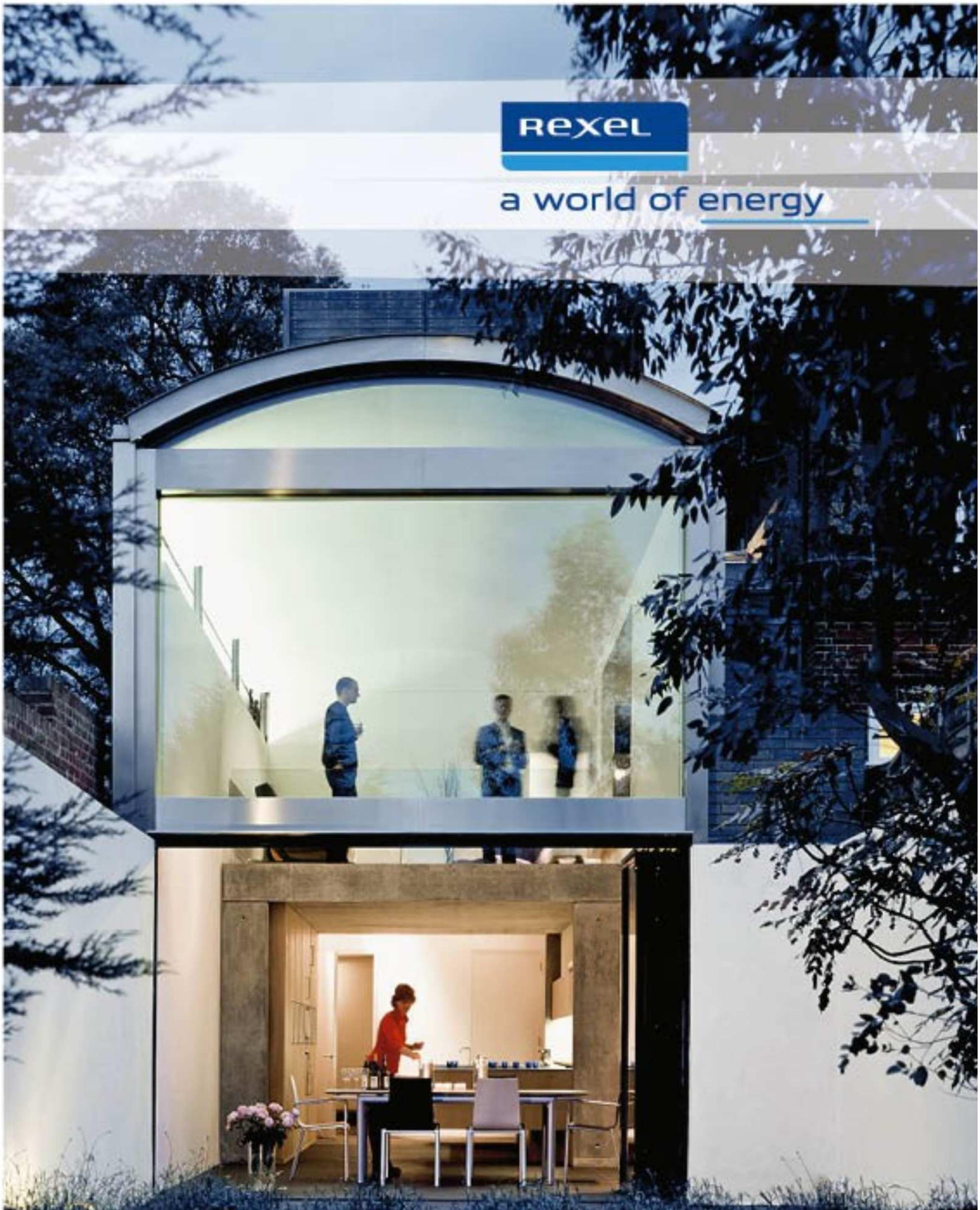

Condensed consolidated interim financial statements as of September 30, 2017

Société anonyme
with share capital of €1,516,715,885
Registered office : 13, boulevard du Fort de Vaux – CS 60002
75017 Paris - France
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Condensed consolidated Interim financial statements as of September 30, 2017 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended September 30, 2017 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 original condensed consolidated interim financial statements for the period ended September 30, 2017, the French version will prevail.

