
<i>(in millions of euros)</i>		
Personnel costs (salaries & benefits)	803.2	810.0
Building and occupancy costs	136.8	140.5
Other external costs	313.0	320.2
Depreciation expense	47.5	44.4
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	9.2	8.6
Bad debt expense	18.1	18.9
Total distribution and administrative expenses	1,327.9	1,342.6

7. | OTHER INCOME & OTHER EXPENSES

	For the period ended June 30,	
	2016	2015
<i>(in millions of euros)</i>		
Gains on disposal of tangible assets	0.6	0.3
Write-back asset impairment	0.1	0.1
Release of unused provisions	0.8	0.1
Other operating income	0.1	0.1
Total other income	1.5	0.6
Restructuring costs	(23.0)	(36.8)
Losses on non-current assets disposed of	(3.7)	(0.8)
Impairment of goodwill and asset write-offs	-	(19.1)
Acquisition related costs	(1.0)	(1.1)
Losses on earn-out	(2.5)	-
Other operating expenses	(3.3)	(2.0)
Total other expenses	(33.5)	(59.8)

(1) 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

(2) Including a disposal loss of €3.2 million relating to the sale of operations in Slovakia, Poland and Baltics to the Würth group completed on April 28, 2016 for a consideration of €10.0 million before working capital and debt adjustments. As part of this transaction, the Group is liable for indemnification of any further damage and liability incurred by the purchaser in the limit of €8.0 million.

8. | NET FINANCIAL EXPENSES

	For the period ended June 30,	
	2016	2015
<i>(in millions of euros)</i>		
Interest income on cash and cash equivalents	0.2	0.6
Interest income on receivables and loans	0.9	0.8
Financial income	1.1	1.3
Interest expense on financial debt (stated at amortized cost)	(59.3)	(74.6)
Interest gain / (expense) on interest rate derivatives	0.2	4.7
Gains and losses on derivative instruments previously deferred in other comprehensive income and reclassified in the income statement	-	0.0
Change in fair value of interest rate derivatives through profit and loss	2.6	(0.4)
Financial expense on borrowings	(56.4)	(70.3)
Non-recurring redemption costs	(10.0)	(52.5)
Foreign exchange gain (loss)	15	(16)
Change in fair value of exchange rate derivatives through profit and loss	(0.6)	(10)
Net foreign exchange gain (loss)	0.9	(2.6)
Net financial expense on employee benefit obligations	(5.5)	(6.0)
Others	(7.0)	(9.3)
Other financial expenses	(11.6)	(17.9)
Net financial expenses	(76.9)	(139.4)

(1) Non-recurring costs related to the early repayment in June 2016 of the senior notes due 2020

(2) Non-recurring costs related to the early repayment of the senior notes due 2018 and 2019

9. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2016 financial year to the interim income before taxes. The effective tax rate for the half-year ended June 30, 2016 was 32.9%, as compared to a tax rate from continuing operations of 36.7% for the half-year ended June 30, 2015.

10. | DISCONTINUED OPERATIONS

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

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

<i>(in millions of euros)</i>	For the quarter ended June 30, 2015	For the period ended June 30, 2015
Sales	63.6	128.2
Cost of goods sold	(50.2)	(101.3)
Gross profit	13.4	26.9
Distribution and administrative expenses	(14.6)	(29.0)
Operating income before other income and expenses	(1.2)	(2.1)
Other income and expenses	(36.9)	(37.1)
Operating income	(38.0)	(39.1)
Net financial expenses	(1.8)	(4.4)
Net income / (loss) before income tax	(39.8)	(43.5)
Income tax	0.5	1.8
Net income / (loss) from discontinued operations	(39.2)	(41.7)
Earnings per share for discontinued operations:		
Basic earnings per share (in euros)	(0.13)	(0.14)
Fully diluted earnings per share (in euros)	(0.13)	(0.14)

Distribution and administrative expenses

<i>(in millions of euros)</i>	For the quarter ended June 30, 2015	For the period ended June 30, 2015
Personnel costs (salaries & benefits)	8.1	16.0
Building and occupancy costs	1.8	3.6
Other external costs	3.3	6.5
Depreciation expense	0.5	1.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	0.1	0.3
Bad debt expense	0.7	1.5
Total distribution and administrative expenses	14.6	29.0

11. | DIVIDENDS

On May 25, 2016, the Shareholders' Meeting decided a cash dividend distribution of €0.40 per share by deduction from share premium. The effective date of dividend payment was July 5, 2016.

