J.P. MORGAN CAZENOVE

European Capital Goods CEO conference

London, June 16, 2017

Plenary session

Patrick BERARD, CEO

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Focus on profitable growth and value creation

- **Rexel is a key player in an attractive market**
- **Rexel boasts strong assets to capture growth opportunities and enhance its role in the value chain**
- **Rexel's three medium-term strategic priorities are:**
  - Accelerating growth through "More customers & More SKUs", supported by a multichannel approach and growing digitization
  - Increasing selectivity in capital allocation, focusing on key geographies and business segments, and strengthening its financial structure
  - Improving operational and financial performance
- **Rexel will deliver its targets through excellence in execution:**
  - Superior service levels monitored through well-defined KPIs
  - Committed management teams and employees

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MEDIUM-TERM AMBITIONS

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Priority № 1: Accelerate organic growth, supported by 3 enablers

"More customers"

Net customer gains

X

"More SKUs"

Increased share of wallet

LEVERAGE CUSTOMER KNOWLEDGE
Managing the different phases of customer lifecycle and accelerating multichannel evolution

ALIGN INCENTIVES AND KPIS
Focused performance management and aligned incentives

BOOST DIGITAL
Customer acquisition, retention and push marketing

- **Market share gains**
- **Profitability improvement**

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Rexel's sales ambitions

MEDIUM-TERM AMBITION

- Grow organic sales faster than the market

2017 TARGETS IN LINE WITH MEDIUM-TERM AMBITION

- After 2 years of decline, resume organic growth with sales up in the low single digits[1]

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[1] On a constant scope and same-day basis

Priority № 2: Increase selectivity in capital allocation & strengthen financial structure

Actively manage portfolio to focus on most attractive geographies/businesses: Launch of divestment program

Portfolio review criteria

1 Performance

- Country/banner performance vs. Group average

2 Rexel position x market attractiveness

- Market share
- Market size
- Mid-term market growth
- Market fundamentals for distributors

3 Further analyses

- Cash-flow impact
- P&L impact
- Ability to turn around in a reasonable timeframe

Expected impacts[1]:

- **Reduction of c. € 800 million of sales**
- **Positive contribution of c. 25bps to the Group's consolidated adjusted EBITA margin**
- **Slight improvement in the leverage ratio**

[1] Based on FY2016 consolidated accounts, once disposals fully completed (by end 2018)

Priority № 2: Increase selectivity in capital allocation & strengthen financial structure

Creating financial headroom for targeted M&A from 2018 onwards, with strict value-creation criteria

- **Focus on most attractive ED market opportunities by leveraging our core competencies and acquiring new capabilities**
- **Maintain strict financial criteria:**
  - IRR > 10%
  - EPS accretive within 24 months
  - Synergies to be delivered within 12 months

M&A objectives	Illustrations
Reinforce market share in most attractive geographies (market size and growth)	**Priority N°1: US**
Expand to adjacent specialists	In selected high-performing countries
Increase our value-added by expanding our role along ED value chain & developing new models	• Industrial integrators • *Capitol Light*-like • Digital • MRO

Priority № 2: Increase selectivity in capital allocation & strengthen financial structure

Capex allocation priorities

- **№ 1: Productivity and efficiency improvements**
  - Automation in logistics
  - Back-office digitization
- **№ 2: Organic growth enablers**
  - In best-performing countries
  - Digital (e-commerce, applications, product content, etc.)

Clear criteria for investments

- **Qualitative criteria**
  - Projects must bring additional value at their execution level (branch / region / country / Group)
  - Projects must be consistent with Rexel's strategy "More Customers x More SKUs' on each of their technical, commercial, social, legal and financial aspects
- **Quantitative criteria**
  - Internal Return Rate above 10 %
  - Payback in less than 24 months

Rexel's financial ambitions

MEDIUM-TERM AMBITION

Allocate our capital to high growth/high profitability segments and geographies and use our solid cash generation to (by order of priority):

- Fund capital expenditure of between €100m and €150m per annum
- Pay out a dividend of at least 40% of recurring net income
- Reduce indebtedness ratio[1], targeting to be structurally below 2.5x at each year-end, as from Dec. 31, 2018
- Finance selective bolt-on acquisitions from 2018 onwards, with strict value creation criteria
- Return excess cash to shareholders, in the absence of M&A opportunities

