Condensed consolidated interim financial statements as of September 30, 2016

Société Anonyme (corporation)
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Condensed consolidated interim financial statements as of September 30, 2016 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended September 30, 2016 issued in the French language 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 condensed consolidated interim financial statements for the period ended September 30, 2016, the French version will prevail.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	**Note**	For the quarter ended September 30, **2016**	For the quarter ended September 30, **2015**	For the period ended September 30, **2016**	For the period ended September 30, **2015**
Sales	***5***	3,193.9	3,382.6	9,704.4	10,027.8
Cost of goods sold		(2,434.0)	(2,601.0)	(7,364.9)	(7,636.8)
Gross profit		**760.0**	**781.6**	**2,339.5**	**2,391.0**
Distribution and administrative expenses	***6***	(639.6)	(646.1)	(1,967.5)	(1,988.6)
Operating income before other income and expenses		**120.4**	**135.6**	**372.1**	**402.4**
Other income	***7***	0.5	0.2	2.0	0.8
Other expenses	***7***	(13.4)	(16.2)	(46.9)	(76.1)
Operating income		**107.4**	**119.6**	**327.1**	**327.2**
Financial income		0.3	0.2	1.4	1.5
Interest expense on borrowings		(24.0)	(26.8)	(80.5)	(97.1)
Non-recurring redemption costs		(7.1)	0.0	(17.1)	(52.5)
Other financial expenses		(6.4)	(11.5)	(17.9)	(29.4)
Net financial expenses	***8***	***(37.2)***	***(38.1)***	***(114.1)***	***(177.5)***
Net income before income tax		**70.2**	**81.4**	**213.0**	**149.6**
Income tax	***9***	(32.7)	(33.9)	(79.7)	(59.0)
Net income from continuing operations		**37.6**	**47.5**	**133.4**	**90.7**
Net loss from discontinued operations	***10***	-	(27.5)	-	(69.3)
Net income / (loss)		**37.6**	**20.0**	**133.4**	**21.4**
Portion attributable:					
to the equity holders of the parent		*38.5*	*20.3*	*134.5*	*22.8*
to non-controlling interests		*(0.8)*	*(0.3)*	*(1.1)*	*(1.4)*
Earnings per share:					
Basic earnings per share (in euros)	***12***	*0.13*	*0.07*	*0.45*	*0.08*
Fully diluted earnings per share (in euros)	***12***	*0.13*	*0.07*	*0.45*	*0.08*
Earnings per share from continuing operations:					
Basic earnings per share from continuing operations (in euros)		*0.13*	*0.16*	*0.45*	*0.31*
Fully diluted earnings per share from continuing operations (in euros)		*0.13*	*0.16*	*0.45*	*0.31*

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

Consolidated Statement of Comprehensive Income *(unaudited)*

(in millions of euros)	*Note*	For the quarter ended September 30, 2016	For the quarter ended September 30, 2015	For the period ended September 30, 2016	For the period ended September 30, 2015
Net income		**37.6**	**20.0**	**133.4**	**21.4**
Items to be reclassified to profit and loss in subsequent periods					
Net gain / (loss) on net investment hedges		2.1	15.5	12.9	(93.7)
Income tax		(0.7)	(5.3)	(4.4)	32.3
		1.4	10.2	8.5	(61.4)
Foreign currency translation adjustment		(19.8)	(81.9)	(57.2)	138.4
Income tax		1.1	4.3	4.4	(25.0)
		(18.7)	(77.6)	(52.8)	113.3
Net gain / (loss) on cash flow hedges		2.1	(4.4)	(1.0)	(4.2)
Income tax		(0.7)	1.4	0.4	1.4
		1.3	(3.0)	(0.7)	(2.8)
Items not to be reclassified to profit and loss in subsequent periods					
Remeasurements of net defined benefit liability	*14*	(57.3)	(12.0)	(110.7)	22.5
Income tax		0.5	1.9	10.2	2.3
		(56.8)	(10.0)	(100.5)	24.8
Other comprehensive income / (loss) for the period, net of tax		**(72.7)**	**(80.4)**	**(145.5)**	**73.9**
of which other comprehensive income / (loss) from discontinued operations		*-*	*27.0*	*-*	*27.9*
Total comprehensive income / (loss) for the period, net of tax		**(35.2)**	**(60.4)**	**(12.2)**	**95.3**
Portion attributable:					
to the equity holders of the parent		*(34.2)*	*(59.6)*	*(10.6)*	*96.5*
to non-controlling interests		*(1.0)*	*(0.9)*	*(1.6)*	*(1.2)*