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Consolidated Income Statement (*unaudited*)

(in millions of euros)	*Note*	For the quarter ended September 30, 2017	For the quarter ended September 30, 2016	For the period ended September 30, 2017	For the period ended September 30, 2016
Sales	*4*	3,238.8	3,193.9	9,904.7	9,704.4
Cost of goods sold		(2,453.4)	(2,434.0)	(7,478.0)	(7,364.9)
Gross profit		**785.4**	**760.0**	**2,426.7**	**2,339.5**
Distribution and administrative expenses	*5*	(650.2)	(639.6)	(2,009.2)	(1,967.5)
Operating income before other income and expenses		**135.2**	**120.4**	**417.5**	**372.1**
Other income	*6*	0.3	0.5	4.3	2.0
Other expenses	*6*	(6.8)	(13.4)	(60.7)	(46.9)
Operating income		**128.6**	**107.4**	**361.1**	**327.1**
Financial income		0.2	0.3	1.0	1.4
Interest expense on borrowings		(21.6)	(24.0)	(68.3)	(80.5)
Non-recurring redemption costs		-	(7.1)	(6.3)	(17.1)
Other financial expenses		(6.1)	(6.4)	(17.2)	(17.9)
Net financial expenses	*8*	***(27.5)***	***(37.2)***	***(90.8)***	***(114.1)***
Net income before income tax		**101.1**	**70.2**	**270.2**	**213.0**
Income tax	*9*	(34.0)	(32.7)	(106.7)	(79.7)
Net income		**67.1**	**37.6**	**163.6**	**133.4**
Portion attributable:					
to the equity holders of the parent		*66.5*	*38.5*	*164.6*	*134.5*
to non-controlling interests		*0.7*	*(0.8)*	*(1.0)*	*(1.1)*
Earnings per share:					
Basic earnings per share (in euros)	*11*	*0.22*	*0.13*	*0.54*	*0.45*
Fully diluted earnings per share (in euros)	*11*	*0.22*	*0.13*	*0.54*	*0.45*

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, 2017	For the quarter ended September 30, 2016	For the period ended September 30, 2017	For the period ended September 30, 2016
Net income		**67.1**	**37.6**	**163.6**	**133.4**
Items to be reclassified to profit and loss in subsequent periods					
Net gain / (loss) on net investment hedges		17.8	2.1	37.8	12.9
Income tax		(6.1)	(0.7)	(13.0)	(4.4)
Sub-total		**11.7**	**1.4**	**24.8**	**8.5**
Foreign currency translation adjustment		(57.0)	(19.8)	(210.4)	(57.2)
Income tax		9.3	1.1	30.4	4.4
Sub-total		**(47.7)**	**(18.7)**	**(180.0)**	**(52.8)**
Net gain / (loss) on cash flow hedges		2.0	2.1	2.9	(1.0)
Income tax		(0.7)	(0.7)	(1.0)	0.4
Sub-total		**1.3**	**1.3**	**1.9**	**(0.7)**
Items not to be reclassified to profit and loss in subsequent periods					
Remeasurements of net defined benefit liability	***13***	9.4	(57.3)	(7.0)	(110.7)
Income tax		(4.8)	0.5	(4.7)	10.2
Sub-total		**4.6**	**(56.8)**	**(11.6)**	**(100.5)**
Other comprehensive income / (loss) for the period, net of tax		**(30.1)**	**(72.7)**	**(165.0)**	**(145.5)**
Total comprehensive income / (loss) for the period, net of tax		**37.0**	**(35.2)**	**(1.4)**	**(12.2)**
Portion attributable:					
to the equity holders of the parent		*36.6*	*(34.2)*	*0.3*	*(10.6)*
to non-controlling interests		*0.4*	*(1.0)*	*(1.7)*	*(1.6)*

