Half year financial report

As of June 30, 2020

Rexel

un monde d'énergie

Société Anonyme (corporation)
with share capital of € 1,522,125,530
Registered office: 13 boulevard du Fort de Vaux - CS 60002
75017 PARIS - France
479 973 513 R.C.S. Paris

Half-year financial report as of June 30, 2020

I. Activity report 2

II. Condensed consolidated interim financial statements 22

III. Statutory auditors' report 45

IV. Responsibility statement 48

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements and activity report for the period ended June 30, 2020 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements and activity report for the period ended June 30, 2020, the French version will prevail.

I. Activity report

(Unaudited)

TABLE OF CONTENTS

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS 4

1.1 | FINANCIAL POSITION OF THE GROUP 4

1.1.1 | Group Overview 4

1.1.2 | Significant events 4

1.1.3 | Seasonality 5

1.1.4 | Impact of changes in copper price 5

1.1.5 | Comparability of the Group's operating results and adjusted EBITA 6

1.2 | COMPARISON OF FINANCIAL RESULTS AS OF JUNE 30, 2020 AND AS OF JUNE 30, 2019 8

1.2.1 | Rexel Group's consolidated financial results 8

1.2.2 | Europe (55% of Group sales) 11

1.2.3 | North America (36% of Group sales) 13

1.2.4 | Asia-Pacific (9% of Group sales) 15

1.2.5 | Other operations 17

1.3 | OUTLOOK 17

1.4 | RISK FACTORS AND UNCERTAINTIES 17

2. LIQUIDITY AND CAPITAL RESOURCES 18

2.1 | CASH FLOW 18

2.1.1 | Cash flow from operating activities 18

2.1.2 | Cash flow from investing activities 19

2.1.3 | Cash flow from financing activities 20

2.2 | SOURCES OF FINANCING 21

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as “the Group” or ”Rexel”).

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

1.1 | Financial position of the Group

1.1.1| Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

In the first half of 2020, the Group recorded consolidated sales of €6,045.6 million, of which €3,331.3 million were generated in Europe (55% of sales), €2,182.8 million in North America (36% of sales) and €531.5 million in Asia-Pacific (9% of sales).

The Group’s activities in Europe (55% of Group sales) are in France (which accounts for 35% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Norway, Finland, Spain, Ireland, Italy, Slovenia, Portugal, Russia and Luxembourg.

The Group’s activities in North America (36% of Group sales) are in the United States and Canada. The United States account for 79% of Group sales in this region, and Canada for 21%.

The Group’s activities in Asia-Pacific (9% of Group sales) are in Australia, China, New Zealand, India and in Middle East. Australia accounts for 44% of Group sales in this region and China for 42%.

This activity report analyses the Group’s sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

1.1.2| Significant events – Covid-19 Impact

As a result of the Covid-19 breakdown, local authorities in countries or regions where Rexel operates in, have imposed lockdown and quarantine measures. Starting in March 2020, the Group reacted to sudden decline of electrical equipment demand. Sales on a same day basis were down 17.7% in the second quarter of 2020 and 10.6% in the first semester of 2020 as compared to the same periods in 2019. As a result of sales volume decrease, operating profit before other income and expenses went down to €185.7 million in the first semester of 2020 from €313.0 million for the same period in 2019.

As a response to this unprecedent situation, the Group has implemented action plans that include sanitary measures, cash protection and temporary cost saving measures including part time employment. As electrical products availability was deemed essential by authorities in most of the countries where lockdown measures were implemented, Rexel managed for adapting its operations running with most of its logistic centers and branches remaining open, even though at a lesser capacity.

In this context, some governments have introduced measures to assist entities in response to the coronavirus outbreak. As part of these measures, Rexel benefited from direct subsidies to compensate part-time employment of its employees that were recognized in profit or loss, in personnel costs, for €27.2 million.

Expected credit losses were reviewed upwards resulting in a €12.3 million increase net of allowance for doubtful accounts as compared to the first semester of 2019.

Moreover, the Group identified some indicators requiring performing impairment testing of its cash generating units with goodwill. As a result, a €486.0 million impairment loss was recognized for the semester ended June 30, 2020, mainly allocated to the following cash-generating units: The United Kingdom, the United States, Canada and Germany. Consistently with the recognition of goodwill impairment losses, the Group also tested the recoverable amount of deferred tax assets. As a result, net deferred tax assets were written down by €33.8 million as of June 30, 2020 reflecting remote future taxable gains.

To secure its cash position due to the uncertainty surrounding the effects of the Covid-19 health crisis, the Group partly drew down €550 million of its revolving credit facilities out of €850 million on March 25, 2020. On June 24, 2020, these facilities were paid-off, reflecting a positive free cash-flow before interest and tax of €176.8 million for the period ended June 30, 2020 as well as €145.6 million of cash proceeds on Gexpro Services business divestment.

In addition, following the proposal by the Board of Directors, the annual shareholders' meeting held on June 25, 2020 decided to cancel any dividend distribution for the fiscal year 2019 to strengthen Rexel liquidity in the current environment.
As of June 30, 2020, Rexel's liquidity stood at €1,272.6 million, and was deemed appropriate by the Management to face any amount falling due within the next twelve months and beyond.

1.1.3| 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 EBITA and cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

1.1.4| Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 15% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.

- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

1.1.5| Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.4 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- On a constant and actual number of working days basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;

- On a constant and same-day basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and

- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

(in millions of euros)	Semester ended June 30, 2020	Semester ended June 30, 2019
Operating income before other income and other expenses	**185.7**	**313.0**
Changes in scope of consolidation	-	(7.8)
Foreign exchange effects	-	2.5
Non-recurring effect related to copper	6.9	(0.3)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	6.6	7.1
Adjusted EBITA on a constant basis	**199.3**	**314.5**

1.2 | Comparison of financial results as of June 30, 2020 and as of June 30, 2019

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2020 and 2019, in millions of euros and as a percentage of sales.

	Semester ended June 30, 2020		Semester ended June 30, 2019		Δ %	
	Reported	Adjusted for copper	Reported	Comparable adjusted for copper	Reported	Comparable adjusted for copper
	①	②	⑤ = ③+ ④	⑥	①/⑤	②/⑥
Sales	**6,045.6**	**6,045.6**	**6,799.5**	**6,749.7**	**-11.1%**	**-10.4%**
Same-day basis						*-10.6%*
Gross profit	1,479.6	1,486.7	1,699.1	1,684.2	-12.9%	-11.7%
as a % of sales	*24.5%*	*24.6%*	*25.0%*	*25.0%*		
Operating expenses	(1,145.8)	(1,145.9)	(1,240.2)	(1,231.2)	-7.6%	-6.9%
Depreciation	(141.5)	(141.5)	(138.7)	(138.5)	2.0%	2.2%
Distribution and administrative expenses (1)	(1,287.3)	(1,287.4)	(1,379.0)	(1,369.7)	-6.7%	-6.0%
as a % of sales	*(21.3)%*	*(21.3)%*	*(20.3)%*	*(20.3)%*		
EBITA	**192.3**	**199.3**	**320.1**	**314.5**	**-39.9%**	**-36.6%**
as a % of sales	***3.2%***	***3.3%***	***4.7%***	***4.7%***		
Amortization of intangible assets (2)	(6.6)	-	(7.1)	-	(6.4)%	-
Operating income before other income and expenses	**185.7**	-	**313.0**	-	**(40.7)%**	-
Other income and expenses	(482.5)	-	(22.8)	-	2017.4%	-
Operating income	**(296.8)**	-	**290.2**	-	**n.a.**	-
Net financial expenses	(63.1)	-	(94.3)	-	(33.1)%	-
Pre tax income/(loss)	**(360.0)**	-	**195.9**	-	**n.a.**	
Income taxes	(79.9)	-	(32.6)	-	144.7%	-
Net income	**(439.8)**	-	**163.3**	-	**n.a.**	-
Effective tax rate	*n.a.*	-	*16.7%*	-	-	-

(1) Of which depreciation and amortization

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

Sales

In the first half of 2020, Rexel's consolidated sales amounted to €6,045.6 million, as compared to €6,799.5 million in the first half of 2019.

On a reported basis, sales were down 11.1% year-on-year, including a positive foreign exchange currency impact of 0.5% and a negative net effect from divestments of 1.3%.

- The positive impact of currency amounted to €35.8 million, mainly due to the appreciation of the US dollar against the euro.

- The negative net effect from the change in structure amounted to €85.5 million, resulting from the divestment of Gexpro Services business (distribution of C-parts products to OEM industries) in the USA and the Spanish export business.

- On a constant and same-day basis, sales decreased by 10.6%, including a negative impact of 0.5 percentage point due to change in copper-based cable prices. By geography, North America decreased by 14.1%, Europe by 9.1% and Asia-Pacific by 4.2%.

- On a constant and actual number of working days basis, sales decreased by 10.4%, impacted by a favorable calendar impact of 0.2 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Semester ended June 30, 2020
Growth on a constant and same-days basis	(3.3)%	(17.7)%	(10.6)%
Number of working days effect	0.3%	-	0.2%
Growth on a constant and actual-day basis	***(3.0)%***	***(17.7)%***	***(10.4)%***
Changes in scope effect	(0.6)%	(1.9)%	(1.3)%
Foreign exchange effect	0.9%	0.2%	0.5%
Total scope and currency effect	***0.3%***	***(1.7)%***	***(0.7)%***
Growth on a reported basis [(1)]	**(2.7)%**	**(19.1)%**	**(11.1)%**

[(1)] *Growth on a constant basis and actual number of working days compounded by the scope and currency effects*

Gross profit

In the first half of 2020, gross profit amounted to €1,479.6 million, down 12.9%, on a reported basis, as compared to €1,699.1 million in the first half of 2019.