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

Consolidated Balance Sheet *(unaudited)*

(in millions of euros)	*Note*	As of September 30, 2016	As of December 31, 2015
Assets			
Goodwill		4,265.6	4,266.6
Intangible assets		1,100.2	1,108.0
Property, plant and equipment		287.3	288.7
Long-term investments		57.5	33.8
Deferred tax assets		133.3	159.0
Total non-current assets		**5,843.9**	**5,856.2**
Inventories		1,533.2	1,535.0
Trade accounts receivable		2,253.9	2,129.4
Current tax assets		20.5	47.6
Other accounts receivable		494.7	495.3
Assets held for sale		0.3	53.8
Cash and cash equivalents	***15.1***	410.6	804.8
Total current assets		**4,713.2**	**5,065.8**
Total assets		**10,557.1**	**10,922.1**
Equity			
Share capital		1,511.4	1,509.4
Share premium		1,557.8	1,680.5
Reserves and retained earnings		1,152.0	1,154.1
Total equity attributable to equity holders of the parent		**4,221.2**	**4,343.9**
Non-controlling interests		7.4	9.0
Total equity		**4,228.6**	**4,352.9**
Liabilities			
Interest bearing debt (non-current part)	***15.1***	2,136.1	2,342.1
Net employee defined benefit liabilities		421.5	343.4
Deferred tax liabilities		208.1	211.2
Provision and other non-current liabilities		70.6	72.3
Total non-current liabilities		**2,836.4**	**2,968.9**
Interest bearing debt (current part)	***15.1***	798.0	660.4
Accrued interest	***15.1***	22.5	8.1
Trade accounts payable		2,007.2	2,138.3
Income tax payable		17.7	29.8
Other current liabilities		646.7	712.9
Liabilities related to assets held for sale		-	50.7
Total current liabilities		**3,492.1**	**3,600.2**
Total liabilities		**6,328.5**	**6,569.1**
Total equity and liabilities		**10,557.1**	**10,922.1**