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, 2017**	**As of December 31, 2016**
Assets			
Goodwill		4,097.8	4,300.2
Intangible assets		1,062.8	1,109.5
Property, plant and equipment		269.8	282.4
Long-term investments		39.0	41.8
Deferred tax assets		91.5	128.4
Total non-current assets		**5,561.0**	**5,862.3**
Inventories		1,589.8	1,579.3
Trade accounts receivable		2,264.8	2,187.3
Current tax assets		18.8	23.5
Other accounts receivable		516.2	489.6
Assets held for sale		-	0.3
Cash and cash equivalents	***14.1***	396.6	619.3
Total current assets		**4,786.2**	**4,899.3**
Total assets		**10,347.2**	**10,761.6**
Equity			
Share capital		1,516.7	1,514.5
Share premium		1,568.5	1,561.2
Reserves and retained earnings		1,176.6	1,302.4
Total equity attributable to equity holders of the parent		**4,261.9**	**4,378.1**
Non-controlling interests		3.4	5.2
Total equity		**4,265.3**	**4,383.3**
Liabilities			
Interest bearing debt (non-current part)	***14.1***	2,113.7	2,195.1
Net employee defined benefit liabilities		328.6	338.5
Deferred tax liabilities		198.8	240.0
Provision and other non-current liabilities		55.8	84.8
Total non-current liabilities		**2,696.9**	**2,858.3**
Interest bearing debt (current part)	***14.1***	653.1	603.6
Accrued interest	***14.1***	17.0	6.3
Trade accounts payable		2,017.1	2,179.0
Income tax payable		27.4	37.5
Other current liabilities		670.4	693.5
Total current liabilities		**3,385.0**	**3,519.9**
Total liabilities		**6,081.8**	**6,378.3**
Total equity and liabilities		**10,347.2**	**10,761.6**

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, 2017	For the quarter ended September 30, 2016	For the period ended September 30, 2017	For the period ended September 30, 2016
Cash flows from operating activities					
Operating income		128.6	107.4	361.1	327.1
Depreciation, amortization and impairment of assets and assets write-off	*5 - 6*	28.9	28.6	112.7	85.2
Employee benefits		(3.2)	(5.9)	(14.4)	(18.9)
Change in other provisions		(2.9)	(3.4)	(17.8)	(1.1)
Other non-cash operating items		2.5	3.7	9.1	12.4
Interest paid		(25.5)	(28.5)	(77.3)	(92.0)
Income tax paid		(27.8)	(12.1)	(91.3)	(46.4)
Operating cash flows before change in working capital requirements		***100.6***	***89.7***	***282.1***	***266.3***
Change in inventories		(36.0)	(16.8)	(92.8)	(1.3)
Change in trade receivables		4.3	14.5	(171.1)	(150.8)
Change in trade payables		(25.0)	(87.8)	(91.5)	(121.6)
Change in other working capital items		23.4	14.4	1.8	(26.5)
Change in working capital requirements		***(33.3)***	***(75.8)***	***(353.5)***	***(300.2)***
Net cash from operating activities		**67.4**	**14.0**	**(71.5)**	**(33.9)**
Cash flows from investing activities					
Acquisition of tangible and intangible assets		(25.7)	(28.1)	(80.0)	(90.9)
Proceeds from disposal of tangible and intangible assets		1.1	4.9	2.5	10.8
Acquisitions of subsidiaries, net of cash acquired		-	(2.5)	-	(94.0)
Proceeds from disposal of subsidiaries, net of cash disposed of	*6*	0.0	0.1	3.6	1.8
Change in long-term investments		(2.8)	(2.0)	(2.1)	(1.5)
Net cash from investing activities		**(27.4)**	**(27.5)**	**(76.1)**	**(173.8)**
Cash flows from financing activities					
Issuance of capital		-	-	0.5	-
Contribution received from non-controlling interests		-	-	-	0.1
Disposal / (Purchase) of treasury shares		2.4	1.7	1.4	1.4
Issuance of senior notes net of transaction costs	*14.2*	-	-	295.8	643.4
Repayment of senior notes	*14.2*	-	-	(302.3)	(675.0)
Settlement of interest rate swaps qualified as fair value hedge		-	-	0.5	5.8
Net change in credit facilities, commercial papers, other financial borrowings	*14.2*	29.8	26.1	109.8	42.5
Net change in securitization	*14.2*	(18.9)	(9.4)	(78.4)	(61.9)
Net change in finance lease liabilities	*14.2*	(1.0)	(0.9)	(3.5)	(1.9)
Dividend paid		(120.8)	(120.3)	(120.8)	(120.3)
Net cash from financing activities		**(108.5)**	**(102.8)**	**(97.0)**	**(166.0)**
Net (decrease) / increase in cash and cash equivalents		**(68.5)**	**(116.3)**	**(244.6)**	**(373.7)**
Cash and cash equivalents at the beginning of the period		459.0	535.1	619.3	804.8
Effect of exchange rate changes on cash and cash equivalents		6.0	(8.2)	21.9	(23.5)
Cash and cash equivalent reclassified to assets held for sale		-	-	-	2.9
Cash and cash equivalents at the end of the period		**396.6**	**410.6**	**396.6**	**410.6**