On a constant basis, adjusted gross profit decreased by 11.7% and adjusted gross margin decreased by 36 basis points to 24.6% of sales.

Distribution & administrative expenses

In the first half of 2020, distribution and administrative expenses amounted to €1,287.3 million, a 6.7% decreased on a reported basis, as compared to €1,379.0 million in first half of 2019.

On a constant basis, adjusted distribution and administrative expenses decreased by 6.0% in the first half of 2020, reflecting actions to mitigate the covid-19 sales drop related impact.

EBITA

In the first half of 2020, as a result, EBITA stood at €192.3 million, decreasing by 39.9%, on a reported basis, as compared to €320.1 million in the first half of 2019, including a positive foreign exchange currency impact of €2.5 million and a negative net effect from divestments of €7.8 million.

On a constant basis, adjusted EBITA decreased by 36.6% to €199.3 million and adjusted EBITA margin stood at 3.3% of sales, down 136 basis points year on year.

Other income and expenses

In the first half of 2020, other income and expenses represented a net expense of €482.5 million, consisting mainly of:

- €486.0 million goodwill impairment, of which €162.4 million on the UK, €108.2 million on the USA, €75.2 million on Canada, €74.6 million on Germany, €40.5 million on Australia, €17.5 million on Norway, due to economic environment downturn as a result of covid-19 health crisis;

- €6.0 million gains on disposals of Gexpro Services business in the USA and the Spanish export business.

In the first half of 2019, other income and expenses represented a net expense of €22.8 million, consisting mainly of:

- €13.5 million restructuring plans in connection with the closure of a distribution center in the UK and the last stage of the transformation plan in Germany.

- €9.3 million Finland impairment of remaining intangible asset with indefinite life, due to lower than expected prospects.

Net Financial expenses

Net financial expenses decreased from €94.3 million in the first half of 2019 to €63.1 million in the first half of 2020. Excluding a €20.8m one-off expense, recognized in the first half of 2019 as part of the early repayment of the €650 million senior notes due 2023, net financial expenses decreased reflecting lower effective interest rate at 2.4% (2.8% in 2019).

Tax expense

In the first half of 2020 income tax expense increased to €79.9 million from €32.6 million in the first half of 2019 notwithstanding a €360 million pretax loss. In the first half of 2020 income tax expense reflects the effect of non-deductible goodwill impairment of €133.8 million as well as the €38.5 million unfavorable impact of deferred tax derecognition mainly related to UK and Germany tax losses carried forward as a result of uncertainty around their recoverability in a foreseeable future.

Net income

As a result of the above items, net income stood at €-439.8 million in the first half of 2020, as compared to €163.3 million in the first half of 2019.

Adjusted for non-recurring items the net income stood at €82.5 million in the first half of 2020 as compared to 167.4 million in the first half of 2019.

1.2.2| Europe (55% of Group sales)

	Semester ended June 30, 2020		Semester ended June 30, 2019		Δ %	
	Reported	**Adjusted for copper**	**Reported**	**Comparable adjusted for copper**	Reported	Comparable adjusted for copper
	①	②	③	④	①/③	②/'④
Sales	**3,331.3**	**3,331.3**	**3,644.9**	**3,640.5**	**(8.6)%**	**(8.5)%**
Same-day basis						*(9.1)%*
Gross profit	886.4	893.2	999.9	998.0	(11.3)%	(10.5)%
as a % of sales	*26.6%*	*26.8%*	*27.4%*	*27.4%*		
Operating expenses	(679.9)	(680.0)	(704.1)	(703.2)	(3.4)%	(3.3)%
Depreciation	(78.8)	(78.8)	(77.5)	(77.5)	1.6%	1.6%
Distribution and administrative expenses	(758.6)	(758.8)	(781.7)	(780.7)	(3.0)%	(2.8)%
as a % of sales	*(22.8)%*	*(22.8)%*	*(21.4)%*	*(21.4)%*		
EBITA	**127.8**	**134.4**	**218.2**	**217.2**	**(41.4)%**	**(38.1)%**
as a % of sales	*3.8%*	*4.0%*	*6.0%*	*6.0%*		

Sales

In the first half of 2020, sales in Europe amounted to €3,331.3 million, an 8.6% decrease on a reported basis, as compared to €3,644.9 million in first half of 2019.

Exchange rate variations accounted for a decrease of €0.8 million, mainly due to the depreciation of the Norwegian krone and the Swedish krona, partly offset by the appreciation of the Swiss franc against the euro.

On a constant and same-day basis, sales decreased by 9.1% as compared to the first half of 2019, including the negative impact of 0.5 percentage point due to the lower copper-based cable prices.

On a constant and actual number of working days basis, sales decreased by 8.5%, impacted by an unfavorable calendar impact of 0.6 percentage point.

In **France**, sales amounted to €1,181.4 million in the first half of 2020, a decrease of 15.6% as compared to the first half of 2019 on a constant and same-day basis reflecting a good performance in the first quarter of 2020 supported by good demand in commercial (large projects), residential (proximity) and specialty (HVAC "Heating, Ventilation and Air Conditioning") end-markets resulting from market shares gain. In the second quarter, sales dropped due to the Covid-19 pandemic lockdown measures partially offset by momentum in digital adoption. From Mid-April to End of June, on-going recovery thanks to the ease of the lockdown measures with resilience of the residential and industrial segments.

In **the United-Kingdom**, sales amounted to €297.1 million in the first half of 2020, a decrease of 21.9% from the first half of 2019 on a constant and same-day basis i.e. -0.9% restated from the 11 branch closures/ mergers in the fourth quarter of 2019, mainly due to the global lockdown severely impacting overall business in the second quarter with a trough impact in April and still adverse to last year in an environment market deterioration.

In **Germany**, sales stood at €332.9 million in the first half of 2020, a 3.8% increase from the first half of 2019 on a constant and same-day basis, reflecting good performance in residential and commercial benefiting from new sales organization and enhancement of services. The slowdown was limited on the industrial segment (notably automotive and chemicals) due to lower demand.

In **Scandinavia** sales amounted to €486.7 million in the first half of 2020, an increase of 5.4% from the first half of 2019 on a constant and same-day basis, with a positive performance in Sweden (up 2.1%), reflecting minor business slowdown due to flexible sanitary measures over Covid-19 pandemic crisis after a first half of the semester driven by utility customers and small/medium sized contractors. Sales in Norway increased by 7.7%, driven by continuing growth in the Utility and the strong demand in cables, despite the slowdown in industry. Sales in Finland were up 11.8% sustained by the absence of Covid-19 pandemic measures combined to good momentum in all segments except industry.

In **The Netherlands**, sales amounted respectively to €170.6 million in the first half of 2020, an increase from the first half of 2019 of 4.0% on a constant and same-day basis, widely driven by good developments prior to sanitary crisis for most customer segments and products (notably photovoltaic equipment) and by topline resilience in context of limited sanity measures. In **Belgium**, sales amounted respectively to €208.5 million, representing a 6.8% decrease from the first half of 2019. After positive evolution up to the Covid outbreak sustain by growth in residential end-market, sales reached a low point in April due to the general lockdown. Recovery started in May and continued to the end of the quarter.

In **Switzerland** and **Austria**, sales amounted respectively to €240.0 million and €173.7 million in the first half of 2020. Sales in Switzerland decreased by 3.2% from the first half of 2019, on a constant and same-day basis, showing an overall resilience of the business, highly digitalized, despite localized lockdown to the Western part and the overall industry slowdown. Sales in Austria decreased by 2.2% from the first half of 2019, on a constant and same-day basis, with all segments impacted by the outbreak since mid-March and until the end of April, notably in the industrial segment. The activity with installers being resilient and sales are back to positive territory as it was the case before the crisis.

Gross profit

In the first half of 2020, Europe recorded a gross profit of €886.4 million, down 11.3%, on a reported basis, as compared to €999.9 million in the first half of 2019.

On a constant basis, adjusted gross profit decreased by 10.5% and adjusted gross margin decreased by 60 basis points to 26.8% of sales, mainly due to decreasing weight in sales of France with higher gross margin than the average and increasing weight in sales of Germany with lower gross margin than average, as well as an unfavorable customer mix in Scandinavia.

Distribution & administrative expenses

In the first half of 2020, distribution and administrative expenses amounted to €758.6 million, down 3.0%, on a reported basis, as compared to €781.7 million in the first half of 2019.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.8% in the first half of 2020, representing 22.8% of sales in the first half of 2020, a 133 basis points deterioration as compared to the first half of 2019, reflecting temporary opex reduction including governmental measures.

EBITA

In the first half of 2020, as a result, on a reported basis, EBITA amounted to €127.8 million, down 41.4% as compared to €218.2 million in the first half of 2019, including a positive foreign exchange currency impact of €0.2 million.

On a constant basis, adjusted EBITA decreased by 38.1% from the first half of 2019 and adjusted EBITA margin decreased by 193 basis points to 4.0% of sales.

1.2.3| North America (36% of Group sales)

	Semester ended June 30, 2020		Semester ended June 30, 2019		Δ %	
	Reported	**Adjusted for copper**	**Reported**	**Comparable adjusted for copper**	Reported	Comparable adjusted for copper
	①	②	③	④	①/③	②/'④
Sales	**2,182.8**	**2,182.8**	**2,583.7**	**2,554.7**	**(15.5)%**	**(14.6)%**
Same-day basis						*(14.1)%*
Gross profit	500.0	500.3	594.6	585.2	(15.9)%	(14.5)%
as a % of sales	*22.9%*	*22.9%*	*23.0%*	*22.9%*		
Operating expenses	(389.2)	(389.2)	(449.3)	(443.9)	(13.4)%	(12.3)%
Depreciation	(41.2)	(41.2)	(40.5)	(40.8)	1.8%	1.0%
Distribution and administrative expenses	(430.4)	(430.4)	(489.7)	(484.7)	(12.1)%	(11.2)%
as a % of sales	*(19.7)%*	*(19.7)%*	*(19.0)%*	*(19.0)%*		
EBITA	**69.6**	**69.9**	**104.8**	**100.5**	**(33.6)%**	**(30.5)%**
as a % of sales	*3.2%*	*3.2%*	*4.1%*	*3.9%*		

Sales

In the first half of 2020, sales in North America amounted to €2,182.8 million, down 15.5%, on a reported basis, as compared to €2,583.7 million in the first half of 2019.