2017 TARGETS IN LINE WITH MEDIUM-TERM AMBITION

- **Pay a stable cash dividend of €0.40 per share**
- **Put M&A on hold**
- **Dispose of non-strategic assets**
- **Reduce indebtedness ratio[1] to be below 3x at December 31, 2017**

[1] Net debt/EBITDA as calculated according to the Senior Credit Agreement terms under current IFRS standards

Priority № 3: Improve operational and financial performance, while continuously upgrading customer service

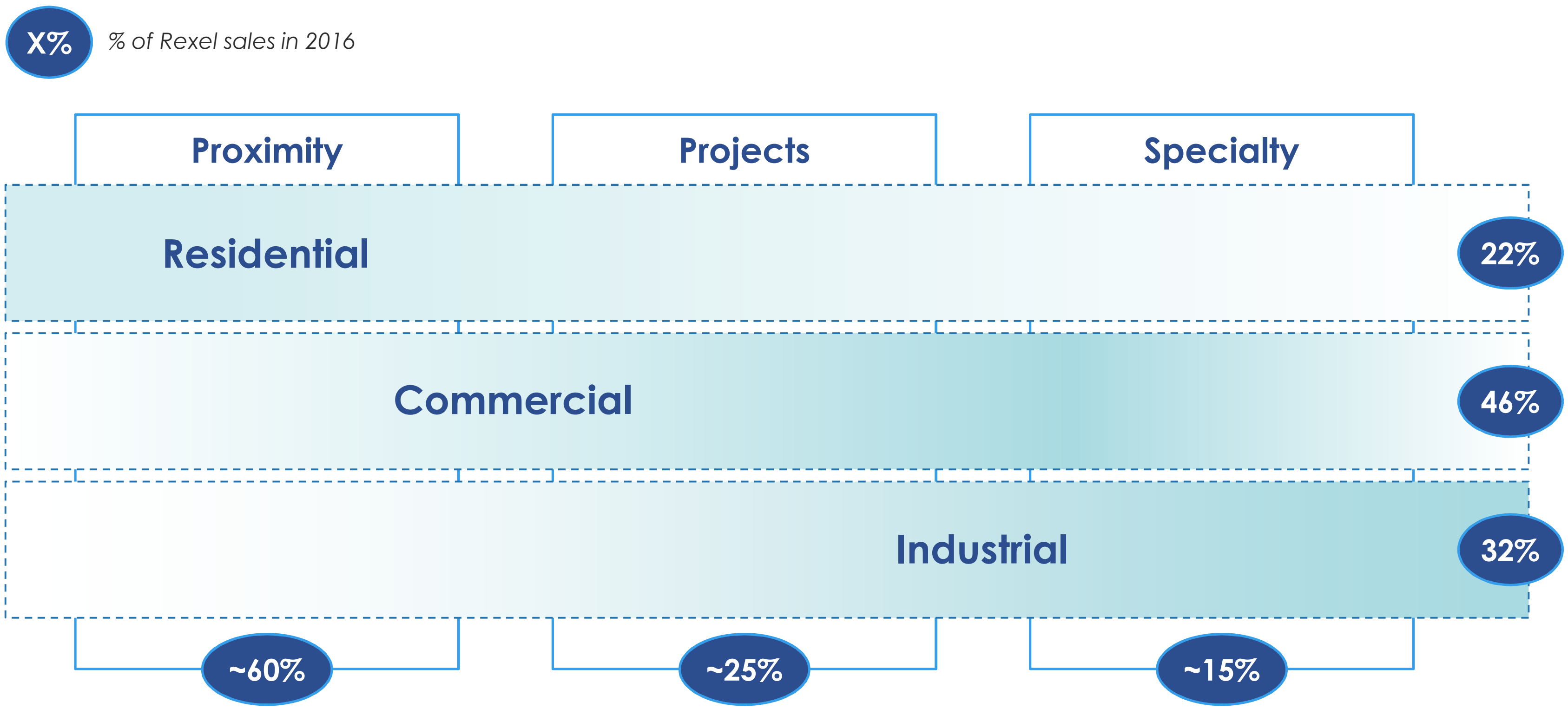
1 Increase profitability in all countries

- **Increase gross margin through:**
  - Pricing
  - Supplier consolidation
- **Control cost base and focus on opex supporting growth strategy**