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

Consolidated Statement of Cash Flows *(unaudited)*

(in millions of euros)	Note	For the quarter ended September 30, 2016	For the quarter ended September 30, 2015	For the period ended September 30, 2016	For the period ended September 30, 2015
Cash flows from operating activities					
Operating income		107.4	94.4	327.1	262.9
Depreciation, amortization and impairment of assets	***6-7***	28.6	21.3	85.2	129.7
Employee benefits		(5.9)	(8.2)	(18.9)	(19.4)
Change in other provisions		(3.4)	(4.0)	(1.1)	(3.2)
Other non-cash operating items		3.7	28.1	12.4	33.6
Interest paid		(28.5)	(33.9)	(92.0)	(113.5)
Income tax paid		(12.1)	(20.8)	(46.4)	(96.0)
Operating cash flows before change in working capital requirements		***89.7***	***76.8***	***266.3***	***194.1***
Change in inventories		(16.8)	4.7	(1.3)	(32.3)
Change in trade receivables		14.5	(22.9)	(150.8)	(110.6)
Change in trade payables		(87.8)	(72.7)	(121.6)	(139.7)
Change in other working capital items		14.4	11.0	(26.5)	(18.2)
Change in working capital requirements		***(75.8)***	***(79.9)***	***(300.2)***	***(300.7)***
Net cash from operating activities		**14.0**	**(3.1)**	**(33.9)**	**(106.6)**
Of which operating flows provided / (used) by discontinued operations		-	*(5.8)*	-	*(16.7)*
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(28.1)	(20.7)	(90.9)	(82.0)
Proceeds from disposal of tangible and intangible assets		4.9	0.6	10.8	3.0
Acquisitions of subsidiaries, net of cash acquired	***4.2***	(2.5)	(13.6)	(94.0)	(27.7)
Proceeds from disposal of subsidiaries, net of cash disposed of		0.1	11.6	1.8	11.6
Change in long-term investments		(2.0)	4.1	(1.5)	3.2
Net cash from investing activities		**(27.5)**	**(18.0)**	**(173.8)**	**(91.9)**
Of which investing flows provided / (used) by discontinued operations		-	*(5.2)*	-	*(6.9)*
Cash flows from financing activities					
Contribution received from non-controlling interests		-	-	0.1	2.7
Disposal / (Purchase) of treasury shares		1.7	(3.6)	1.4	(3.7)
Acquisition of non-controlling interests		-	(5.7)	-	(10.7)
Issuance of senior notes net of transaction costs		-	-	643.4	489.7
Repayment of senior notes	***15.2***	-	-	(675.0)	(991.2)
Settlement of interest rate swaps qualified as fair value hedge		-	-	5.8	-
Net change in credit facilities, commercial papers, other financial borrowings	***15.2***	26.1	28.2	42.5	202.5
Net change in securitization	***15.2***	(9.4)	13.0	(61.9)	(150.0)
Net change in finance lease liabilities	***15.2***	(0.9)	(1.9)	(1.9)	(3.0)
Dividend paid	***11***	(120.3)	(91.2)	(120.3)	(91.3)
Net cash from financing activities		**(102.8)**	**(61.4)**	**(166.0)**	**(555.2)**
Of which financing flows provided / (used) by discontinued operations		-	*0.4*	-	*11.3*
Net (decrease) / increase in cash and cash equivalents		**(116.3)**	**(82.4)**	**(373.7)**	**(753.7)**
Cash and cash equivalents at the beginning of the period		535.1	460.3	804.8	1,159.8
Effect of exchange rate changes on cash and cash equivalents		(8.2)	(4.9)	(23.5)	(18.7)
Cash and cash equivalent reclassified to assets held for sale		-	14.4	2.9	-
Cash and cash equivalents at the end of the period		**410.6**	**387.5**	**410.6**	**387.5**

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

Consolidated Statement of Changes in Equity *(unaudited)*

(in millions of euros)	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 September 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	-	-	22.8	-	-	-	**22.8**	(1.4)	21.4
Other comprehensive income	-	-	-	51.7	(2.8)	24.8	**73.7**	0.2	73.9
Total comprehensive income for the period	**-**	**-**	**22.8**	**51.7**	**(2.8)**	**24.8**	**96.5**	**(1.2)**	**95.3**
Cash dividends	-	-	(91.2)	-	-	-	**(91.2)**	(0.1)	(91.3)
Share capital increase	49.3	80.8	(130.0)	-	-	-	**0.1**	2.7	2.8
Share-based payments	-	-	7.4	-	-	-	**7.4**	-	7.4
Acquisition of non-controlling interests	-	-	(2.2)	0.6	-	-	**(1.6)**	(2.4)	(4.0)
Acquisition of subsidiaries	-	-	-	-	-	-	**-**	0.6	0.6
Disposal / (Purchase) of treasury shares	-	-	(3.6)	-	-	-	**(3.6)**	-	(3.6)
As of September 30, 2015	**1,509.3**	**1,680.6**	**1,154.8**	**131.8**	**(4.5)**	**(128.6)**	**4,343.4**	**7.3**	**4,350.7**
For the period ended September 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	-	-	134.5	-	-	-	**134.5**	(1.1)	133.4
Other comprehensive income	-	-	-	(43.8)	(0.7)	(100.5)	**(145.0)**	(0.5)	(145.5)
Total comprehensive income for the period	**-**	**-**	**134.5**	**(43.8)**	**(0.7)**	**(100.5)**	**(10.6)**	**(1.6)**	**(12.2)**
Cash dividends	-	(120.3)	-	-	-	-	**(120.3)**	-	(120.3)
Share capital increase	2.0	(2.4)	0.5	-	-	-	**0.1**	-	0.1
Share-based payments	-	-	6.9	-	-	-	**6.9**	-	6.9
Disposal / (Purchase) of treasury shares	-	-	1.1	-	-	-	**1.1**	-	1.1
As of September 30, 2016	**1,511.4**	**1,557.8**	**1,297.4**	**116.8**	**(2.6)**	**(259.6)**	**4,221.2**	**7.4**	**4,228.6**