Exchange rate variations accounted for an increase of €52.9 million, mainly due to the appreciation of US dollar against the euro.

On a constant and same-day basis, sales decreased by 14.1% as compared to the first half of 2019.

In **the United States**, sales stood at €1,717.4 million in the first half of 2020, a 14.8% decrease from the first half of 2019 on a constant and same-day basis. In the first quarter, sales were down 6.3% mainly due to lower industrial demand as well as the first sign of economic downturn following Covid-19 crisis. In the second quarter, sales were down 22.8% mainly driven by a strong deterioration of the three end-markets highly impacted by covid-19 crisis, mainly in Midwest, Southeast, Gulf (O&G impact) and Northeast and also specialty businesses suffering and still adverse to last year in an environment market deterioration.

In **Canada**, sales amounted to €465.4 million in the first half of 2020, down 11.8% from the first half of 2019 on a constant and same-day basis with a good momentum in the first quarter (+1.1%). In the second quarter sales were down 23.6% due to covid-19 effects with a deterioration on industrial customers mainly with OEM and equipment manufacturers and lower commercial segment on all customers categories. Sales recovered since mid-May, driven by the Western part of the country, notably helped by more positive Oil &Gas activity.

Gross profit

In the first half of 2020, in North America, gross profit amounted to €500.0 million, decreased by 15.9%, on a reported basis, as compared to €594.6 million in the first half of 2019.

On a constant basis, adjusted gross profit decreased by 14.5% and adjusted gross margin is stable year on year at 22.9% of sales, mainly driven by higher gross margin in the US with pricing initiatives paying off despite higher direct sales in Canada with lower margin.

Distribution & administrative expenses

In the first half of 2020, distribution and administrative expenses amounted to €430.4 million, decreased by 12.1%, on a reported basis, as compared to €489.7 million in the first half of 2019.

On a constant basis, adjusted distribution and administrative expenses decreased by 11.2%, representing 19.7% of sales in the first half of 2020, a 75 basis points decreased as compared to the 19.0% in the first half of 2019, mainly due to temporary costs reduction initiatives, especially on workforce in both countries.

EBITA

In the first half of 2020, as a result, EBITA amounted to €69.6 million, down 33.6%, on a reported basis, as compared to €104.8 million in the first half of 2019.

On a constant basis, adjusted EBITA decreased by 30.5% from the first half of 2019 and adjusted EBITA margin decreased by 73 basis points to 3.2% of sales.

1.2.4| Asia-Pacific (9% of Group sales)

	Semester ended June 30, 2020		Semester ended June 30, 2019		Δ %	
	Reported	**Adjusted for copper**	**Reported**	**Comparable adjusted for copper**	Reported	Comparable adjusted for copper
	①	②	③	④	①/③	②/'④
Sales	**531.5**	**531.5**	**570.9**	**554.5**	**(6.9)%**	**(4.1)%**
Same-day basis						*(4.2)%*
Gross profit	93.2	93.2	104.6	101.0	(10.9)%	(7.8)%
as a % of sales	*17.5%*	*17.5%*	*18.3%*	*18.2%*		
Operating expenses	(76.0)	(76.0)	(81.2)	(78.5)	(6.3)%	(3.1)%
Depreciation	(12.7)	(12.7)	(13.5)	(13.0)	(6.0)%	(2.0)%
Distribution and administrative expenses	(88.7)	(88.7)	(94.7)	(91.5)	(6.3)%	(3.0)%
as a % of sales	*(16.7)%*	*(16.7)%*	*(16.6)%*	*(16.5)%*		
EBITA	**4.4**	**4.4**	**9.9**	**9.6**	**(55.5)%**	**(53.8)%**
as a % of sales	*0.8%*	*0.8%*	*1.7%*	*1.7%*		

Sales

In the first half of 2020, sales in Asia-Pacific amounted to €531.5 million, down 6.9%, on a reported basis, as compared to €570.9 million in the first half of 2019.

Exchange rate variations accounted for a decrease of €16.4 million, primarily due to the depreciation of Australian dollar against the euro.

On a constant and same-day basis, sales decreased by 4.2% as compared to the first half of 2019.

In **Australia**, sales amounted to €232.8 million in the first half of 2020, a 0.7% increase from the first half of 2019, on a constant and same-day basis. In the first quarter, sales were up 2.5% mainly due to outperforming in construction-related business. In the second quarter, sales were down 0.9%, slightly impacted by covid-19 crisis, when industrial market was suffering due to unfavorable project base effect in 2019.

In **China**, sales amounted to €222.5 million in the first half of 2020, a 3.6% decrease compared to the first half of 2019, on a constant and same-day basis, hit earlier than others by the covid-19 crisis with significative drop in sales in the first quarter. Second quarter performance stand at 13.9%, on a constant and same-day basis thanks to a strong recovery especially in OEM, system integration segments and projects.

In addition, Asia – Pacific performance was impacted by a complete lockdown of New Zealand and India, both countries are now in a recovery path.

Gross profit

In the first half of 2020, in Asia-Pacific, gross profit amounted to €93.2 million, down 10.9%, on a reported basis, as compared to €104.6 million in the first half of 2019.

On a constant basis, adjusted gross profit decreased by 7.8% and adjusted gross margin was 17.5% of sales, a 69 basis-point decrease as compared to the first half of 2019, mainly impacted by a lower commercial margin in China due to the weight of OEM and system integration business sales at lower margin.

Distribution & administrative expenses

In the first half of 2020, on a reported basis, distribution and administrative expenses amounted to €88.7 million, decreased by 6.3% as compared to €94.7 million in the first half of 2019.

On a constant basis, adjusted distribution and administrative expenses decreased by 3.0% from the first half of 2019, representing 16.7% of sales in the first half of 2020, a 20 basis-point deterioration as compared to the first half of 2019, reflecting costs adaptation combined with temporary government subsidies.

EBITA

In the first half of 2020, as a result, EBITA amounted to €4.4 million, down 55.5%, on a reported basis, as compared to €9.9 million in the first half of 2019,

On a constant basis, adjusted EBITA decreased by 53.8% from the first half of 2019 and adjusted EBITA margin decreased by 89 basis points to 0.8% of sales.

1.2.5| Other operations

	Semester ended June 30, 2020	Semester ended June 30, 2019	Δ %
	Reported	**Reported**	Reported
Sales	**-**	**-**	**-**
Gross profit	**-**	0.0	-
Operating expenses	(0.7)	(5.7)	(87.9)%
Depreciation	(8.8)	(7.2)	22.3%
Distribution and administrative expenses	(9.5)	(12.9)	(26.1)%
EBITA	**(9.5)**	**(12.9)**	**26.3%**

This segment mostly includes unallocated corporate-hosted expenses. In the first half of 2020, EBITA was negative by €9.5 million compared to €12.9 million in the first half of 2019, mainly due to lower corporate overheads.

1.3 | Outlook

All investments made in the past three years in people, inventories, branch openings, IT and digital have proven their relevance and contributed to transform Rexel in a much more robust company, able to navigate the current turmoil without compromising its medium-term ambition.

The current environment remains volatile and visibility on the second semester of 2020 and 2021 is low, notably considering the increasing risk of a second wave of the Covid-19 pandemic in several countries. The uncertainty, both on the shape of the recovery and its time span, leads us to continue withholding the guidance for the full year.

Rexel has demonstrated its ability to adapt its organization to the very different situation from country to country, leveraging its investments over the past three years. Rexel will keep focusing on its fundamentals in order to preserve profitability and free cash flow generation.

In that context, while Rexel will manage its business with internal KPIs and objectives on a six-month basis, the Group will reaccelerate its medium-term digital transformation roadmap and leverage its digital tools to reinforce its multichannel approach and customer service.

1.4 | Risk factors and uncertainties

Group activities are facing certain macroeconomic, business, operational, market and legal risk factors. The main risk factors to which the Group is exposed are described in the section “Risk factors” of the 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* on March 9, 2020 under the number D.20-0111. An update of risk factors with respect to the impact that the current health crisis related to the Covid-19 pandemic could have on the Group’s situation, in particular, the risk of significant worsening of the global economic environment or in the main countries in which Rexel operates or a major exogenous event impacting the Group’s activities, as well as a liquidity risk, has been included into the amendment to the 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* on May 11, 2020 under number D. 20-0111-A01.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 | Cash flow

	Semester ended June 30, 2020	Semester ended June 30, 2019	Change
Operating cash flow before interest and taxes	296.1	394.7	*(98.6)*
Financial interest on borrowings paid [1]	(35.3)	(44.4)	*9.1*
Income tax paid	(24.9)	(62.5)	*37.6*
Operating cash flow before change in working capital	**235.9**	**287.8**	***(51.8)***
Change in working capital requirements	17.8	(271.1)	*288.9*
Net cash flow from operating activities	**253.7**	**16.6**	***237.1***
Net cash flow from investing activities	**98.9**	**(57.0)**	***155.9***
o.w. Operating capital expenditures [2]	*(53.1)*	*(53.5)*	*0.4*
Net cash flow from financing activities [3]	**(316.1)**	**(65.4)**	***(250.7)***
Net cash flow	**36.4**	**(105.8)**	***142.2***
Operating cash flow	296.1	394.7	*(98.6)*
Repayment of lease liabilities	(84.0)	(87.4)	*3.4*
Change in working capital requirements	17.8	(271.1)	*288.9*
Operating capital expenditures	(53.1)	(53.5)	*0.4*
Free cash flow before interest and taxes	**176.8**	**(17.3)**	***194.1***
Financial interest on borrowings paid	(35.3)	(44.4)	*9.1*
Income tax paid	(24.9)	(62.5)	*37.6*
Free cash flow after interest and taxes	**116.7**	**(124.2)**	***240.9***
Total Free cash flow after interest and taxes	**116.7**	**(124.2)**	***240.9***

Working capital requirement as a % of sales [4] at:	**June 30, 2020**	**June 30, 2019**
Constant basis	11.7%	11.8%

(1) Excluding interest on lease liabilities

(2) Net of disposals

(3) Including lease liabilities repayment

(4) Working capital requirements, end of period, divided by last 12-month sales.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €253.7 million in the first half of 2020 compared to €16.6 million in the first half of 2019.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €394.7 million in the first half of 2019 to €296.1 million in the first half of 2020 mainly due to sales drop in 2020 as compared to 2019, and EBITA decline as a result of covid-19 health crisis.