2 Enhance operations in key geographies

- **Top priority for the Group: grow and increase efficiency in the US**
- **Transform or turn around operations in three key markets: Germany, Australia and UK**

Improve performance through 3 business approaches



Three business approaches to meet all customer needs

	Proximity	Projects	Specialty
Customer needs	• Easy access • Full basic assortment available • Both electrical equipment and tooling • Local technical advice • Ease of picking • Branding • Local marketing	• Sourcing capabilities • Budget optimization proposal • Solution configuration • Complete delivery on time on job site • Adequacy with prescription requirements	• Breadth of product and brand offering • Cross-selling/up-selling capabilities • Technical advice and testing facility
How we address them	• ~4,000 SKUs on average • 2,000 branches • 3.2 lines per order on average • Responsiveness /availability • Transactional e-commerce	• Job site services • Longer cycles, bigger volumes • Sales of services • Predictability of revenues / backlogs	• Expertise-based • Digital content management • Customer knowledge • Anticipation

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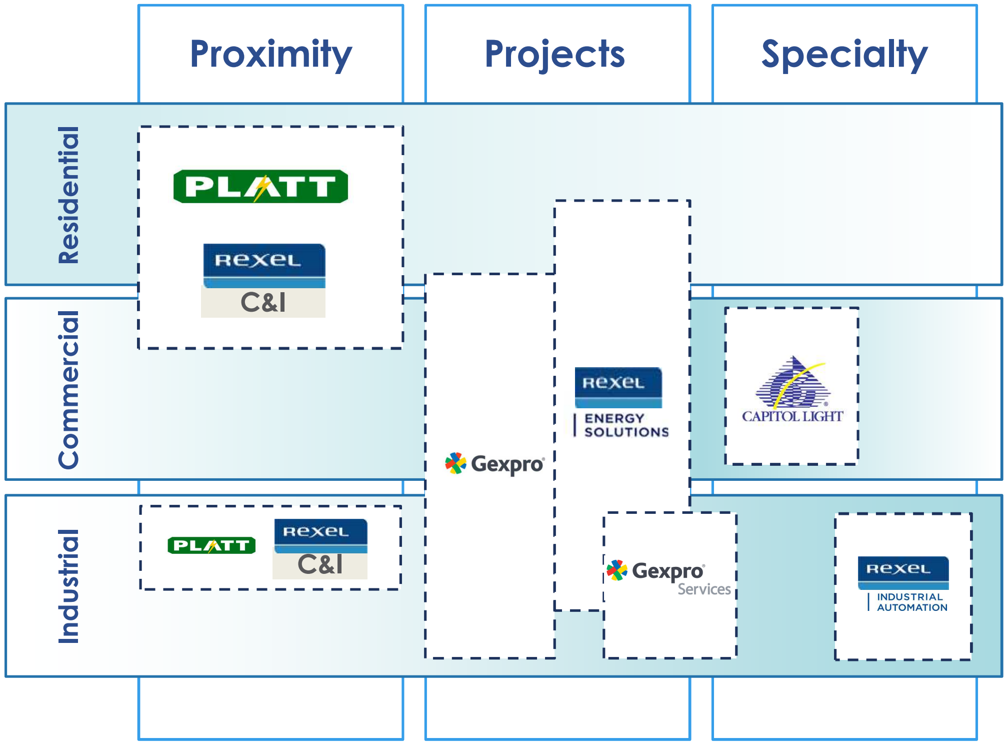
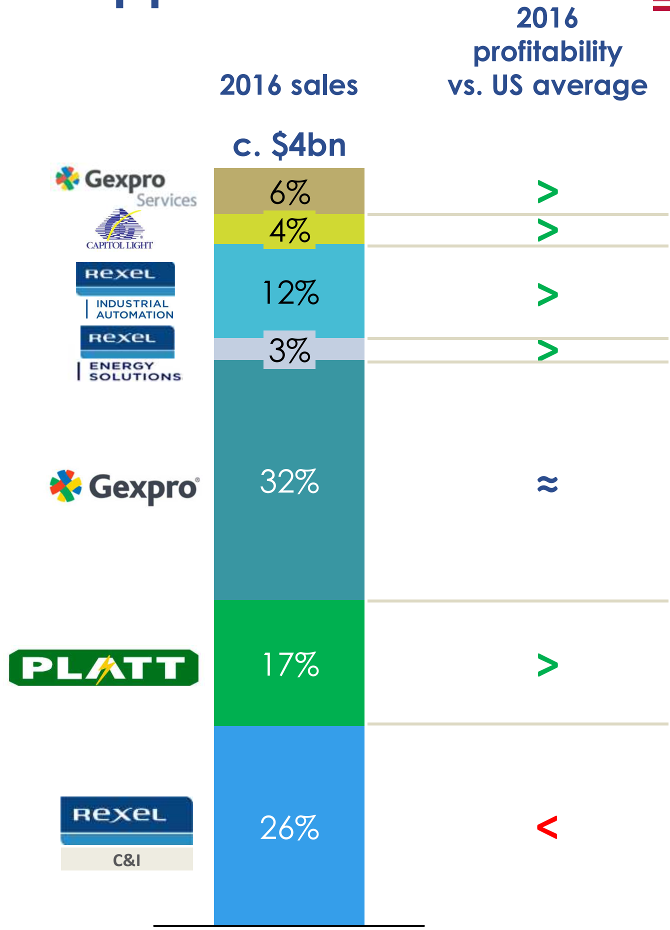
Focus on US: Current national multi-banner approach





