

# Leading the bright future of electrical distribution

**Rexel**

a world of energy

## Strategic update and mid-term ambition

11 February 2021

Annual financial report 2020 was authorized for issue by the Board of Directors held on February 10, 2021

# An experienced and strengthened management team with a proven track record to execute our strategy...

## Executive Committee

### Group Functions



**Laurent Delabarre**  
Group Chief  
Financial Officer



**Nathalie Wright**  
Group Digital and IT  
Transformation  
Director



**Guillaume Dubrule**  
Group Purchasing  
and Supplier  
Relationship Director



**Patrick Berard**  
CEO

### Business Operations



**Thomas Moreau**  
CEO Rexel France



**Jeff Baker**  
CEO Rexel USA



**Roger Little**  
CEO Rexel Canada



**Luc Dallery**  
Group Human  
Resources &  
Communications Officer



**Sébastien Thierry**  
General Secretary  
and Secretary of the  
Board of Directors



**Pierre Benoît**  
CEO Rexel UK/  
Ireland - Benelux



**Nathalie Wright**  
CEO Rexel Nordics



Today's speakers



Newly appointed to Executive Committee

# ... While all country CEOs passed the 2020 “acid test” with robust financial performance

## Resilient top-line...

Sales (€m)

+1.4%

13,742



2019

-6.5%

12,593



2020

Same-day  
sales growth(%)

## ... and profitability...

Adj. EBITA (€m)

5.0%

685



2019

-80 bps

4.2%

526



2020

Adj. EBITA  
margin (%)

## ... with strong cash generation ...

FCF before int. & tax (€m)

62.5%

462



2019

+38.7 pts

101.2%

613



2020

% Cash  
conversion<sup>1</sup>

## ... driving substantial deleveraging

Net Debt<sup>2</sup> (€m)

2.47x

1,946



2019

-0.33 x

2.14x

1,335



2020

Indebtedness  
ratio<sup>3</sup>

**2020 demonstrated Rexel's resilience, with its lowest leverage ratio since IPO in 2007**

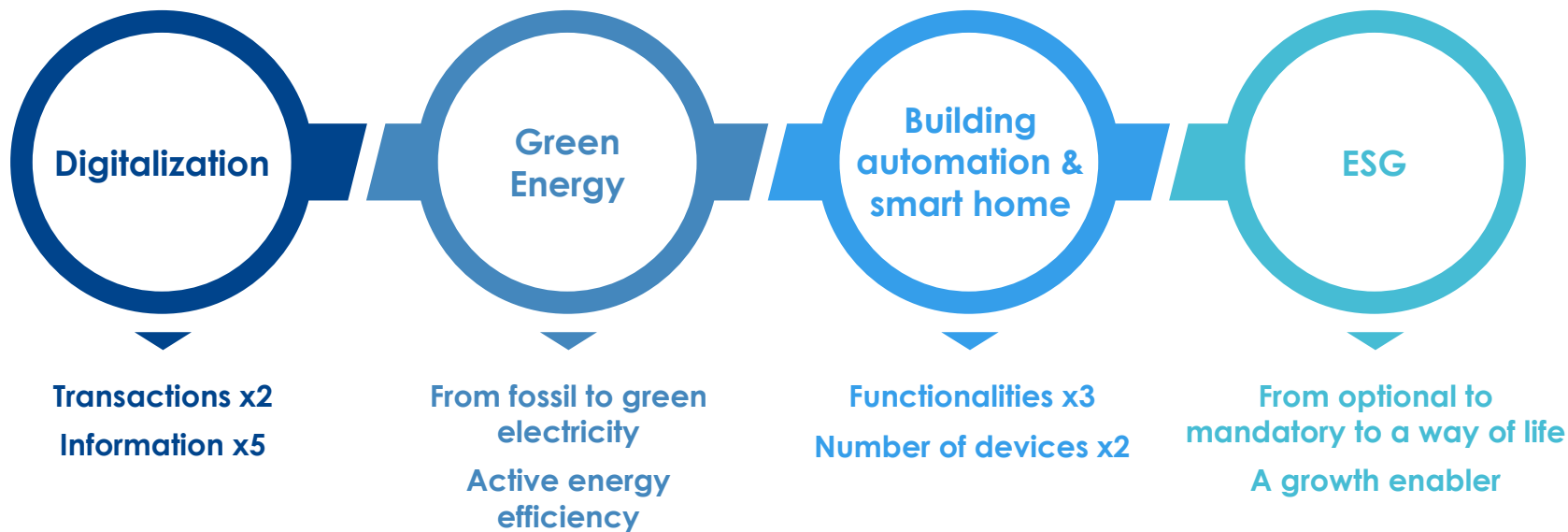
1. FCF before int. & tax as % of EBITDA<sub>AOL</sub>