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 September 30, 2016 and were authorized for issue by the Board of Directors on October 27, 2016.

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

In the first nine months of 2016 Rexel early repaid the 5.125% €650 million senior notes due 2020 and refinance it through the issuance of 3.50% €650 million senior notes due 2023. Rexel also decided to early redeem USD170 million out of its 5.25% USD500 million senior notes due 2020 (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 September 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 September 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 September 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 €31.8 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 September 30, 2016

(in millions of euros)	***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………………………………….……………	54.3	10.1	64.4
Net financial debt………………………………………………	8.4	2.9	11.4
Other non current liabilities……………………………………	(9.1)	(0.2)	(9.3)
Current liabilities………………………………………………	(31.7)	(3.8)	(35.4)
Net asset acquired (except goodwill acquired)…….	**49.8**	**9.9**	**59.7**
Goodwill acquired …………………………………………………	31.8	12.9	44.6
Consideration transferred………………………………	**81.6**	**22.8**	**104.4**
Cash acquired …………………………………………………	(11.8)	(3.9)	(15.7)
Net cash paid for 2016 acquisitions…………………	**69.8**	**18.8**	**88.6**
Payments related to prior year acquisitions…………………[(1)]	-	5.3	5.3
Net cash paid for acquisitions in 2016…………………	**69.8**	**24.2**	**94.0**

[(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 September 30, 2016.
For the period ended September 30, 2016, the contribution of the acquired entities in 2016 to the Group’s sales and operating income was €115.0 million and €7.1 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 September 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 September 30,						
Sales to external customers	1,687.7	1,171.8	334.5	**3,193.9**	-	**3,193.9**
EBITA (1)	83.0	46.1	3.3	**132.5**	(7.6)	**124.9**
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 September 30,						
Sales to external customers	1,792.1	1,244.1	346.4	**3,382.6**	-	**3,382.6**
EBITA (1)	90.0	60.4	(0.2)	**150.1**	(10.4)	**139.8**
Goodwill impairment	-	-	0.3	**0.3**	-	**0.3**

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 September 30,						
Sales to external customers	5,329.1	3,408.2	967.1	**9,704.4**	-	**9,704.4**
EBITA (1)	278.3	119.2	10.8	**408.4**	(22.7)	**385.8**
Goodwill impairment	-	-	-	**-**	-	**-**
As of September 30,						
Working capital	790.6	649.2	200.6	**1,640.3**	(16.9)	**1,623.4**
Goodwill	2,547.5	1,460.3	257.7	**4,265.6**	-	**4,265.6**

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 September 30,						
Sales to external customers	5,396.9	3,623.5	1,007.4	**10,027.8**	-	**10,027.8**
EBITA (1)	290.8	142.1	12.6	**445.4**	(30.2)	**415.2**
Goodwill impairment	(8.5)	-	(10.0)	**(18.5)**	-	**(18.5)**
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:

(in millions of euros)	For the quarter ended September 2016	For the quarter ended September 2015	For the period ended September 2016	For the period ended September 2015
EBITA - Total continuing operations	**124.8**	**139.8**	**385.8**	**415.2**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(4.5)	(4.2)	(13.7)	(12.8)
Other income and other expenses	(13.0)	(16.1)	(45.0)	(75.3)
Net financial expenses	(37.2)	(38.1)	(114.1)	(177.5)
Net income before tax from continuing operations	**70.2**	**81.4**	**213.0**	**149.6**

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

(in millions of euros)	As of September 30, 2016	As of December 31, 2015
Working capital	1,623.4	1,313.8
Goodwill	4,265.6	4,266.6
Total allocated assets & liabilities	**5,889.0**	**5,580.4**
Liabilities included in allocated working capital	2,650.8	2,842.7
Accrued interest receivable	2.5	0.7
Other non-current assets	1,445.0	1,430.5
Deferred tax assets	133.3	159.0
Current tax assets	20.5	47.6
Assets classified as held for sale	0.3	53.8
Derivatives	5.2	2.4
Cash and cash equivalents	410.6	804.8
Group consolidated total assets	**10,557.1**	**10,922.1**

6. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended September 2016	For the period ended September 2015
Personnel costs (salaries & benefits)	1,192.6	1,200.7
Building and occupancy costs	202.1	205.9
Other external costs	462.5	479.3
Depreciation expense	71.5	66.4
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	13.7	12.8
Bad debt expense	25.1	23.5
Total distribution and administrative expenses	**1,967.5**	**1,988.6**

7. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended September 30, 2016	2015
Gains on disposal of tangible assets		0.7	0.3
Write-back asset impairment		0.1	0.2
Release of unused provisions		0.8	0.2
Gains on earn-out		0.3	-
Other operating income		0.1	0.2
Total other income		**2.0**	**0.8**
Restructuring costs	(1)	(32.4)	(49.5)
Losses on non-current assets disposed of	(2)	(4.0)	(1.2)
Impairment of goodwill and asset write-offs		-	(19.1)
Acquisition related costs		(1.0)	(2.2)
Losses on earn-out		(2.5)	-
Other operating expenses		(7.0)	(4.1)
Total other expenses		**(46.9)**	**(76.1)**

(1) Mainly relating to changes in corporate senior management positions (€11.1 million), branch network optimization in North America and support services reorganization in the United-Kingdom and China

(2) Including a disposal loss of €3.1 million relating to the sale of operations in Slovakia, Poland and Baltics to the Wurth 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

(in millions of euros)	For the period ended September 30, 2016		2015	
Interest income on cash and cash equivalents	0.2		0.5	
Interest income on receivables and loans	1.2		1.1	
Financial income	**1.4**		**1.5**	
Interest expense on financial debt (stated at amortized cost)	(85.1)		(104.4)	
Interest gain / (expense) on interest rate derivatives	(0.1)		6.5	
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	4.8		0.7	
Financial expense on borrowings	**(80.5)**		**(97.1)**	
Non-recurring redemption costs	**(17.1)**	(1)	**(52.5)**	(2)
Foreign exchange gain (loss)	*(2.0)*		*(23.4)*	
Change in fair value of exchange rate derivatives through profit and loss	*3.1*		*17.1*	
Net foreign exchange gain (loss)	1.0		(6.3)	
Net financial expense on employee benefit obligations	(8.2)		(8.8)	
Others	(10.8)		(14.3)	
Other financial expenses	**(17.9)**		**(29.4)**	
Net financial expenses	**(114.1)**		**(177.5)**	

(1) Relating to the early repayment of the €650 million senior notes due 2020 for €10.0 million and the partial redemption of the USD 500 million senior notes due 2020 for €7.1 million (see note 15.1.1)

(2) Non-recurring costs related to the early repayment of the €500 million senior notes due 2018 and the USD500 million senior notes due 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 period ended September 30, 2016 was 37.4%, as compared to a tax rate from continuing operations of 39.4% for the period ended September 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 (USD18.6 million).