Interest and taxes

Net interest paid decreased from €44.4 million in the first half of 2019 to €35.3 million in the first half of 2020 reflecting lower interest rates in the first half of 2020 as compared to the first half of 2019.

Income tax paid decreased from €62.5 million in the first half of 2019 to €24.9 million in the first half of 2020, as a result of lower taxable income in 2020.

Change in working capital requirements

Change in working capital requirements accounted for an inflow of €17.8 million in the first half of 2020 as compared to an outflow €271.1 million in the first half of 2019, mainly due to active cash collection of trade receivables and inventory reduction in relation to lower activity.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 11.7% of sales as of June 30, 2020 as compared to 11.8% as of June 30, 2019, a 16 basis-points improvement as a result of management on trade working capital.

2.1.2| Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €98.9 million inflow in the first half of 2020, as compared €57.0 million outflow in the first half of 2019.

(in millions of euros)	Semester ended June 30,	
	2020	2019
Acquisitions of operating fixed assets	*-53.4*	*-55.9*
Proceed from disposal of operating fixed assets	*1.7*	*6.3*
Net change in debts and receivables on fixed assets	*-1.3*	*-3.9*
Net cash flow from capital expenditures	**-53.1**	**-53.5**
Acquisition of subsidiaries, net of cash acquired	*-3.2*	*-3.2*
Proceeds from disposal of subsidiaries, net of cash disposed of	*152.7*	*1.5*
Net cash flow from financial investments	**149.6**	**-1.7**
Net change in long-term investments	**2.4**	**-1.8**
Net cash flow from investing activities	**98.9**	**-57.0**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €53.1 million in the first half of 2020, as compared to €53.5 million in the first half of 2019.

In the first half of 2020, gross capital expenditures stood at €53.4 million (€55.9 million in the first half of 2019), i.e. 0.9% of sales for the period. Disposals of fixed assets were €1.7 million (€6.3 million in the first half of 2019).

2.1.3 | Cash flow from financing activities

In the first half of 2020, net cash flow from financing activities represented a net cash outflow of €316.1 million, mainly resulting from the:

- €267.0 million decrease in assigned receivables associated with securitization programs;
- €84.0 million lease liabilities repayment.

Partly offset by;

- €39.9 million increase in Commercial paper and credit facilities.

In the first half of 2019, cash flow from financing activities represented a net cash outflow of €65.4 million, resulting mainly from the:

- Repayment of the €650 million senior notes due 2023 for a total amount of €666.9 million including a redemption premium of €16.9 million;
- €54.9 million decrease in assigned receivables associated with securitization programs;
- €87.4 million lease liabilities repayment.

Partly offset by the:

- €600 million issuance of senior notes due 2026 with coupons of 2.75% for an amount net of transaction costs of €594.4 million;
- €147.8 million increase in Commercial paper and credit facilities.

2.2 | Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At June 30, 2020, Rexel's consolidated net debt amounted to €1,690.3 million, consisting of the following items:

(in millions of Euros)	As of June 30, 2020			As of December 31, 2019		
	Current	Non current	Total	Current	Non current	Total
Senior notes	-	1,415.8	1,415.8	-	1,413.4	1,413.4
Securization	242.4	427.5	669.9	620.0	332.9	952.9
Bank loans	23.2	0.7	23.9	13.0	0.9	13.9
Commercial paper	84.5	-	84.5	50.0	-	50.0
Bank overdrafts and other credit facilities	60.0	-	60.0	65.5	-	65.5
Accrued interest	3.5	-	3.5	4.6	-	4.6
Less transaction costs	(4.2)	(12.0)	(16.2)	(4.2)	(14.1)	(18.4)
Total financial debt and accured interest	**409.5**	**1,832.0**	**2,241.5**	**748.8**	**1,733.1**	**2,481.8**
Cash and cash equivalents			(531.5)			(514.3)
Accrued interest receivables			(1.0)			(2.0)
Debt hedge derivatives			(18.7)			(19.6)
Net financial debt			**1,690.3**			**1,945.9**

At June 30, 2020, the Group's liquidity amounted to €1,272.6 million (€1,284.5 million at December 31, 2019).

In millions of Euros	June 30, 2020	December 31, 2019
Cash and cash equivalents	531.5	514.3
Bank overdrafts	(60.0)	(65.5)
Commercial paper	(84.5)	(50.0)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	35.7	35.6
Liquidity	**1,272.6**	**1,284.5**

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at June 30 and December 31 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 2.59x as of June 30, 2020 (as compared to 2.47x as of December 31, 2019 and 2.86x as of June 30, 2019).

II. Condensed consolidated Interim financial statements as of June 30, 2020

(unaudited[1])

1. The condensed consolidated interim financial statements as of June 30, 2020 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on the 2020 half year information is presented after the condensed consolidated interim financial statements.

TABLE OF CONTENTS

Consolidated Income Statement of profit or loss (unaudited) 24
Consolidated Statement of Comprehensive Income (unaudited)....25
Consolidated Balance Sheet (unaudited)....26
Consolidated Statement of Cash Flows (unaudited)....27
Consolidated Statement of Changes in Equity (unaudited) 28
Accompanying Notes to the Consolidated Financial Statements (unaudited) 29
1. | General information 29
2. | Significant events of the period ended June 30, 2020 29
3. | Significant accounting policies....30
4. | Segment reporting 32
5. | Distribution & administrative expenses 33
6. | Other income & other expenses 34
7. | Net financial expenses 34
8. | Income tax 35
9. | Dividends 35
10. | Earnings per share 36
11. | Goodwill 36
12. | Leases 38
13. | Assets held for sale....39
14. | Post-employment and long-term benefits....39
15. | Financial liabilities....39
16. | Fair value of financial instruments 43
17. | Seasonality 44
18. | Litigation & other contingencies....44
19. | Events after the reporting period 44

Consolidated Statement of Profit or Loss (unaudited)

(in millions of euros)	*Note*	For the period ended June 30, 2020	2019
Sales	*4*	6,045.6	6,799.5
Cost of goods sold		(4,566.1)	(5,100.4)
Gross profit		**1,479.6**	**1,699.1**
Distribution and administrative expenses	*5*	(1,293.9)	(1,386.0)
Operating income before other income and expenses		**185.7**	**313.0**
Other income	*6*	6.9	7.6
Other expenses	*6*	(489.4)	(30.4)
Operating income		**(296.8)**	**290.2**
Financial income		2.1	0.7
Interest expense on borrowings		(34.3)	(38.0)
Non-recurring redemption costs		-	(20.8)
Other financial expenses		(30.9)	(36.3)
Net financial expenses	*7*	***(63.1)***	***(94.3)***
Net income before income tax		**(360.0)**	**195.9**
Income tax	*8*	(79.9)	(32.6)
Net income		**(439.8)**	**163.3**
Portion attributable:			
to the equity holders of the parent		*(439.7)*	*162.6*
to non-controlling interests		*(0.1)*	*0.7*
Earnings per share:			
Basic earnings per share (in euros)	*10*	*(1.46)*	*0.54*
Fully diluted earnings per share (in euros)	*10*	*(1.45)*	*0.54*

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 period ended June 30, 2020	2019
Net income		**(439.8)**	**163.3**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		(12.9)	(4.8)
Income tax		(1.1)	1.5
Sub-total		**(14.1)**	**(3.3)**
Foreign currency translation adjustment		(35.8)	34.9
Income tax		1.9	(3.5)
Sub-total		**(33.8)**	**31.4**
Net gain / (loss) on cash flow hedges		(11.2)	(11.0)
Income tax		3.6	3.5
Sub-total		**(7.6)**	**(7.5)**
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	***14***	(46.3)	(49.4)
Income tax		5.0	5.8
Sub-total		**(41.3)**	**(43.5)**
Other comprehensive income / (loss) for the period, net of tax		**(96.8)**	**(22.9)**
Total comprehensive income / (loss) for the period, net of tax		**(536.6)**	**140.3**
Portion attributable:			
to the equity holders of the parent		*(536.9)*	*139.6*
to non-controlling interests		*0.3*	*0.7*