2. Net debt excluding lease liabilities

3. Net debt / EBITDA<sub>AOL</sub> ratio as calculated under the SCA terms

# Covid as an accelerator of supportive megatrends

From 2016 to 2021



**The crisis is speeding up the transition to a new model and new topline horizons**

# A market that presents increasing barriers to entry

## Market evolutions

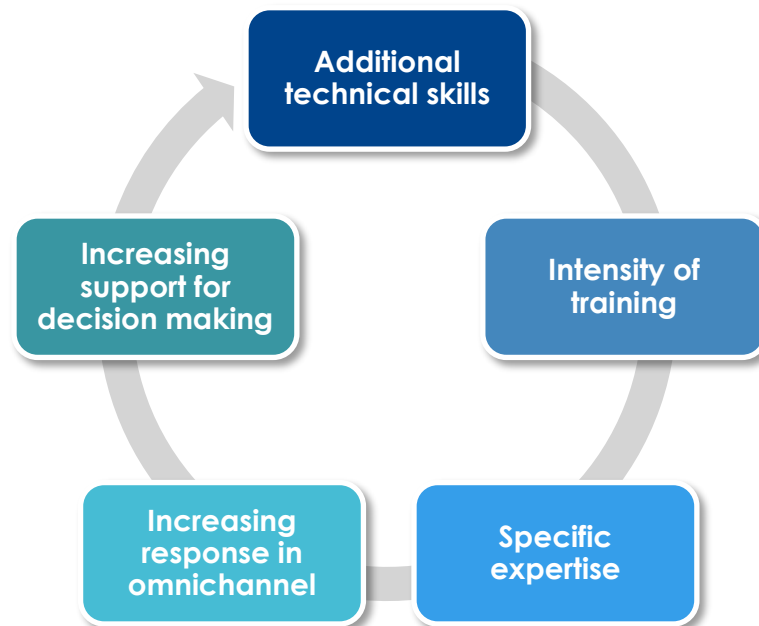
Digital customer interfaces and customer knowledge

50% of SKUs sold today were nascent in 2016: PV, EV, HVAC, detection, supervision, domotics, lighting systems, connected cable drums, etc.

Connectivity solutions are now standard in 1 out of 2 renovations

Strengthened commitment to CO<sub>2</sub> reduction

## Rexel's differentiating factors







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# 1 Accelerating in a post-Covid environment

# Leading the bright future of electrical distribution



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- 1 The **structurally-growing ED market** is **increasingly attractive**, boosted by demand in **Green energy and Energy Efficiency** supported by public policies
- 2 Rexel is **repositioned** as a more **service-oriented company** and has proven its ability to **structurally outperform its market**
- 3 A unique **competitive edge** by embarking **early on** its **digital journey**, as the **role of distributors** is **reinforced** by the **digital economy**
- 4 **ESG now embedded in our DNA**, a critical differentiating factor and **growth enabler**, while we also invest in new skills and young talents
- 5 **A strengthened model: A robust financial profile** driving **strong FCF generation** through the cycle

1

# Electrical distribution: A c.€180bn<sup>1</sup> market boosted by increasing electrical usage and the energy transition

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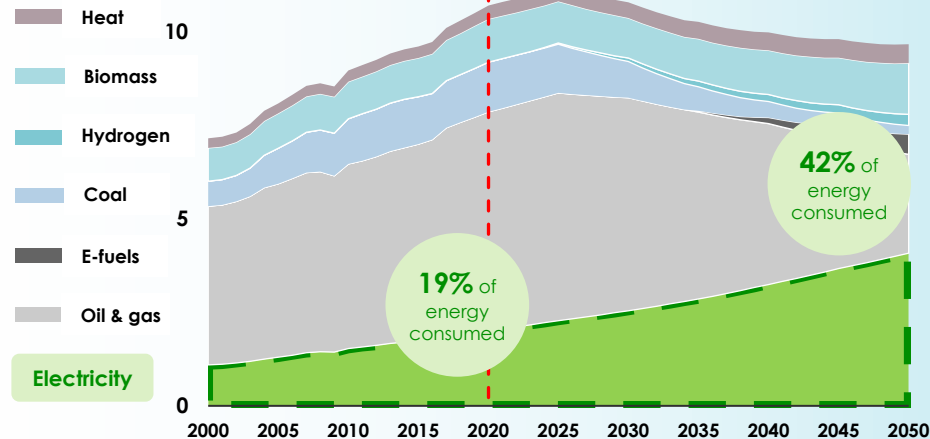
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Continuously growing electricity consumption until 2050 at ~+2.5% CAGR supported by continuously increasing electrical usage...