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)	***Note***	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, 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	***10***	-	(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**
		-	-	-	-	-	-	-	**-**	-
For the period ended September 30, 2017		-	-	-	-	-	-	-	**-**	-
As of January 1, 2017		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**
Net income		-	-	164.6	-	-	-	**164.6**	(1.0)	163.6
Other comprehensive income		-	-	-	(154.5)	1.9	(11.6)	**(164.3)**	(0.7)	(165.0)
Total comprehensive income for the period		**-**	**-**	**164.6**	**(154.5)**	**1.9**	**(11.6)**	**0.3**	**(1.7)**	**(1.4)**
Cash dividends	***10***	-	-	(120.8)	-	-	-	**(120.8)**	-	(120.8)
Share capital increase		2.2	7.4	(9.0)	-	-	-	**0.5**	-	0.5
Share-based payments		-	-	2.2	-	-	-	**2.2**	-	2.2
Disposal / (Purchase) of treasury shares		-	-	1.4	-	-	-	**1.4**	-	1.4
As of September 30, 2017		**1,516.7**	**1,568.5**	**1,341.5**	**31.0**	**1.2**	**(197.2)**	**4,261.8**	**3.4**	**4,265.3**

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, 2017 and were authorized for issue by the Board of Directors on October 26, 2017.

2. | SIGNIFICANT EVENTS OF THE PERIOD ENDED SEPTEMBER 30, 2017

In February 2017, Rexel issued a 2.625% €300 million senior notes due 2024 (see note 14.1.1). Proceeds were used to repay in June 2017 the remaining outstanding 5.25% US$500 million senior notes due 2020 for US$330 million in principal amount.

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, 2017 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 at September 30, 2017. 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 consolidated financial statements prepared for the financial year closed on December 31, 2016 and included in the Registration Document filed with the *Autorité des Marchés Financiers* on March 31, 2017 under the number D. 17-0272.

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, 2017 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 effect.

The accounting principles and adopted methods are identical to those used as of December 31, 2016 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2016, 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, 2017, 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:

- 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.
- 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.

3.2.2 | New and amended accounting standards and interpretations endorsed by the European Union with effect in future periods

The following standards issued by IASB have been endorsed by the European Union in 2016 but are not yet effective:

- IFRS 9 "Financial Instruments" that supersedes IAS 39 "Financial Instruments": Recognition and Measurement, addresses both classification and measurement, impairment and hedge accounting. This new standard is effective as of January 1, 2018 with early application permitted. Except for hedge accounting, retrospective application is required. For hedge accounting, the requirements are generally applied prospectively. The Group plans to adopt the new standard on the required effective date.

  The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

  With regards to hedge accounting, the Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

  With regards to the new impairment model of trade receivables induced by IFRS 9, the Group expects to apply the simplified approach and record expected loss on all trade receivables resulting in a higher loss allowance and a negative impact on equity. Currently, the Group does not provide for non-due and less than 30 days past-due trade receivables. The Group is currently performing a detailed assessment to determine the magnitude of such impairment model but expects no significant impact on its financial situation and operating performance.

- IFRS 15 "Revenue from Contracts with Customers". Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. The new standard will come into effect as of January 1, 2018 with early application permitted. The Group has decided not to early adopt IFRS 15. The Group is involved in the distribution of electrical products to professional customers and currently recognizes sales when the significant risks and rewards attached to the goods are passed on to the customers which usually occurs with the delivery or shipment of the product. As sales of electrical equipment are generally expected to be the only performance obligation identified under IFRS 15, revenue will be recognized at a point in time when control of the goods is transferred to the customer, generally on delivery or shipment of the products. The Group is currently assessing the potential impacts resulting from the adoption of IFRS 15 but expects no significant impact in revenue recognition.

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

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

- 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. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). These remeasurements will be generally recognized as an adjustment to the right-of-use asset against the lease liability. IFRS 16 applies to reporting period beginning on or after January 1, 2019. Entities can choose to apply the new standard using either a full retrospective or a modified retrospective approach. IFRS 16 should impact on Rexel’s financial situation and performance as the Group entered into lease arrangements for most of its premises including branch network, logistic centers and administrative buildings. The Group has initiated the identification of lease agreements and measurement of lease liabilities on a limited scope of entities and is rolling-out the assessment phase of the impacts on the consolidated financial statements on all Group entities. The Group does not currently plan to early adopt IFRS 16.
- On June 20, 2016, the IASB issued amendments to IFRS 2 “Share-based Payment” which 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 January 1, 2018 with early application permitted.
- On December 8, 2016, the IFRS Interpretation Committee issued interpretation IFRIC 22 “Foreign Currency Transaction and Advance Consideration”. This interpretation addresses how to determine the exchange rate for the recognition of the related asset, revenue or expense when an entity has received or paid advance consideration in a foreign currency. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018.
- On June 7, 2017, the IFRS Interpretation Committee issued IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”. This interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:
  - whether an entity considers uncertain tax treatments separately;
  - the assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - how an entity considers changes in facts and circumstances.

  IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019, with early application permitted.

4. | 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 areas.

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

Information by geographic segment for the period ended September 30, 2017 and 2016

2017 *(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……………………		1,752.5	1,152.2	334.1	**3,238.8**	-	**3,238.8**
EBITA…………………………………………	(1)	91.8	49.2	4.2	**145.3**	(5.5)	**139.8**

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**

2017 *(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 …………………..		5,379.6	3,553.5	971.6	**9,904.7**	-	**9,904.7**
EBITA …………………………………	(1)	305.0	132.3	5.7	**443.1**	(11.2)	**431.8**
Goodwill impairment……………………………		(12.8)	-	-	**(12.8)**	-	**(12.8)**
As of September 30,							
Working capital………………………………		798.9	690.6	189.9	**1,679.4**	(20.1)	**1,659.3**
Goodwill ………………………………………		2,502.9	1,405.9	188.9	**4,097.8**	-	**4,097.8**

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 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**
As of December 31,							
Working capital………………………………		613.3	645.6	146.1	**1,405.0**	(18.6)	**1,386.4**
Goodwill ………………………………………		2,547.0	1,535.4	217.9	**4,300.2**	-	**4,300.2**

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

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 30, 2017	For the quarter ended September 30, 2016	For the period ended September 30, 2017	For the period ended September 30, 2016
EBITA	**139.8**	**124.9**	**431.8**	**385.8**
Amortization of intangible assets recognized upon allocation of the acquisition of acquired entities	(4.6)	(4.5)	(14.3)	(13.7)
Other income and other expenses	(6.6)	(12.9)	(56.5)	(44.9)
Net financial expenses	(27.5)	(37.2)	(90.8)	(114.1)
Net income before tax	**101.1**	**70.2**	**270.2**	**213.0**

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, 2017	As of December 31, 2016
Working capital	1,659.3	1,386.4
Goodwill	4,097.8	4,300.2
Total allocated assets & liabilities	**5,757.1**	**5,686.6**
Liabilities included in allocated working capital	2,684.8	2,868.5
Accrued interest receivable	1.8	0.9
Other non-current assets	1,371.6	1,433.6
Deferred tax assets	91.5	128.4
Current tax assets	18.8	23.5
Assets classified as held for sale	-	0.3
Derivatives	25.0	0.4
Cash and cash equivalents	396.6	619.3
Group consolidated total assets	**10,347.2**	**10,761.6**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended September 30, 2017	For the period ended September 30, 2016
Personnel costs (salaries & benefits)	1,223.6	1,192.6
Building and occupancy costs	205.2	202.1
Other external costs	473.7	462.5
Depreciation expense	74.0	71.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	14.3	13.7
Bad debt expense	18.4	25.1
Total distribution and administrative expenses	**2,009.2**	**1,967.5**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended September 30, 2017	2016
Gains on disposal of tangible assets		0.6	0.7
Write-back asset impairment		-	0.1
Release of unused provisions		0.3	0.8
Earn-out liabilities released to income statement		1.9	0.3
Other operating income		1.5	0.1
Total other income		**4.3**	**2.0**
Restructuring costs	(1)	(20.5)	(32.4)
Shut-Down of Oil & Gas business in Thailand	(2)	(8.9)	-
Disposal loss of Oil & Gas business in Singapore	(3)	(11.3)	-
Losses on non-current assets disposed of		(2.3)	(4.0)
Impairment of goodwill	(4)	(12.8)	-
Acquisition related costs		(0.2)	(1.0)
Increase in earn-out liabilities		-	(2.5)
Other operating expenses		(4.8)	(7.0)
Total other expenses		**(60.7)**	**(46.9)**

(1) Of which €2.2 million due to changes in corporate senior management positions for the period ended September 30, 2017 (€11.1 million for the period ended September 30, 2016)

(2) Shut-down of Oil & Gas business in Thailand as a result of market decline. Wind-up costs mainly consist of assets write-off (including goodwill)

(3) On May 25, 2017, the Group completed the sale of Lenn International Pte Ltd, an Oil & Gas cable distributor based in Singapore, for a consideration of €3.5 million and recognized a divestment loss of €11.3 million for the period ended September 30, 2017.