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

(in millions of euros)	**For the quarter ended September 30, 2015**	**For the period ended September 30, 2015**
Sales	41.5	169.7
Cost of goods sold	(33.1)	(134.4)
Gross profit	**8.4**	**35.3**
Distribution and administrative expenses	(8.1)	(37.0)
Operating income before other income and expenses	**0.3**	**(1.7)**
Other income and expenses	(25.4)	(62.5)
Operating income	**(25.1)**	**(64.2)**
Net financial expenses	(2.6)	(7.0)
Net income / (loss) before income tax	**(27.7)**	**(71.2)**
Income tax	0.2	2.0
Net income / (loss) from discontinued operations	**(27.5)**	**(69.3)**
Earnings per share for discontinued operations:		
Basic earnings per share (in euros)	*(0.09)*	*(0.24)*
Fully diluted earnings per share (in euros)	*(0.09)*	*(0.23)*

Distribution and administrative expenses

(in millions of euros)	**For the quarter ended September 30, 2015**	**For the period ended September 30, 2015**
Personnel costs (salaries & benefits)	4.6	20.6
Building and occupancy costs	1.0	4.6
Other external costs	2.2	8.7
Depreciation expense	0.3	1.3
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	0.1	0.4
Bad debt expense	(0.2)	1.4
Total distribution and administrative expenses	**8.1**	**37.0**

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 September 30,	
	2016	**2015**
Dividends on ordinary shares	€ 0.40	€ 0.75
Dividends payable (in millions of euros)	**120.3**	**218.5**
of which: - dividends paid in cash	*120.3*	*91.2*
- dividends paid 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 September 30,	
	2016	**2015**
Net income attributed to ordinary shareholders :		
- of which continuing operations (in millions of euros)	*134.5*	*92.1*
- of which discontinuing operations (in millions of euros)	-	*(69.3)*
Net income attributed to ordinary shareholders *(in millions of euros)*	***134.5***	***22.8***
Weighted average number of ordinary shares (*in thousands*)	300,628	293,318
Potential dilutive shares in connection with payments of dividends (in thousands)	-	172
Non-dilutive potential shares (in thousands)	704	949
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***301,332***	***294,439***
Basic earning per share (in euros)	**0.45**	**0.08**
Dilutive potential shares (in thousands)	624	1,124
- of which share options (in thousands)	*82*	*99*
- of which bonus shares (in thousands) (1)	*542*	*1,025*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***301,955***	***295,563***
Fully diluted earnings per share (in euros)	**0.45**	**0.08**

(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

13.1 | Bonus share plan

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: (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	Four year service condition from grant date and performance conditions based on: (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	**Total**
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	**741,500**	**1,079,125**	**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 vesting period. The effect of restrictions attached to the dividend rights until the delivery date of the shares was computed in the fair value calculation.

13.2 | Adjustments of rights under existing stock option and free share plans following the distribution of dividends by deduction of share premium

Following the distribution of dividends by deduction of share premium on July 5, 2016 and in accordance with provisions contained in stock option and free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date. This adjustment resulted in:

- An increase by 4,533 in the number of options granted and a decrease by €0.16 and €0.21 in the exercise price for the plans issued respectively in 2005 and 2006 and;
- An increase by 179,831 in the number of free shares granted for the plans issued from 2012 to 2016.

The adjustment ratio was set to 0.96728 and was calculated based on the average opening Rexel share price over the 20 trading days prior to the distribution record date of July 1, 2016.

As this adjustment was made in accordance with the provisions of the plans to put back holders of these rights to the position that they would have been had there have not been a distribution of share premium, no incremental share based payment expense was recognized as a result of this adjustment.

13.3 | Employee share purchase plan

Pursuant to the authorization granted by the shareholders' meeting and by the Management board held on May 25, 2016, the Company decided to launch an employee offering in the major countries of the Group. The subscription period ended on September 26, 2016.

In most of the eligible countries, subscription has been carried out directly or through employee shareholding funds (*fonds communs de placement d'entreprise* or FCPE).