... boosted by structural and recent transformations in Rexel geographies

World total final energy consumption by fuel - Paris 2°Scenario (GTOE)<sup>2</sup>



## Increasing number of electrical applications and solutions

- EV and HVAC
- Data centers, datacom
- Smart building
- Safety and monitoring



## Long-term shift towards green electricity

- Alternative energy sources increase the need for new functionalities (UPS, sensors, demand response solution)



## European green deal & US stimulus to bring additional market growth from 2021 onwards in Europe and North America

1. c.€350bn market of which 55% distributed

2. European Commission global energy and climate outlook 2020



1

# Active energy efficiency: More products for less energy consumption

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Growing energy needs from increased **electrical usages** (fast EV & HVAC deployment)

Increasing need for **demand response, dimming, continuous monitoring solutions** to manage network capacity during peak hours

Increasing need for active **energy efficiency management in commercial & residential buildings**: increasing number of delivery points for monitoring, data collection and supervision

## Illustration of additional solutions required



Increasing flexibility

**Led lighting**

**Heat pumps air/water air/air**



Strengthening the network

**Connectivity**

**Batteries and electricity storage**



Improving monitoring and responses

**Sensors**

**Controllers for temperatures, pressure, movement, humidity**

2

## Rexel's transformation lays the foundations for further outperformance



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### Reaping the results of our efforts



#### Repositioned

- North America and Europe are the key pillars
  - €400m invested to reposition the company
  - Divestment of c.€1bn of non-core assets



#### Flexibilized

- Footprint and customer-base extended
- Improved workforce efficiency
- Salary & Benefits down 7.2%, leveraging temporary and structural measures



#### Deleveraged

- 2020 was an acid test
- Lowest level of Net Debt since IPO
- Rebuilt investment capacity



#### Focused on customer

- c.€1bn organic growth in 2017/2019
- Proven market outperformance of 50bps over 2017 – 9M 2020
- Improvement of service reflected in NPS



#### Invested in our transformation

- €300m invested in IT/digital platform in 2018-20
- Digitalization is at every level of the organization

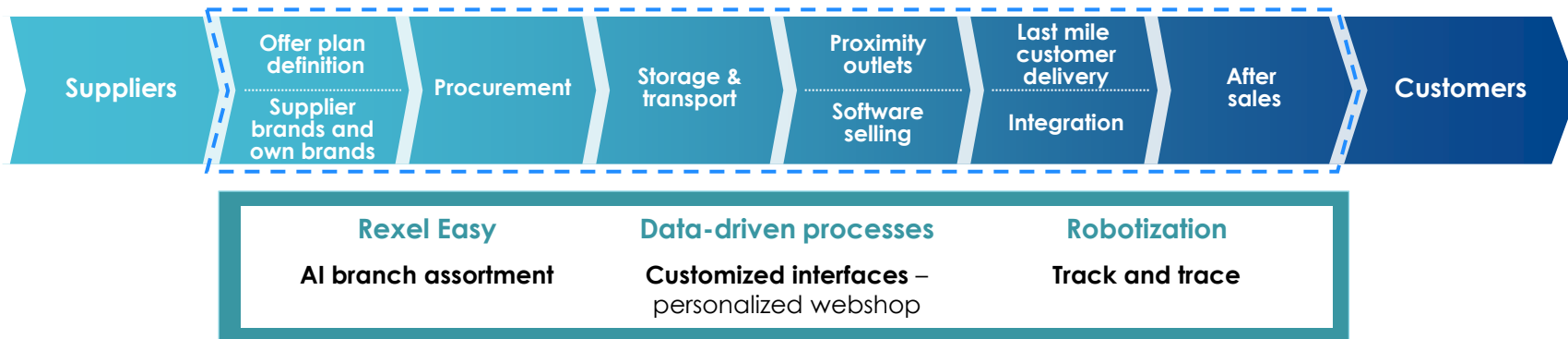


#### ESG-driven

- 2021 Global 100 Most Sustainable Corporations in the World
- Differentiator for clients and growth accelerator
- Increasing attractiveness for new talents

2

## Rexel's transformation increasingly efficient at each stage of the value chain



### Value delivered to our suppliers

#### Simplified processes

End-to-end supply chain/ VMI

1 truck, 1 bill, 1 delivery, no product return

#### Back-office digitization & securitization

Promote and sell **supplier innovations**

**Data analytics** by customer segments

### Value delivered to our customers

High level of **service** "in time in full delivery"