	For the period ended June 30,	
	2016	2015
Dividends on ordinary shares	€ 0.40	€ 0.75
Dividends payable (in millions of euros)	120.3	218.5
of which: - dividends payable in cash	120.3	91.2
- dividends payable in shares	-	127.3

12. | 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,	
	2016	2015
Net income attributed to ordinary shareholders :		
- of which continuing operations (in millions of euros)	96.0	44.2
- of which discontinuing operations (in millions of euros)	-	(41.7)
Net income attributed to ordinary shareholders (in millions of euros).....	96.0	2.5
Weighted average number of ordinary shares (in thousands)	300,448	290,587
Potential dilutive shares in connection with payments of dividends (in thousands) .	-	239
Non-dilutive potential shares (in thousands)	731	975
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	301,179	291,801
Basic earning per share (in euros)	0.32	0.01
Dilutive potential shares (in thousands)	787	1,280
- of which share options (in thousands)	79	104
- of which bonus shares (in thousands)	708	1,176
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	301,965	293,081
Fully diluted earnings per share (in euros).....	0.32	0.01

⁽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

13. | SHARE BASED PAYMENT

On June 23, 2016, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,820,625 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 (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called “3+2 Plan”,
- or four years after the grant date (June 24, 2020) 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) 2015/2018 average growth of EBITA in value (ii) 2015/2018 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018 (iv) Rexel share market performance compared to peers		
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Share fair value at grant date June 23, 2016	10.91	10.50	10.64
Maximum number of shares granted on June 23, 2016	774,500	1,046,125	1,820,625

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.

14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of June 30, 2016, the major Group’s defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended June 30, 2016, remeasurement of pension and post-retirement benefits accounted for a loss before tax of €53.4 million was recognized in other comprehensive income (a profit before tax of €34.5 million for the period ended June 30, 2015). This loss resulted mainly from the decrease in discount rates as of June 30, 2016 as compared to December 31, 2015 such as presented below:

Discount rate (in %)	As of June 2016	As of December 2015	As of June 2015
United Kingdom	3.00	3.50	3.75
Canada	3.25	4.00	4.00
Switzerland	0.25	0.75	1.00

In Canada, the Group provides for health & dental care and life insurance coverage to the retirees and their dependents. Upon retirement, employees can choose to maintain the above described benefits or to elect for a lump sum settlement payment in lieu of their benefits. As of June 30, 2016, the Group amended the plan to introduce a regular retiree contribution which is currently entirely paid by the employer, this contribution corresponding to 50% of the plan cost. This change applies to future retirees retiring on or after July 1, 2016. As a result of this plan amendment, a gain of €5.9 million (CAD\$8.7 million) was recognized in the income statement for the period ended June 30, 2016 as a reduction in salaries and benefits.

For the period ended June 30, 2015, a €3.6 million gain (CAD\$5.0 million) was recognized as a result of amendments to health and dental care and life insurance plans in Canada.

15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2016. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

15.1 | Net financial debt

As of June 30, 2016, Rexel's consolidated net debt stood at €2,380.2 million, consisting of the following items:

<i>(in millions of euros)</i>	As of June 30, 2016			As of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes.....	-	1,634.6	1,634.6	-	1,637.1	1,637.1
Securitization	326.5	684.1	1,010.6	378.7	710.8	1,089.4
Bank loans	56.0	4.0	60.0	57.2	1.5	58.7
Commercial paper	145.8	-	145.8	134.6	-	134.6
Bank overdrafts and other credit facilities	92.1	-	92.1	88.4	-	88.4
Finance lease obligations	7.5	18.7	26.3	8.0	19.5	27.6
Accrued interests	8.1	-	8.1	8.1	-	8.1
Less transaction costs	(6.2)	(25.4)	(31.6)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest..	629.9	2,315.9	2,945.9	668.5	2,342.1	3,010.6
Cash and cash equivalents			(535.1)			(804.8)
Accrued interest receivable.....			(0.6)			(0.7)
Debt hedge derivatives..... ⁽²⁾			(29.9)			(6.4)
Net financial debt			2,380.2			2,198.7