(4) Finland goodwill impairment (see note 7)

7. | GOODWILL IMPAIRMENT

Goodwill is tested for impairment annually at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model.

The Group considers the actual level of performance compared to the current year forecast of cash generating units (CGUs) when reviewing for indicators of impairment. Any deviation from expected performance is analyzed and cash-flow projections are updated when necessary.

As a result, the company recognized an impairment expense of €12.8 million on Finland goodwill for the period ended September 30, 2017 (see note 6). Finland operations performance was below budget targets and management revised prospects and expected cash-flows. Other value-in-use key assumptions including long term growth rate, weighted average cost of capital and EBITA margin computed in the terminal value remained unchanged as compared to the test performed as of December 31, 2016. Value-in-use calculation is mostly sensitive to the EBITA margin factored in the terminal value, the discount rate and the long term growth rate. A 50 basis points adverse change in one of these parameters on impairment calculation would have resulted in additional impairment of €5 million to €11 million.

8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended September 30, 2017		2016	
Interest income on cash and cash equivalents	-		0.2	
Interest income on receivables and loans	1.0		1.2	
Financial income	**1.0**		**1.4**	
Interest expense on financial debt (stated at amortized cost)	(71.5)		(85.1)	
Interest gain / (expense) on interest rate derivatives	2.6		(0.1)	
Change in fair value of interest rate derivatives through profit and loss	0.6		4.8	
Financial expense on borrowings	**(68.3)**		**(80.5)**	
Non-recurring redemption costs	**(6.3)**	(1)	**(17.1)**	(2)
Foreign exchange gain (loss)	*(24.1)*		*(2.0)*	
Change in fair value of exchange rate derivatives through profit and loss	*25.8*		*3.1*	
Net foreign exchange gain (loss)	1.7		1.0	
Net financial expense on employee benefit obligations	(7.1)		(8.2)	
Others	(11.8)		(10.8)	
Other financial expenses	**(17.2)**		**(17.9)**	
Net financial expenses	**(90.8)**		**(114.1)**	

(1) Relating to the repayment of the US$330 million senior notes due 2020 (see note 14.1.1)

(2) Relating to (i) the early repayment of the €650 million senior notes due 2020 for €10.0 million and (ii) the partial redemption of the US$500 million senior notes due 2020 for €7.1 million)

9. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2017 financial year to the interim income before taxes. The effective tax rate for the period ending September 30, 2017 is 39.5%, compared with 37.4% for the period ended September 30, 2016.

10. | DIVIDENDS

On May 23, 2017, the Shareholders' meeting decided a cash distribution of €0.40 per share. The effective date of dividend payment was July 7, 2017.

	For the period ended September 30, 2017	2016
Dividends on ordinary shares	€ 0.40	€ 0.40
Dividends paid in cash (in millions of euros)	**120.8**	**120.3**

11. | 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, 2017	2016
***Net income attributed to ordinary shareholders** (in millions of euros)*	***164.6***	***134.5***
Weighted average number of ordinary shares (*in thousands*)	301,748	300,628
Non-dilutive potential shares (in thousands)	739	704
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***302,488***	***301,332***
Basic earning per share (in euros)	**0.54**	**0.45**
Dilutive potential shares (in thousands)	427	624
- of which share options (in thousands)	-	*82*
- of which bonus shares (in thousands) [(1)]	*427*	*542*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***302,915***	***301,955***
Fully diluted earnings per share (in euros)	**0.54**	**0.45**

[(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

12. | SHARE BASED PAYMENT

On May 23, 2017, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,873,975 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 (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called “3+2 Plan”,
- or four years after the grant date (May 24, 2021) 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) 2016/2019 average growth of EBITA in value (ii) 2016/2019 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019 (iv) Rexel share market performance compared to peers	Four year service condition from grant date and performance conditions based on: (i) 2016/2019 average growth of EBITA in value (ii) 2016/2019 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019 (iv) Rexel share market performance compared to peers	**Total**
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Share fair value at grant date May 23, 2017	12.75	12.34	**12.48**
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**

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.

13. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of September 30, 2017, 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, 2017, remeasurement of pension and post-retirement benefits accounted for a net loss before tax of €7.0 million recognized in other comprehensive income (a loss of €110.7 million for the period ended September 30, 2016). This loss resulted mainly from the impact of the decrease in the United Kingdom discount rate as of September 30, 2017 as compared to December 31, 2016, partially offset by plan asset performance in Switzerland.