The price of the employee offering, except for US and UK participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the launch of the operation, minus a 20% discount, thus resulting in a subscription price of €11.08 per share. For US employees, the subscription price was set at 85% of the Rexel share price on the Paris Stock Exchange on September 9, 2016, i.e. €11.62 per share.

In France, participating employees benefit from an employer matching contribution equal to 150% of the subscribed amount up to €400 and 50% from €401 to €1,000 in the limit of €900.

Outside France, employees are granted two matching shares for each of the first thirty whole shares subscribed and for subsequent shares up to €1,600 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 26, 2016 (€13.4) and on March 10, 2017. Employees are granted two matching shares for each of the first thirty whole shares subscribed and for subsequent shares up to €1,600 invested one matching share is allocated for each share subscribed.

The settlement and delivery of the shares subscribed for pursuant to this plan is expected to take place on November 22, 2016 except for the United Kingdom (in March 2017).

The overall subscription was €4.5 million not taking account of €1.4 million of matching contribution granted by the Group to participating employees. Benefits granted excluding matching shares to employees resulted in personnel costs of €3.0 million of which €1.1 million related to the discount granted to employees and €1.9 million related to the employer matching contribution offered to beneficiaries in France. In addition, 223,971 matching free shares have been granted to participating employees.

14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of September 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 September 30, 2016, remeasurement of pension and post-retirement benefits accounted for a loss before tax of €110.7 million was recognized in other comprehensive income (a profit before tax of €22.5 million for the period ended September 30, 2015). This loss resulted mainly from the decrease in discount rates as of September 30, 2016 as compared to December 31, 2015 such as presented below:

Discount rate (in %)	As of September 2016	As of December 2015	As of September 2015
United Kingdom	2.25	3.50	3.75
Canada	3.00	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 September 30, 2016 as a reduction in salaries and benefits.

For the period ended September 30, 2015, gains of respectively €3.6 million and €3.9 million were recognized as a result of amendments to health and dental care and life insurance plans in Canada and the United States of America.

15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of September 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 September 30, 2016, Rexel's consolidated net debt stood at €2,511.0 million, consisting of the following items:

(in millions of euros)	As of September 30, 2016			As of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	158.3	1,478.6	1,636.9	-	1,637.1	1,637.1
Securitization	330.8	659.1	989.9	378.7	710.8	1,089.4
Bank loans	20.2	3.6	23.8	57.2	1.5	58.7
Commercial paper	171.5	-	171.5	134.6	-	134.6
Bank overdrafts and other credit facilities	115.7	-	115.7	88.4	-	88.4
Finance lease obligations	7.4	17.9	25.3	8.0	19.5	27.6
Accrued interests [(1)]	22.5	-	22.5	8.1	-	8.1
Less transaction costs	(6.0)	(23.0)	(29.0)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest	***820.5***	***2,136.1***	***2,956.7***	***668.5***	***2,342.1***	***3,010.6***
Cash and cash equivalents			(410.6)			(804.8)
Accrued interest receivable			(2.5)			(0.7)
Debt hedge derivatives [(2)]			(32.6)			(6.4)
Net financial debt			**2,511.0**			**2,198.7**

(1) Of which accrued interests on Senior Notes for €20.1 million as of September 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 September 30, 2016, the carrying amount of the existing senior notes is detailed as follows:

	As of September 30, 2016					As of December 31, 2015				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**	**Nominal amount** *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**
Senior notes due 2020	USD	500.0	448.0	17.4	**465.4**	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	21.5	**521.5**	EUR	500.0	500.0	3.8	**503.8**
Senior notes due 2023	EUR	650.0	650.0	-	**650.0**		-	-	-	-
TOTAL			1,598.0	38.9	**1,636.9**			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.

Partial early redemption of $170 million of senior notes due 2020

On September 16, 2016, the Company sent a notice to the Trustee to early redeem USD170 million of its 5.25% USD 500 million senior notes due 2020. The redemption will take place on November 2, 2016. The redemption price is equal to 103.938% of the principal amount of the redeemed notes. A loss of €7.1 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs as a result of the effective interest rate method.