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 June 30, 2020	As of December 31, 2019
Assets			
Goodwill	*11*	3,265.3	3,785.5
Intangible assets		1,014.0	1,027.5
Property, plant and equipment		264.1	273.3
Right-of-use assets	*12*	880.2	898.2
Long-term investments		47.7	49.2
Deferred tax assets		22.8	60.1
Total non-current assets		**5,494.1**	**6,093.8**
Inventories		1,528.3	1,696.9
Trade accounts receivable		1,918.8	2,059.3
Current tax assets		7.9	7.9
Other accounts receivable		441.0	533.1
Assets held for sale	*13*	-	169.4
Cash and cash equivalents	*15*	531.5	514.3
Total current assets		**4,427.5**	**4,980.9**
Total assets		**9,921.6**	**11,074.8**
Equity			
Share capital		1,522.1	1,520.5
Share premium		1,458.4	1,451.2
Reserves and retained earnings		710.8	1,258.4
Total equity attributable to equity holders of the parent		**3,691.3**	**4,230.1**
Non-controlling interests		0.4	5.2
Total equity		**3,691.8**	**4,235.3**
Liabilities			
Interest bearing debt (non-current part)	*15*	1,832.0	1,733.1
Lease liabilities (non-current part)	*12*	829.8	846.5
Net employee defined benefit liabilities		334.4	312.1
Deferred tax liabilities		188.1	184.6
Provisions and other non-current liabilities		48.3	40.8
Total non-current liabilities		**3,232.6**	**3,117.1**
Interest bearing debt (current part)	*15*	405.9	744.2
Accrued interest	*15*	3.5	4.6
Lease liabilities (current part)	*12*	165.4	163.5
Trade accounts payable		1,685.9	2,021.7
Income tax payable		19.2	14.1
Other current liabilities		717.3	738.9
Liabilities directly associated with the assets held for sale	*13*	-	35.3
Total current liabilities		**2,997.2**	**3,722.4**
Total liabilities		**6,229.8**	**6,839.4**
Total equity and liabilities		**9,921.6**	**11,074.8**

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 period ended June 30, 2020	2019
Cash flows from operating activities			
Operating income		(296.8)	290.2
Depreciation, amortization and impairment of assets and assets write off	*5-6*	634.2	155.4
Employee benefits		(14.5)	(13.8)
Change in other provisions		(3.5)	(14.2)
Other non-cash operating items		(1.2)	(0.4)
Interest on lease liabilities		(22.1)	(22.5)
Financial interest paid on borrowings		(35.3)	(44.4)
Income tax paid		(24.9)	(62.5)
Operating cash flows before change in working capital requirements		***235.9***	***287.8***
Change in inventories		152.8	(59.1)
Change in trade receivables		117.9	(193.0)
Change in trade payables		(315.0)	34.6
Change in other working capital items		62.0	(53.5)
Change in working capital requirements		***17.8***	***(271.0)***
Net cash from operating activities		**253.7**	**16.7**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(54.8)	(59.8)
Proceeds from disposal of tangible and intangible assets		1.7	6.3
Acquisitions of subsidiaries, net of cash acquired		(3.2)	(3.2)
Proceeds from disposal of subsidiaries, net of cash disposed of		152.7	1.5
Change in long-term investments		2.4	(1.8)
Net cash from investing activities		**98.9**	**(57.0)**
Cash flows from financing activities			
Disposal / (Purchase) of treasury shares		(1.1)	1.7
Acquisition of non-controlling interests		(3.9)	-
Issuance of senior notes net of transaction costs	*15.2*	-	594.4
Repayment of senior notes	*15.2*	-	(666.9)
Net change in credit facilities, commercial papers, other financial borrowings	*15.2*	39.9	147.8
Net change in securitization	*15.2*	(267.0)	(54.9)
Repayment of lease liabilities		(84.0)	(87.4)
Net cash from financing activities		**(316.1)**	**(65.4)**
Net (decrease) / increase in cash and cash equivalents		**36.5**	**(105.7)**
Cash and cash equivalents at the beginning of the period		514.3	544.9
Effect of exchange rate changes on cash and cash equivalents		(19.3)	(0.8)
Cash and cash equivalents at the end of the period		**531.5**	**438.5**

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)	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remea-surement of net defined benefit liability	**Total attributable to the equity holders of the parent**	Non-controlling interests	**TOTAL EQUITY**
For the period ended June 30, 2019										
Balance at January 1, 2019		**1,519.9**	**1,554.0**	**1,226.5**	**(7.4)**	**1.8**	**(152.4)**	**4,142.5**	**3.9**	**4,146.4**
Net income		-	-	162.6	-	-	-	**162.6**	0.7	163.3
Other comprehensive income		-	-	-	28.0	(7.5)	(43.5)	**(23.0)**	0.1	(22.9)
Total comprehensive income for the period		**-**	**-**	**162.6**	**28.0**	**(7.5)**	**(43.5)**	**139.6**	**0.7**	**140.3**
Cash dividends	**9**	-	(104.9)	(28.0)	-	-	-	**(132.9)**	-	(132.9)
Allocation of free shares and free shares cancelled		-	(2.5)	2.5	-	-	-	**-**	-	-
Share-based payments		-	-	4.1	-	-	-	**4.1**	-	4.1
Acquisition of non controlling interests		-	-	(5.0)	-	-	-	**(5.0)**	1.7	(3.4)
Disposal of subsidiaries		-	-	-	(0.2)	-	-	**(0.2)**	(1.0)	(1.2)
Disposal / (Purchase) of treasury shares		-	-	1.5	-	-	-	**1.5**	-	1.5
Balance at June 30, 2019		**1,519.9**	**1,446.6**	**1,364.2**	**20.4**	**(5.7)**	**(195.9)**	**4,149.6**	**5.3**	**4,154.9**
For the period ended June 30, 2020										
Balance at January 1, 2020		**1,520.5**	**1,451.2**	**1,404.4**	**57.1**	**(4.7)**	**(198.6)**	**4,230.1**	**5.2**	**4,235.3**
Net income		-	-	(439.7)	-	-	-	**(439.7)**	(0.1)	(439.8)
Other comprehensive income		-	-	-	(48.3)	(7.6)	(41.3)	**(97.2)**	0.4	(96.8)
Total comprehensive income for the period		**-**	**-**	**(439.7)**	**(48.3)**	**(7.6)**	**(41.3)**	**(536.9)**	**0.3**	**(536.6)**
Allocation of free shares and free shares cancelled		1.6	7.2	(8.8)	-	-	-	**-**	-	-
Share-based payments		-	-	4.9	-	-	-	**4.9**	-	4.9
Acquisition of non controlling interests		-	-	(9.6)	(0.4)	-	-	**(10.0)**	(5.1)	(15.1)
Acquisition of subsidiaries		-	-	-	-	-	-	**-**	-	-
Disposal of subsidiaries		-	-	-	4.0	-	-	**4.0**	-	4.0
Disposal / (Purchase) of treasury shares		-	-	(0.8)	-	-	-	**(0.8)**	-	(0.8)
Balance at June 30, 2020		**1,522.1**	**1,458.4**	**950.4**	**12.4**	**(12.2)**	**(239.9)**	**3,691.3**	**0.4**	**3,691.8**

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

Accompanying Notes (unaudited)

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 (the United States and Canada) and Asia-Pacific (mainly in China, Australia and New Zealand).

2. | SIGNIFICANT EVENTS OF THE PERIOD ENDED JUNE 30, 2020

Covid-19 outbreak related accounting impacts

As a result of the Covid-19 breakdown, local authorities in countries or regions where Rexel operates in, have imposed lockdown and quarantine measures. Starting in March 2020, the Group reacted to sudden decline of electrical equipment demand. Sales on a same day basis were down 17.7% in the second quarter of 2020 and 10.6% in the first semester of 2020 as compared to the same periods in 2019. As a result of sales volume decrease, operating profit before other income and expenses went down to €185.7 million in the first semester of 2020 from €313.0 million for the same period in 2019.

As a response to this unprecedent situation, the Group has implemented action plans that include sanitary measures, cash protection and temporary cost saving measures including part time employment. As electrical products availability was deemed essential by authorities in most of the countries where lockdown measures were implemented, Rexel managed for adapting its operations running with most of its logistic centers and branches remaining open, even though at a lesser capacity.

In this context, some governments have introduced measures to assist entities in response to the coronavirus outbreak. As part of these measures, Rexel benefited from direct subsidies to compensate part-time employment of its employees that were recognized in profit or loss, in personnel costs, for €27.2 million (see note 5).

Expected credit losses were reviewed upwards resulting in a €12.3 million increase of net allowance for doubtful accounts as compared to the first semester of 2019.

Moreover, the Group identified some indicators requiring performing impairment testing of its cash generating units with goodwill. As a result, a €486.0 million impairment loss was recognized for the semester ended June 30, 2020, mainly allocated to the following cash-generating units: the United Kingdom, the United States, Canada and Germany (see note 11).Consistently with the recognition of goodwill impairment losses, the Group also tested the recoverable amount of deferred tax assets. As a result, net deferred tax assets were written down by €33.8 million as of June 30, 2020 reflecting remote future taxable gains (see note 8).

To secure its cash position due to the uncertainty surrounding the effects of the Covid-19 health crisis, the Group partly drew down €550 million of its revolving credit facilities out of €850 million on March 25, 2020. On June 24, 2020, these facilities were paid-off, reflecting a positive net cash flow from operating activities of €253.7 million for the period ended June 30, 2020 as well as €145.6 million of cash proceeds on Gexpro Services business divestment.

In addition, following the proposal by the Board of Directors, the annual shareholders’ meeting held on June 25, 2020 decided to cancel any dividend distribution for the fiscal year 2019 to strengthen Rexel liquidity in the current environment.

As of June 30, 2020, Rexel’s liquidity stood at €1,272.6 million, and was deemed appropriate by the Management to face any amount falling due within the next twelve months and beyond (see note 15.3).

3. | SIGNIFICANT ACCOUNTING POLICIES

3.1 | Statement of compliance

The condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") cover the period from January 1 to June 30, 2020. They 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 June 30, 2020. 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, 2019 and included in the Universal Registration Document filed with the Autorité des Marchés Financiers on March 9, 2020 under number D.20-0111.