⁽¹⁾ Of which accrued interests on Senior Notes for €4.5 million as of June 30, 2016 (€3.3 million as of December 31, 2015)

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

15.1.1 | Senior notes

As of June 30, 2016, the carrying amount of the existing senior notes is detailed as follows:

	As of June 30, 2016				As of December 31, 2015			
	Nominal amount <i>(in millions of currency)</i>	Nominal amount <i>(in millions of euros)</i>	Fair value adjustments ⁽¹⁾	Total	Nominal amount <i>(in millions of currency)</i>	Nominal amount <i>(in millions of euros)</i>	Fair value adjustments ⁽¹⁾	Total
Senior notes due 2020	USD 500.0	450.4	14.2	464.6	USD 500.0	459.3	4.5	463.8
Senior notes due 2020	-	-	-	-	EUR 650.0	650.0	19.7	669.7
Senior notes due 2022	EUR 500.0	500.0	20.0	520.0	EUR 500.0	500.0	3.8	503.8
Senior notes due 2023	EUR 650.0	650.0	-	650.0	-	-	-	-
TOTAL		1,600.4	34.2	1,634.6		1,609.3	28.0	1,637.1

⁽¹⁾ Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 16)

Issuance of €650 million notes due 2023

On May 18, 2016, Rexel issued €650 million of senior unsecured notes due 2023 which bear interests at 3.50% 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 December 15, 2016. The notes mature on June 15, 2023 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2019 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2019, 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)
June 15, 2019	101.750%
June 15, 2020	100.875%
June 15, 2021 and after	100.000%

Repayment of €650 million notes due 2020

On June 16, 2016, Rexel redeemed its 5.125% senior notes due 2020 for a total amount of €675.0 million, including the principal amount of €650.0 million, an applicable redemption premium of €25.0 million.

As part of the early repayment of the Senior notes due 2020, the Group settled interest rate swaps of a nominal amount of €150 million and qualified as fair value hedge of the Senior notes. Rexel received €3 million representing the settlement price of such interest rate swaps.

As a result of the repayment of the senior notes due 2020, the Group revised the amortized cost of such notes and recognized a financial expense of €10.0 million as a result of the effective interest rate method. This loss includes the redemption premium plus the unamortized initial transaction costs of €5.0 million after deducting positive fair value hedge adjustments of €20.0 million.

15.1.2 |Securitization programs

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

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

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2016, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

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

Program	Commitment	Amount of receivables assigned as of June 30, 2016	Amount drawn down as of June 30, 2016	Balance as of		Repayment Date
				June 30, 2016	December 31, 2015	
<i>(in millions of currency)</i>				<i>(in millions of euros)</i>		
Europe and Australia ⁽¹⁾	EUR 375.0	EUR 435.7	EUR 344.7	344.7	345.7	12/18/2017
United States	USD 545.0	USD 583.4	USD 417.3	375.9	444.9	12/20/2017
Canada	CAD 175.0	CAD 223.5	CAD 141.4	98.3	115.8	01/18/2019
Europe	EUR 384.0	EUR 468.5	EUR 326.5	326.5	378.2	12/20/2016
TOTAL				1,145.4	1,284.6	
Of which :						
	- on balance sheet:			1,010.6	1,089.4	
	- off balance sheet :			134.8	195.2	

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

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of June 30, 2016, the total outstanding amount authorized for these securitization programs was €1,371.6 million, of which €1,145.4 million were used.

15.1.3 | 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, 2016, the company had issued €145.8 million of commercial paper (€134.6 million as of December 31, 2015).

15.2 | Change in net financial debt

As of June 30, 2016 and June 30, 2015, the change in net financial debt was as follows:

<i>(in millions of euros)</i>	2016	2015
As of January 1,	2,198.7	2,213.1
Issuance of senior notes net of transaction costs.....	643.4	489.7
Repayment of senior notes	(675.0)	(991.2)
Net change in credit facilities, commercial papers and other financial borrowings.	16.4	174.3
Net change in credit facilities.....	(15.2)	(327.2)
Net change in securitization.....	(52.5)	(163.0)
Net change in finance lease liabilities.....	(1.0)	(1.1)
Net change in financial liabilities.....	(68.8)	(491.2)
Change in cash and cash equivalents	257.3	671.3
Effect of exchange rate changes on net financial debt	(21.3)	133.9
Effect of acquisition.....	2.9	3.4
Amortization of transaction costs.....	3.2	4.8
Non recurring refinancing costs.....	10.0	52.5
Debt reclassified as liability held for sale.....	-	(27.3)
Other changes	(1.9)	(4.0)
As of June 30,	2,380.2	2,556.5