Evolution of discount rates is as follows:

Discount rate (in %)	As of September 2017	As of December 2016	As of September 2016
United Kingdom	2.50	2.75	2.25
Canada	3.75	3.75	3.00
Switzerland	0.50	0.50	0.25

In Switzerland, the pension scheme was amended to reduce the conversion factor of the employee savings capital into pension payments. The reduction of the conversion factor was partly compensated by additional employer contribution into employee savings capital. The net impact of this amendment was recognized as a reduction of past service costs for €3.0 million (CHF3.3 million) for the period ended September 30, 2017.
In addition, as part of its derisking strategy, the Group entered into a 5-year qualifying insurance contract to finance disability coverage benefits, previously funded through the Swiss pension fund. Under this contract, the insurance company will pay the benefit payments to the plan beneficiaries on behalf of the pension fund. As a result, a change of plan assets for €3.9 million was recognized as a gain in other comprehensive income for the period ended September 30, 2017.

14. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of September 30, 2017. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

14.1 | Net financial debt

As of September 30, 2017, Rexel's consolidated net debt stood at €2,353.3 million, consisting of the following items:

	As of September 30, 2017			**As of December 31, 2016**		
(in millions of euros)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,459.2	1,459.2	-	1,480.9	1,480.9
Securitization	307.5	660.3	967.8	367.9	718.2	1,086.0
Bank loans	24.2	2.1	26.4	18.6	3.2	21.8
Commercial paper	176.7	-	176.7	131.7	-	131.7
Bank overdrafts and other credit facilities	144.5	-	144.5	84.5	-	84.5
Finance lease obligations	6.0	14.1	20.1	6.8	16.9	23.7
Accrued interests (1)	17.0	-	17.0	6.3	-	6.3
Less transaction costs	(5.9)	(22.0)	(27.9)	(5.9)	(24.1)	(30.0)
Total financial debt and accrued interest	***670.1***	***2,113.7***	***2,783.8***	***610.0***	***2,195.1***	***2,805.1***
Cash and cash equivalents			(396.6)			(619.3)
Accrued interest receivable			(1.8)			(0.9)
Debt hedge derivatives (2)			(32.1)			(12.3)
Net financial debt			**2,353.3**			**2,172.6**

(1) Of which accrued interests on Senior Notes for €13.8 million as of September 30, 2017 (€2.5 million as of December 31, 2016)
(2) Debt hedge derivatives include interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

14.1.1 |Senior notes

As of September 30, 2017, the carrying amount of the existing senior notes is detailed as follows:

	As of September 30, 2017					As of December 31, 2016				
	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	-	-	-	-	**-**	US$	330.0	313.1	3.8	**316.8**
Senior notes due 2022	EUR	500.0	500.0	10.2	**510.2**	EUR	500.0	500.0	14.1	**514.1**
Senior notes due 2023	EUR	650.0	650.0	0.2	**650.2**	EUR	650.0	650.0	-	**650.0**
Senior notes due 2024	EUR	300.0	300.0	(1.2)	**298.8**	-	-	-	-	-
TOTAL			1,450.0	9.2	**1,459.2**			1,463.1	17.9	**1,480.9**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 15)

Issuance of €300 million notes due 2024

On March 13, 2017, Rexel issued €300 million of senior unsecured notes due 2024 which bear interests at 2.625% 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 June 15, 2017. The notes mature on June 15, 2024 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after March 15, 2020, 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)
March 15, 2020	101.313%
March 15, 2021	100.656%
March 15, 2022 and after	100.000%

Repayment of US$330 million notes due 2020

Proceeds from the issuance of the 2.625% €300 million senior notes were used to repay the remaining outstanding 5.25% US$500 million senior notes due 2020 for a principal amount of US$330 million on June 16, 2017. The redemption price was 102.625% of the principal amount of the redeemed notes and amounted €302.3 million. A loss of €6.3 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs and fair value hedge adjustments.