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).

These condensed financial statements were authorized for issue by the Board of Directors on July 27, 2020.

3.2 | Basis of preparation

The condensed financial statements as of June 30, 2020 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, 2019 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2019, 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 | New standards and interpretations effective from January 1, 2020

Effective as of January 1, 2020, 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:

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material"

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

- Amendments to IFRS 3 "Business Combinations": Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020.

3.2.2 | 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 (IFRS IC) are not yet approved by the European Union. Their potential impact is currently under analysis by the Group.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"

On January 23, 2020, the IASB issued amendments to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. These amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Amendments to IAS 16 "Property, Plant & Equipment – Proceeds before Intended Use"

On May 14, 2020, the IASB issued amendments to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. These amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Amendments to IAS 37 "Onerous Contract – Cost of fulfilling a Contract"

On May 14, 2020, the IASB issued amendments to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Annual improvements to IFRS Standards 2018-2020

On May 14, 2020, the IASB published amendments Annual improvements to IFRS Standards 2018-2020 Cycle including among others the following amendments:

  - IFRS 1 –The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
  - IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
  - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- Amendments to IFRS 16 "Covid-19-Related Rent concessions"

On May 28, 2020, the IASB issued amendments that allows a lessee, as a practical expedient, not to assess whether a rent concession granted by the lessor occurring as a direct consequence the Covid-19 pandemic is a lease modification for payments originally due on or before June 30, 2021. When electing for this practical expedient, changes in lease payments that arise from rent concessions are recognized in profit or loss for the reporting period. These amendments apply retrospectively for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted and are not expected to have a significant impact on the Group's consolidated financial statements.

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 area.

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 June 30, 2020 and 2019

2020 *(in millions of euros)*	Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended June 30, 2020						
Warehouse sales	3,160.4	1,363.0	474.9	**4,998.3**	-	**4,998.3**
Direct sales	271.2	834.1	57.2	**1,162.5**	-	**1,162.5**
Rebates, discount and services	(100.3)	(14.3)	(0.6)	**(115.1)**	-	**(115.1)**
Sales to external customers	**3,331.3**	**2,182.8**	**531.5**	**6,045.6**	**-**	**6,045.6**
EBITA [1]	127.8	69.6	4.4	**201.8**	(9.5)	**192.3**
Goodwill impairment	(257.1)	(183.4)	(45.5)	**(486.0)**	-	**(486.0)**
As of June 30, 2020						
Working capital	730.5	623.5	148.2	**1,502.2**	(15.8)	**1,486.3**
Goodwill	1,999.0	1,195.8	70.5	**3,265.3**	-	**3,265.3**

2019 *(in millions of euros)*	Europe	North America	Asia-Pacific	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended June 30, 2019						
Warehouse sales	3,433.8	1,631.6	506.2	**5,571.7**	-	**5,571.7**
Direct sales	317.0	970.1	65.3	**1,352.4**	-	**1,352.4**
Rebates, discount and services	(105.9)	(18.0)	(0.6)	**(124.5)**	-	**(124.5)**
Sales to external customers	**3,644.9**	**2,583.7**	**570.9**	**6,799.5**	**-**	**6,799.5**
EBITA [1]	218.2	104.8	9.9	**333.0**	(12.9)	**320.1**
As of December 31, 2019						
Working capital	694.9	709.5	138.3	**1,542.7**	(16.4)	**1,526.4**
Goodwill	2,263.6	1,402.2	119.7	**3,785.5**	-	**3,785.5**

(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:

	For the period ended June 30,	
(in millions of euros)	**2020**	**2019**
EBITA	**192.3**	**320.1**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(6.6)	(7.1)
Other income and other expenses	(482.5)	(22.8)
Net financial expenses	(63.1)	(94.3)
Net income before tax	**(360.0)**	**195.9**

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 June 30, 2020	As of December 31, 2019
Working capital	1,486.3	1,526.4
Goodwill	3,265.3	3,785.5
Total allocated assets & liabilities	**4,751.6**	**5,311.9**
Liabilities included in allocated working capital	2,400.6	2,757.7
Accrued interest receivable	1.0	2.0
Other non-current assets	2,206.0	2,248.1
Deferred tax assets	22.8	60.1
Current tax assets	7.9	7.9
Assets classified as held for sale	-	169.4
Derivatives	0.1	3.3
Cash and cash equivalents	531.5	514.3
Group consolidated total assets	**9,921.6**	**11,074.8**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)		For the period ended June 30, 2020	2019
Personnel costs (salaries & benefits)	(1)	755.2	848.3
Delivery costs		114.5	121.6
Other external costs		191.4	202.8
Depreciation expense	(2)	141.5	138.7
Building and occupancy costs		56.5	55.2
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities		6.6	7.1
Bad debt expense	(3)	28.2	12.4
Total distribution and administrative expenses		**1,293.9**	**1,386.0**

(1) Including Government grants recognized in Personnel costs for €27.2 million for the period ended June 30, 2020. these subsidies were recognized in profit or loss over the periods in which the related personnel costs for which the subsidies are intended to compensate for were incurred.

(2) Including, depreciation expense of right-of-use assets for €88.5 million (€88.3 million for the period ended June 30, 2019).

(3) Including a net allowance for doubtful accounts of €23.2 million for the period ended June 30, 2020 reflecting higher expected credit losses as a result of Covid-19 crisis (€10.9 million for the period ended June 30, 2019).

The table below sets forth average number of employees by geographic segment:

	For the period ended June 30, 2020	2019
Europe	12,845	15,208
North America	7,427	8,306
Asia - Pacific	2,478	2,536
Total operating segments	**22,750**	**26,050**
Corporate Holdings	158	155
Group average number of employees	**22,908**	**26,205**

The year-on-year decrease is mainly due to temporary workforce reduction as part of measures implemented in response to Covid-19 crisis.

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended June 30, 2020	2019
Gains on disposal of fixed assets	(1)	0.0	4.5
Gain on disposal of investments in consolidated companies	(2)	6.0	0.4
Gain on lease terminations		0.4	2.7
Release of impairment of other assets		0.3	-
Other operating income		0.2	0.0
Total other income		**6.9**	**7.6**
Restructuring costs	(3)	(1.9)	(13.5)
Impairment of intangible assets with indefinite useful life	(4)	(486.0)	(9.3)
Losses on non-current assets disposed of		(0.3)	(3.1)
Impairment of other assets		(0.3)	(0.3)
Acquisition costs		(0.2)	(0.1)
Other operating expenses		(0.7)	(4.1)
Total other expenses		**(489.4)**	**(30.4)**

(1) In 2019, including gains on property disposals in France and the UK.

(2) Including a disposal gain following the completion of Gexpro Services business and Suministros Electricos Erka S.L.U. sales (see note 13).

(3) In 2019, including expenses allocated to a logistic center closure in the UK and the end of a transformation plan in Germany.

(4) Consisting in goodwill impairment losses mainly allocated to the United-Kingdom (€162.4 million), the United States (€108.2 million), Canada (€75.2 million), Germany (€74.6 million), Australia (€40.5 million), Norway (€17.5 million) in 2020 (see note 11) and to Finland intangible assets in 2019.

7. | NET FINANCIAL EXPENSES

(in millions of euros)		For the period ended June 30, 2020	2019
Interest income on cash and cash equivalents		0.9	0.5
Interest income on receivables and loans		1.2	0.2
Financial income		**2.1**	**0.7**
Interest expense on financial debt (stated at amortized cost)		(33.7)	(41.7)
Interest gain / (expense) on interest rate derivatives		0.8	4.5
Change in fair value of interest rate derivatives through profit and loss		(1.4)	(0.7)
Financial expense on borrowings		**(34.3)**	**(38.0)**
Non-recurring redemption costs	(1)	**-**	**(20.8)**
Foreign exchange gain (loss)		*4.2*	*1.0*
Change in fair value of exchange rate derivatives through profit and loss		*(2.3)*	*(0.3)*
Net foreign exchange gain (loss)		1.8	0.7
Net financial expense on employee benefit obligations		(4.1)	(4.3)
Interest on lease liabilities		(22.1)	(22.5)
Others		(6.6)	(10.2)
Other financial expenses		**(30.9)**	**(36.3)**
Net financial expenses		**(63.1)**	**(94.3)**

(1) In 2019, non-recurring costs related to the early redemption of the 3.50% €650 million senior notes due 2023.

8. | INCOME TAX

8.1 | Income tax expense analysis

Income tax expense for an interim period is calculated based on the estimated tax rate for the financial year to the interim pre-tax income excluding one-off events. Tax effect on one-off events are recognized in the period when the event occurs.

(in millions of euros)		For the period ended June 30, 2020		2019	
Income before tax		(360.0)		195.9	
French legal tax rate			*32.0%*		*34.4%*
Income tax calculated at the legal tax rate		**115.3**		**(67.4)**	
Differences of tax rates between French and foreign jurisdictions		(16.1)		15.8	
Derecognition of deferred tax assets	(1)	(38.5)		(3.5)	
Goodwill impairment		(133.8)		-	
Tax exempt revenues, (Non-deductible expenses)		(3.3)		(3.5)	
Others	(2)	(3.4)		26.1	
Income tax expense		**(79.9)**		**(32.6)**	
Effective tax rate			***n/a***		***16.7%***

(1) Including impairment of tax losses carried forward of €33.8 million for the period ended June 30, 2020 (see note 8.2).

(2) Including in 2019 the release of a €29.5 million reserve on disputed interest expenses tax deductibility following the decision of the Appeal Court in 2019 favorable for Rexel.