15.3 | 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:

<i>(in millions of euros)</i>	As of June 30, 2016	As of December 31, 2015
Due within		
One year	636.2	675.0
Two years	594.0	602.8
Three years	103.8	4.0
Four years	467.7	118.5
Five years	1.8	1,134.0
Thereafter	1,174.1	509.6
Total gross financial debt before transaction costs.....	2,977.5	3,043.9
Transaction costs	(31.6)	(33.3)
Gross financial debt	2,945.9	3,010.6

The \$500 million senior notes issued in April 2013 mature in June 2020, the €500 million senior notes issued in May 2015 mature in June 2022 and the €650 million senior notes issued in May 2016 mature in June 2023.

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

On June 26, 2015, Rexel extended the maturity of its \$40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of June 30, 2016, this facility was not drawn down.

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

In addition, the trade accounts payable amounted to €2,105.9 million as of June 30, 2016 (€2,138.3 million as of December 31, 2015) and are due in less than one year.

As of June 30, 2016, the Group's liquidity amounted to €1,360.2 million (€1,645.5 million as of December 2015) in excess of €724.0 million compared to €636.2 million expected to be paid within the next twelve months with respect to financial debt repayment schedule.

<i>(in millions of euros)</i>	As of June 30, 2016	As of December 31, 2015
Cash and cash equivalents	535.1	804.8
Bank overdrafts	(92.1)	(88.4)
Commercial paper	(145.8)	(134.6)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	81.0	81.7
Liquidity	1,360.2	1,645.5

16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of June 30, 2016, the Group held the following classes of financial instruments measured at fair value:

<i>(in millions of euros)</i>	June 30, 2016		December 31, 2015		
	Carrying amount	Fair value	Carrying amount	Fair value	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	31.9	31.9	8.2	8.2	Level 2
Other derivatives	2.3	2.3	2.6	2.6	Level 2
Financial liabilities					
Senior notes	1,634.6	1,625.3	1,637.1	1,646.2	Level 1
Hedging derivatives	5.5	5.5	1.1	1.1	Level 2
Other derivatives	10.0	10.0	12.5	12.5	Level 2

IFRS hierarchy:

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy described as follows:

- Level 1 — Quoted market prices in an active market for identical assets or liabilities
- Level 2 — Valuation techniques based on data directly or indirectly observable
- Level 3 — Valuation techniques based on data 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.

17. | 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.

18. | LITIGATION

Following a tax audit, Rexel received in December 2011 a tax reassessment in which the French tax authorities alleged that Rexel did not evidence the substance of borrowings contracted from Ray Finance LP (subsidiary of Ray Investment SARL – former parent company of Rexel) amounting to €952 million; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 fiscal years. Rexel disputed the tax authority's position entirely and referred the case to the Administrative Court in April 2014. In March 2016, the Administrative Court decided that Rexel's position was correct. On July 15, 2016, the tax administration appealed against that judgment. As of June 30, 2016, this tax claim is reserved for €31.3 million through a write-down of deferred tax assets on tax losses carried forward.

19. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the condensed consolidated interim financial statements there have been no subsequent events after June 30, 2016 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

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KPMG Audit
Département KPMG S.A.
Tour Eqho
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92066 Paris-la-Défense

Statutory auditors' review report on the interim financial information

(Period from January 1st 2016 to June 30, 2016)

To the Shareholders

Rexel SA

13, boulevard du Fort de Vaux
CS 60002
75838 Paris Cedex 17

In compliance with the assignment entrusted to us by your annual general meetings 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 SA, for the period from January 1st 2016 to June 30, 2016;
- 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, 2016

French original signed by

The statutory auditors

PricewaterhouseCoopers Audit

KPMG Audit

Christian Perrier

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 29, 2016

Patrick Berard
Chief Executive Officer of Rexel