14.1.2 |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 (ageing ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of September 30, 2017, 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, 2017	Amount drawn down as of September 30, 2017	Balance as of September 30, 2017	Balance as of December 31, 2016	Repayment Date
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia	EUR 375.0	EUR 399.1	EUR 307.6	307.6	367.9	12/18/2017
United States	US$ 515.0	US$ 651.7	US$ 494.5	418.9	441.9	12/20/2019
Canada	CAD 175.0	CAD 238.7	CAD 172.9	117.7	123.3	01/18/2019
Europe	EUR 354.0	EUR 461.9	EUR 314.2	314.2	350.6	11/20/2019
TOTAL				**1,158.4**	**1,283.7**	
Of which :	***- on balance sheet:***			***967.8***	***1,086.0***	
	- off balance sheet: [1]			***190.6***	***197.8***	

(1) The Carrying value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €37.2 million (€37.4 million as of December 31, 2016) and is recognized as a financial liability.

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of September 30, 2017, the total outstanding amount authorized for these securitization programs was €1,284.4 million, of which €1,158.4 million were used.

14.1.3 | 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, 2017, the company had issued €176.7 million of commercial paper (€131.7 million as of December 31, 2016).

14.2 | Change in net financial debt

As of September 30, 2017 and 2016, the change in net financial debt was as follows:

(in millions of euros)	2017	2016
As of January 1,	**2,172.6**	**2,198.7**
Issuance of senior notes net of transaction costs	295.8	643.4
Repayment of senior notes	(302.3)	(675.0)
Net change in credit facilities, commercial papers and other financial borrowings	109.8	42.5
Net change in credit facilities	**103.3**	**10.9**
Net change in securitization	(78.4)	(61.9)
Net change in finance lease liabilities	(3.5)	(1.9)
Net change in financial liabilities	***21.4***	***(52.9)***
Change in cash and cash equivalents	244.6	373.7
Effect of exchange rate changes on net financial debt	(97.7)	(31.4)
Effect of acquisition	-	2.9
Amortization of transaction costs	4.5	4.8
Non recurring refinancing costs	6.3	17.1
Other changes	1.5	(2.0)
As of September 30,	**2,353.3**	**2,511.0**

14.3 | 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, 2017**	**As of December 31, 2016**
One year	676.0	615.9
Two years	123.8	8.5
Three years	545.9	722.3
Four years	2.0	318.9
Five years	511.2	0.8
Thereafter	952.8	1,168.7
Total gross financial debt before transaction costs	**2,811.7**	**2,835.1**
Transaction costs	(27.9)	(30.0)
Gross financial debt	**2,783.8**	**2,805.1**

The €500 million notes issued in May 2015 mature in June 2022; the €650 million notes issued in May 2016 mature in June 2023; and the €300 million notes issued in March 2017 mature in June 2024.

In October 2016, the Senior Facility Agreement maturity was extended by one year to November 2021. The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €982.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million. As of September 30, 2017, this facility was undrawn.

A €45 million Bilateral Term loan has been renewed on July 3, 2017 and matures on November 12, 2021. The US$40 million bilateral Facility Agreement with Wells Fargo Bank International has been renewed on June 27, 2017 with expiry date on June 26, 2020. As of September 30, 2017, these two facilities were undrawn.

Lastly, securitization programs mature in 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 €2,017.1 million as of September 30, 2017 (€2,179.0 million as of December 31, 2016) and are due in less than one year.

As of September 30, 2017, the Group's liquidity amounted to €1,136.2 million (€1,467.9 million as of December 2016) in excess of €460.2 million compared to €676.0 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, 2017**	**As of December 31, 2016**
Cash and cash equivalents	396.6	619.3
Bank overdrafts	(144.5)	(84.5)
Commercial paper	(176.7)	(131.7)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	78.9	82.9
Liquidity	**1,136.2**	**1,467.9**

15. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of September 30, 2017, the Group held the following classes of financial instruments measured at fair value:

(in millions of euros)	September 30, 2017		December 31, 2016		
	Carrying amount	Fair value	Carrying amount	Fair value	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	13.2	13.2	16.2	16.2	Level 2
Other derivatives	25.0	25.0	0.3	0.3	Level 2
Financial liabilities					
Senior notes	1,459.2	1,503.8	1,480.9	1,525.5	Level 1
Hedging derivatives	1.5	1.5	0.5	0.5	Level 2
Other derivatives	2.5	2.5	6.8	6.8	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, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is 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.

16. | 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.

17. | LITIGATION

ACCC (Australia)

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings had been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia. The last hearing took place on February 12, 2016. The judgement was issued on March 9, 2017 and dismissed both claims brought by the ACCC. Further to this decision, the ACCC sent a letter dated March 2017, according to which it informed Rexel that it would not file any appeal. This case is now closed.

18. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after September 30, 2017 that would have a significant impact on Rexel's financial situation.