8.2 | Deferred tax assets

Consistently with prospects used for goodwill impairment test as of June 30, 2020, the recoverability of net deferred tax assets has been revised leading to a write-off of €33.8 million in the following fiscal jurisdictions: United Kingdom (€20.1 million), Germany (€10.4 million) and New-Zealand (€3.3 million).

9. | DIVIDENDS

Following the proposal from the Board of Directors, the annual shareholders' meeting held on June 25, 2020 decided to cancel any dividend for the fiscal year 2019.

	For the period ended June 30, 2020	2019
Dividends/Share premium distribution per share	€ 0.00	€ 0.44
Dividends/share premium distribution paid in cash (in millions of euros)	**-**	**132.9**

10. | EARNINGS PER SHARE

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	For the period ended June 30,	
	2020	2019
Net income attributed to ordinary shareholders *(in millions of euros)*	***(439.7)***	***162.6***
Weighted average number of ordinary shares (*in thousands*)	301,932	301,994
Non-dilutive potential shares (in thousands)	-	-
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***301,932***	***301,994***
Basic earning per share (in euros)	**(1.46)**	**0.54**
Dilutive potential shares (in thousands)	1,500	811
- of which bonus shares (in thousands) [1]	*1,500*	*811*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***303,432***	***302,805***
Fully diluted earnings per share (in euros)	**(1.45)**	**0.54**

(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.

11. | GOODWILL

The table below sets forth the change in goodwill:

(in millions of euros)	2020	2019
Carrying amount as of January 1,	**3,785.5**	**3,871.1**
Additions	1.7	-
Impairment losses	(486.0)	-
Currency translation adjustment	(27.3)	28.6
Reclassification	(8.6)	-
Carrying amount as of June 30,	**3,265.3**	**3,899.7**

The table below sets forth the allocation of goodwill by cash-generating units (CGUs):

(in millions of euros)		As of June 30, 2020	As of December 31, 2019
CGU	**Geographic segment**		
France	Europe	1,066.8	1,066.8
United States	North America	824.3	936.5
Canada	North America	371.4	465.7
Switzerland	Europe	281.4	276.2
Sweden	Europe	176.4	177.2
Austria	Europe	89.8	89.8
Belgium	Europe	79.4	79.4
Australia	Asia-Pacific	59.0	102.8
Norway	Europe	46.3	70.3
Germany	Europe	23.6	98.2
United Kingdom	Europe	13.5	181.3
Other		233.4	241.4
	Total	**3,265.3**	**3,785.5**

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group considered, among other factors, the unexpected decreasing demand in electrical products as a result of the covid-19 related lockdown measures associated with global economic environment downturn when reviewing for indicators of impairment. In addition, in the first semester of 2020, the market capitalization of Rexel declined significantly below the book value of its equity, indicating a potential impairment of goodwill and other intangible assets with indefinite useful life. As a result,

management performed an impairment test as of June 30, 2020 for all its cash generating units (CGUs) carrying goodwill and other intangible assets with indefinite useful life.

The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flow model. In this unprecedent situation of ongoing economic uncertainty surrounding the Covid-19 health crisis, the Group suspended its 2020 annual guidance. In the absence of available operational business plans, expected cash flows were adjusted to reflect post-Covid-19 sales trends and profitability. Updated sales trends and profitability were based both on inside and outside available information, including a benchmark of financial market data. Different sets of assumptions were used and the most likely scenario was retained. This scenario, whose pattern is a 2019 sales level recovery expected between 2022 and 2023, was built for goodwill impairment testing purposes only and doesn't constitute a medium-term guidance from a group's management perspective due to high uncertainty around the evolution of Covid-19 health crisis.

The value-in-use calculation is mostly sensitive to EBITA margins factored in the terminal value, discount rates and long-term growth rates.

- EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

- Discount rate and long-term growth rate

The following after tax discount rates and long-term growth rate were used to estimate the value-in-use of the CGUs:

	As of June 30, 2020			**As of Decembre 31, 2019**		
CGU	Discount rate (WACC)	Long term growth rate (g)	WACC - (g)	Discount rate (WACC)	Long term growth rate (g)	WACC - (g)
France	8.2%	1.8%	6.5%	7.9%	1.8%	6.2%
United States	8.7%	2.3%	6.5%	8.4%	2.3%	6.2%
Canada	8.4%	2.0%	6.4%	8.3%	2.0%	6.3%
Switzerland	7.7%	1.0%	6.7%	7.5%	1.8%	5.8%
Sweden	8.1%	1.9%	6.2%	7.6%	1.8%	5.9%
Austria	8.2%	2.0%	6.2%	7.5%	1.8%	5.8%
Belgium	7.8%	1.9%	5.9%	7.4%	1.8%	5.7%
Australia	9.8%	2.5%	7.3%	8.9%	2.5%	6.4%
Norway	7.7%	2.0%	5.8%	7.8%	1.8%	6.1%
Germany	7.1%	2.1%	5.0%	7.0%	1.8%	5.3%
United Kingdom	8.3%	2.0%	6.4%	8.1%	1.8%	6.4%
Other	7.9% to 15.7%	1.5% to 4.0%	5.9% to 11.7%	7.4% to 16.6%	1.8% to 3.0%	5.6% to 13.6%

As a result of the test, the Group recognized a goodwill impairment loss of €486.0 million for the period ended June 30, 2020 that was allocated to the following cash-generating units:

CGU	**Geographic segment**	***Goodwill impairment***
United Kingdom	Europe	162.4
United States	North America	108.2
Canada	North America	75.2
Germany	Europe	74.6
Australia	Asia-Pacific	40.5
Norway	Europe	17.5
Other		7.6
	Total	**486.0**

- Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and long-term growth rate on the impairment expense:

CGU	Goodwill & intangible assets with an indefinite useful life	Discount rate *(+50 bps)*	Long term growth rate *(-50 bps)*	EBITA margin *(-50 bps)*
France	1,236.2	-	-	-
United States	977.4	(114.4)	(86.7)	(150.8)
Canada	437.5	(42.2)	(32.1)	(47.8)
Switzerland	321.0	(2.6)	-	-
Sweden	194.3	-	-	-
Austria	102.8	-	-	-
Belgium	79.4	-	-	-
Australia	82.8	(9.3)	(6.8)	(18.3)
Norway	57.7	(6.9)	(5.5)	(14.0)
Germany	75.3	(13.3)	(11.0)	(39.8)
United Kingdom	69.5	(14.3)	(10.9)	(33.2)
Other	442.5	-	-	-
Total	**4,076.4**	**(203.0)**	**(152.9)**	**(304.0)**

12. | LEASES

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period.

(in millions of euros)	2020			2019		
	Properties	Other equipments	**Total right-of-use**	Properties	Other equipments	**Total right-of-use**
As of January 1	**827.9**	**70.3**	**898.2**	**767.2**	**66.2**	**833.4**
Additions	66.8	13.7	**80.5**	110.9	21.9	**132.8**
Depreciation expenses and impairment	(71.9)	(16.7)	**(88.6)**	(71.1)	(17.4)	**(88.6)**
Currency translation adjustment	(8.9)	(0.4)	**(9.3)**	3.4	0.1	**3.5**
Change in consolidation scope	0.0	(0.5)	**(0.5)**	-	-	**-**
As of June 30	**813.9**	**66.3**	**880.2**	**810.5**	**70.8**	**881.2**

Set out below are the carrying amounts of lease liabilities recognized and the movements during the period.

(in millions of euros)	**2020**	**2019**
As of January 1	**1,010.0**	**944.5**
Additions	80.1	130.0
Interest expenses	22.1	22.5
Payments	(106.1)	(109.9)
Currency translation adjustment	(10.4)	4.1
Change in consolidation scope	(0.5)	-
As of June 30	**995.2**	**991.3**

Following the decision reached by the IFRS IC on the lease term of a cancellable or renewable lease and issued on December 16, 2019, the Group is currently reviewing lease agreements that are potentially concerned and collecting necessary information to assess impacts which may arise on the term of these leases and the related effects on the right-of-use assets and lease liabilities.

13. | ASSETS HELD FOR SALE

In 2019, the Group entered into:

- a stock and asset purchase agreement to dispose its non-core Gexpro Services business;
- a share sale agreement to divest from its 100% shareholding interest in Suministros Electricos Erka S.L.U., a non-core affiliate incorporated in Spain.

As of December 31, 2019, the group of assets to be disposed of had been reclassified as Assets held for sale on the balance sheet. Net assets were remeasured at fair value less costs to sell before reclassification.

These transactions were closed down in the first semester of 2020 and a €6.0 million gain were recognized in other income, of which €4.5 million on Gexpro Services business sale transaction and €1.5 million on Suministros Electricos Erka S.L.U. sale.

14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of June 30, 2020, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended June 30, 2020, remeasurement of pension and post-retirement benefits accounted for a loss of €46.3 million before tax was recognized in other comprehensive income (versus a loss of €49.4 million for the period ended June 30, 2019). This loss resulted mainly from the change of discount rates as of June 30, 2020 such as presented below:

Discount rate (in %)	As of June 2020	As of December 2019	As of June 2019
The United Kingdom	1.50	2.00	2.25
Canada	2.80	3.10	2.90
Switzerland	0.25	0.25	0.25

15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2020. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

15.1 | Net financial debt

As of June 30, 2020, Rexel's consolidated net debt stood at €1,690.3 million, consisting of the following items:

	As of June 30, 2020			As of December 31, 2019		
(in millions of euros)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,415.8	1,415.8	-	1,413.4	1,413.4
Securitization	242.4	427.5	669.9	620.0	332.9	952.9
Bank loans	23.2	0.7	23.9	13.0	0.9	13.9
Commercial paper	84.5	-	84.5	50.0	-	50.0
Bank overdrafts and other credit facilities	60.0	-	60.0	65.5	-	65.5
Accrued interests [1]	3.5	-	3.5	4.6	-	4.6
Less transaction costs	(4.2)	(12.0)	(16.2)	(4.2)	(14.1)	(18.4)
Total financial debt and accrued interest	***409.5***	***1,832.0***	***2,241.5***	***748.8***	***1,733.1***	***2,481.8***
Cash and cash equivalents			(531.5)			(514.3)
Accrued interest receivable			(1.0)			(2.0)
Debt hedge derivatives [2]			(18.7)			(19.6)
Net financial debt			**1,690.3**			**1,945.9**

(1) Of which accrued interests on Senior Notes for €1.6 million as of June 30, 2020 (€1.6 million as of December 31, 2019).