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Focus on US: : Robust growth plan

Key actions

Accelerate organic growth

- **Regional focus on 7 high-growth areas**
- **Cross-fertilization of skills across banners**
- **Add c. 100 proximity outlets**, of which:
  - Opening of 45 Platt-like counters in Gexpro branches
  - New branch openings (of which c. 30 in California)
- **Increase sales force** in all banners
- **1:1 complementary product sale with Rockwell automation customers**
- **Review breadth and depth of inventory for proximity business** (Rexel C&I)
- **Migration to core model web platform (Hybris 5x)**

Improve operational and financial performance

- **Reach best-in-class customer service**
- **Concentrate supplier base**
- **Implement value pricing**
- **Optimize logistics across banners**
- **Reduce HQ opex**

- **Regional focus**
- **Market share gains**
- **Gradually reach adjusted EBITA margin at or above Group level**

Fast-growing areas

Specific plan for each region

Rexel's profitability ambitions

MEDIUM-TERM AMBITION

- **Continuously grow adjusted EBITA[1] and improve adjusted EBITA margin[1]** through enhanced gross margin, strict cost control and the turnaround of countries that offer significant potential

2017 TARGETS IN LINE WITH MEDIUM-TERM AMBITION

- **Grow our adjusted EBITA[1] in the mid to high single-digits**

[1] At comparable scope of consolidation and exchange rates and excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cables price

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2017 PROGRESS UPDATE

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Growth in sales and improved profitability in Q1 2017

- **Sales of €3,323.1m, up 5.1% on a reported basis**
  - Organic growth of 4.8%, including a strong calendar effect of 4.1%
  - On a constant and same-day basis, sales were up 0.6%, of which:
    - Europe: +1.2%
    - North America: +1.2%, **thanks to a return to growth in the US (+2.1%)**
    - Asia-Pacific: -4.8%, due to a sharp 33.6% drop in SE Asia, while China was up 2.0% and Australia up 0.8%
- **Adjusted EBITA[1] of €135.0m, up 9.3%**
  - Stable gross margin at 24.8% of sales
  - Improved adjusted EBITA[1] margin at 4.1% of sales (vs. 3.9% in Q1 2016)
    - Stable in Europe at 5.7% of sales
    - Improvement in North America at 2.9% of sales (vs. 2.6% in Q1 2016)
- **Reported EBITA of €144.5m, up 27.0%**

[1] At comparable scope of consolidation and exchange rates and excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cables price

Recent business trends confirm slight sequential improvement in sales

- **April + May sales on a constant and same-day basis showed slight sequential improvement in all three geographies vs. Q1 average**
  - Europe, including slight improvement in France
  - North America, boosted by return to growth in Canada
  - Asia-Pacific, driven by solid growth in China

- **Copper price should continue to have a positive effect year-on-year**
  - In USD: +20% (USD/t 5,667 in April + May vs. USD/t 4,730 in Q2 2016)
  - In €: +24% (€/t 5,208 in April + May vs. €/t 4,187 in Q2 2016)

- **Reminder of estimated calendar effect**
  - Q1 registered a strong positive effect of +4.1%
  - Q2 will be impacted by a negative effect -2.6%
  - H1 will be impacted by a positive effect of +0.7%

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