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 September 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 September 30, 2016	Amount drawn down as of September 30, 2016	Balance as of September 30, 2016	Balance as of December 31, 2015	Repayment Date
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia [1]	EUR 375.0	EUR 387.5	EUR 303.9	303.9	345.7	12/18/2017
United States	USD 545.0	USD 585.3	USD 410.8	368.1	444.9	12/20/2017
Canada	CAD 175.0	CAD 239.2	CAD 159.9	108.8	115.8	01/18/2019
Europe	EUR 384.0	EUR 472.7	EUR 330.8	330.8	378.2	12/20/2016
TOTAL				**1,111.6**	**1,284.6**	
Of which :	***- on balance sheet:***			***989.9***	***1,089.4***	
	- off balance sheet :			***121.7***	***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 September 30, 2016, the total outstanding amount authorized for these securitization programs was €1,366.4 million, of which €1,111.6 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 September 30, 2016, the company had issued €171.5 million of commercial paper (€134.6 million as of December 31, 2015).

15.2 |Change in net financial debt

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

(in millions of euros)	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	42.5	202.5
Net change in credit facilities	**10.9**	**(298.9)**
Net change in securitization	(61.9)	(150.0)
Net change in finance lease liabilities	(1.9)	(3.0)
Net change in financial liabilities	***(52.9)***	***(451.9)***
Change in cash and cash equivalents	373.7	753.7
Effect of exchange rate changes on net financial debt	(31.4)	82.2
Effect of acquisition	2.9	4.5
Effect of divestment	-	(33.6)
Amortization of transaction costs	4.8	6.6
Non recurring refinancing costs	17.1	52.5
Other changes	(2.0)	(4.5)
As of September 30,	**2,511.0**	**2,622.6**

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:

(in millions of euros) ***Due within***	As of September 30, 2016	As of December 31, 2015
One year	826.5	675.0
Two years	556.0	602.8
Three years	114.1	4.0
Four years	309.9	118.5
Five years	1.6	1,134.0
Thereafter	1,177.5	509.6
Total gross financial debt before transaction costs	**2,985.7**	**3,043.9**
Transaction costs	(29.0)	(33.3)
Gross financial debt	**2,956.7**	**3,010.6**

The $500 million senior notes issued in April 2013 will be redeemed for $170.0 million on November 2, 2016, the remaining $330 million 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 maturity was extended by one year in October 2016, to November 2021. 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. As of September 30, 2016, these facilities were undrawn.

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 September 30, 2016, this facility was undrawn.

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 €2,007.2 million as of September 30, 2016 (€2,138.3 million as of December 31, 2015) and are due in less than one year.

As of September 30, 2016, the Group's liquidity amounted to €1,186.4 million (€1,645.5 million as of December 2015) in excess of €359.9 million compared to €826.5 million expected to be paid within the next twelve months with respect to financial debt repayment schedule.

(in millions of euros)	As of September 30, 2016	As of December 31, 2015
Cash and cash equivalents	410.6	804.8
Bank overdrafts	(115.7)	(88.4)
Commercial paper	(171.5)	(134.6)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	81.0	81.7
Liquidity	**1,186.4**	**1,645.5**

16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(in millions of euros)	September 30, 2016		December 31, 2015		
	Carrying amount	*Fair value*	Carrying amount	*Fair value*	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	30.2	30.2	8.2	8.2	Level 2
Other derivatives	5.2	5.2	2.6	2.6	Level 2
Financial liabilities					
Senior notes	1,636.9	1,645.4	1,637.1	1,646.2	Level 1
Hedging derivatives	3.2	3.2	1.1	1.1	Level 2
Other derivatives	6.6	6.6	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. This tax claim was 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 September 30, 2016 that would have a significant impact on Rexel's financial situation.