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

15.1.1| Senior Facility Agreement

The senior Facility agreement provides multicurrency revolving credit facility for an aggregate maximum amount of €850 million.

On March 25, 2020, the Group partly drew down €550 million of its revolving credit facilities.

On June 24, 2020, these facilities were paid-off and €850 million of these facilities remained available as of June 30, 2020.

15.1.2| Senior notes

As of June 30, 2020, the carrying amount of the existing senior notes is detailed as follows:

(in millions of euros)	As of June 30, 2020			As of December 31, 2019		
	Nominal amount	**Fair value adjust-ments (1)**	**Total**	**Nominal amount**	**Fair value adjust-ments (1)**	**Total**
2.625% Senior notes due 2024	300,0	9,9	**309,9**	300,0	8,0	**308,0**
2.125% Senior notes due 2025	500,0	5,2	**505,2**	500,0	5,0	**505,0**
2.750% Senior notes due 2026	600,0	0,6	**600,6**	600,0	0,4	**600,4**
TOTAL	**1 400,0**	**15,8**	**1 415,8**	**1 400,0**	**13,4**	**1 413,4**

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

15.1.3| Securitization programs

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

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

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2020, 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 program is provided in the table below:

Programs	Commitment as of June 30,2020	Amount of receivables assigned as of June 30, 2020	Amount drawn down as of June 30, 2020	Balance as of June, 30 2020	Balance as of December 31, 2019	Maturity
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	EUR 375.0	EUR 320.8	EUR 242.0	242.0	376.0	12/16/2020
Europe	EUR 219.0	EUR 236.2	EUR 139.6	139.6	206.2	08/16/2022
United States - on balance sheet	USD 290.0	USD 395.1	USD 217.7	194.5	243.8	09/20/2022
United States - off balance sheet	USD 225.0	USD 171.9	USD 171.9	153.5	199.3	09/20/2022
Canada	CAD 185.0	CAD 192.8	CAD 143.3	93.5	126.7	09/19/2022
TOTAL				**823.2**	**1,152.1**	
Of which :	***- on balance sheet:***			***669.9***	***952.9***	
	- off balance sheet :			***153.5***	***199.3***	

These securitization programs pay interest at variable rates including a specific credit spread to each program.

As of June 30, 2020, the total outstanding amount authorized for these securitization programs was €1,174.6 million, of which €823.2 million were used.

15.1.4 | Factoring arrangements

In addition to its securitization programs, Rexel entered into factoring agreements in France and Belgium. Under these arrangements, Rexel assigns trade receivables to the factor and receives cash payment for a maximum amount of €95 million.

As a result of these arrangements, the Group transfers the credit risk, interest risk and late payment risk to the factor, and remains liable for collecting the receivable on behalf of the factor.

As of June 30, 2020, Rexel derecognized the trade receivables sold to the factor for €47.0 million (€68.4 million as of December 31, 2019). Cash collected on behalf of the factors in relation with the transferred receivables was recognized in financial liabilities for €8.9 million as of June 30, 2020 (€16.7 million as of December 31, 2019).

15.1.5 | Commercial paper program

Rexel runs a €300 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of June 30, 2020, the Group had issued €84.5 million of commercial paper (€50.0 million as of December 31, 2019).

15.1.6 | Promissory notes

In order to manage its credit risk in China, the Group discounts with no recourse to various financial institutions non-matured promissory notes issued by banks ("Bank Acceptance Drafts") that are received from customers as payment of trade receivables. Rexel transfers risks and benefits associated with discounted Bank Acceptance Drafts.

As of June 30, 2020, Bank Acceptance Drafts were derecognized from the balance sheet for €20.7 million (€35.9 million as of December 31, 2019).

15.2 | Change in net financial debt

As of June 30, 2020, and 2019, the change in net financial debt was as follows:

(in millions of euros)	2020	2019
As of January 1,	**1,945.9**	**2,014.7**
Issuance of senior notes net of transaction costs	-	594.4
Repayment of senior notes	-	(666.9)
Net change in credit facilities, commercial papers and other financial borrowings	39.9	147.8
Net change in credit facilities	***39.9***	***75.3***
Net change in securitization	(267.0)	(54.9)
Net change in financial liabilities	**(227.2)**	**20.4**
Change in cash and cash equivalents	(36.5)	105.7
Effect of exchange rate changes on net financial debt	4.9	8.4
Amortization of transaction costs	2.1	2.1
Non recurring refinancing costs	-	20.8
Other changes	1.0	0.5
As of June 30,	**1,690.3**	**2,172.6**

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 and is as follows:

(in millions of euros)	As of June 30,	As of December 31,
Due within	**2020**	**2019**
One year	413.7	753.0
Two years	0.4	0.8
Three years	427.8	333.0
Four years	309.9	-
Five years	505.2	308.0
Thereafter	600.6	1,105.4
Total gross financial debt before transaction costs	**2,257.7**	**2,500.2**
Transaction costs	(16.2)	(18.4)
Gross financial debt	**2,241.5**	**2,481.8**

The €300 million notes issued in March 2017 mature in June 2024, the €500 million notes issued in November 2017 mature in June 2025 and the €600 million notes issued in March 2019 mature in June 2026.

The Senior Facility Agreement matures in January 2025 following the one-year extension option exercised on January 2020 and provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €850 million which can also be drawn down through swingline loans for an aggregate amount of €137.8 million. This facility had been drawn for €550 million from March 25, 2020 to June 24, 2020. As of June 30, 2020, this facility was undrawn.

The US$40 million (€35.7 million) Credit Facility with Wells Fargo Bank International had been renewed for one year in 2020 and matures in June 2021. As of June 30, 2020, this facility was undrawn.

Securitization programs mature in 2020 and 2022. 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.

The trade accounts payable amounted to €1,685.9 million as of June 30, 2020 (€2,021.7 million as of December 31, 2019) and are due in less than one year.

As of June 30, 2020, Group liquidity amounts to €1,272.6 million euros and exceeds the repayment obligations of its gross financial debt due within the next twelve months. It breaks down as follows:

(in millions of euros)	**As of June 30, 2020**	**As of December 31, 2019**
Cash and cash equivalents	531.5	514.3
Bank overdrafts	(60.0)	(65.5)
Commercial paper	(84.5)	(50.0)
Undrawn Senior Facility Agreement	850.0	850.0
Bilateral facility	35.7	35.6
Liquidity	**1,272.6**	**1,284.5**

16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of June 30, 2020, the Group held the following classes of financial instruments measured at fair value:

(in millions of euros)	**As of June 30, 2020**		**As of December 31, 2019**		
	Carrying amount	***Fair value***	**Carrying amount**	***Fair value***	**IFRS13 Hierarchy**
Financial assets					
Hedging derivatives	20.8	20.8	20.1	20.1	Level 2
Other derivatives	0.5	0.5	3.1	3.1	Level 2
Financial liabilities					
Senior notes	1,415.8	1,380.1	1,413.4	1,447.6	Level 1
Hedging derivatives	18.7	18.7	7.5	7.5	Level 2
Other derivatives	2.2	2.2	2.8	2.8	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.

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 EBITA and cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

18. | LITIGATION & OTHER CONTINGENCIES

Hagemeyer Finance BV Finnish branch tax proceedings

In March 2020, the Supreme Administrative Court rejected the appeal on the allocation of the interest on the financing used to acquire Elektroskandia Oÿ.

This decision closed the legal proceedings for tax years 2008-2013 and 2015 with no impacts on the results and the financial situation of the Group, as the tax expense was recorded in 2018 financial statements.

For the period ended June 30, 2020, there was no other significant change relating to the litigation disclosed in the financial statements as of December 31, 2019 with a material impact on Rexel's financial position or profitability.

19. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after June 30, 2020 that would have a significant impact on Rexel's financial situation.

III. Statutory auditors report

This a free translation into English of the statutory auditors' review report on the consolidated interim financial information issued in French and is provided solely for the convenience of English-speaking users.
This report also includes information relating to the specific verification of information given in the group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG Audit
Tour EQHO
2, avenue Gambetta
CS 60055
92066 Paris la Défense Cedex

Statutory auditors' review report on the interim financial information

(Period from January 1st to June 30, 2020)

Rexel S.A.
13, boulevard du Fort de Vaux
CS 60002
75838 Paris Cedex 17

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Rexel S.A., for the period from January 1st to June 30, 2020,
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements have been prepared under the responsibility of the Board of Directors on July 27, 2020 based on the information available at that date in the evolving context of the Covid-19 crisis and related difficulties to apprehend its impacts and outlooks. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements prepared on July 27, 2020 subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris la Défense, July 28, 2020
French original signed by

The statutory auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG S.A.*	
Amélie Wattel	Pierre Clavié	Valérie Besson	Jean-Marc Discours

IV. Responsibility statement

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with applicable accounting standards and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the half-year report on business operations provides an accurate description of the important events which have occurred in the first six months of the financial year, the impact of these events on the financial statements, the major transactions between related parties as well as the main risks and uncertainties for the six months remaining in the financial year.

Paris, July 27, 2020

Patrick Bérard
Chief Executive Officer of Rexel