**One-stop shop**

**Expertise** and **integration of solutions**

**Cross selling – Next Best Offer**

**Self check out in branches open 24/7**

### 3 Digital is now at the heart of our day-to-day business

#### DIGITAL AS A WAY TO TRADE

2020 DIGITAL SALES:

**€2.6BN**

21% OF 2020 SALES  
VS. 13% IN 2016

#### DIGITAL TO **IMPROVE** CUSTOMER LIFE CYCLE

ACCOUNT  
OPENED IN  
**3 MINUTES**

#### DIGITAL TO **DIGITALIZE** PROCESSES & REDUCE LOW- VALUE TASKS

EMAIL TO  
EDI<sup>1</sup> LIVE IN  
**8**  
COUNTRIES

#### DIGITAL FOR **BETTER DECISIONS** IN A DATA-DRIVEN COMPANY

**1,500**  
WEEKLY CHURN ALERTS WITH  
**88%** ACCURACY

#### DIGITAL AS A LEVER TO **IMPROVE COMMERCIAL MARGIN**

AI FRENCH BRANCH  
ASSORTMENT PENETRATION RATE

**>90%**

DEPLOYED IN 421 BRANCHES

INCREASE IN  
COUNTER SALES BY

**+1.9%**

IN BRANCHES WHERE DEPLOYED

#### DIGITAL **TO ENRICH SUPPLIER** INTERFACES

SUPPLIER PORTAL USED BY  
**25%** OF OUR KEY  
SUPPLIERS

#### DIGITAL TO **"ENABLE"** REXEL EMPLOYEES

**68%**  
OF SALES FORCE USING CRM

### 3 What does it mean for our customers?

CUSTOMER TESTIMONY

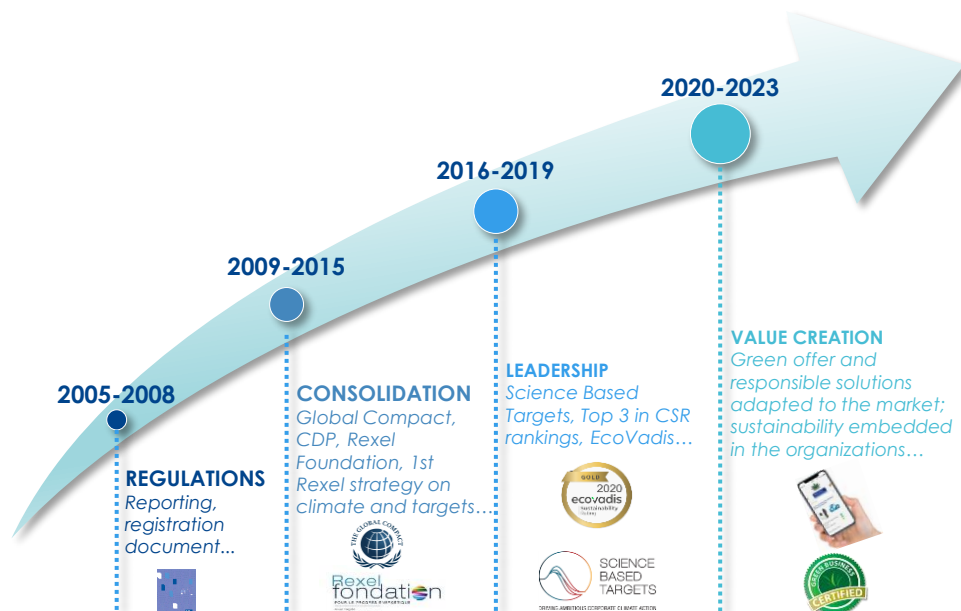




## 4 ESG firmly embedded in Rexel's DNA

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### Best-in-class ESG ranking across E, S and G

Rexel's ESG policy **recognized** in the last "World's top 100 most sustainable companies" (Jan 2021)



**Industrials Distribution sector**



**Worldwide all sectors combined**

**CDP A- rating in 2020** – Rexel part of CDP "A-List" and ranked among the top 52 companies globally

**CDP, Ecovadis, Science Based Targets and Global 100 rankings best-in-class amongst competitors**

2030 environmental roadmap fully aligned with our Science-Based Targets

Improving environmental performance now a KPI for variable compensation of CEO

**ESG ranking is a competitive differentiator, recognized by key customers**  
**Our value proposition will increasingly be "sustainability relevant"**

## 4 A green strategy across the value chain



**2030 roadmap: -35% reduction in CO<sub>2</sub> emissions of our operations (vs. 2016, scope 1&2)**  
**-45% reduction in CO<sub>2</sub> emissions from the use of products sold (vs. 2016, scope 3)**

## 4 Developing our human capital

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### Investing in our people



- **300 apprentice contracts** confirmed in France & Germany during Covid crisis
- **All employees connected** to Rexel Academy
- **50 top talents** in the Group leadership program

### Retaining talents



- **Low turnover** level in the US sales team
- **Net People Score in the US** crossing 50 during Covid crisis
- **85% at group level** are « proud to work for the company »

### Attracting new and diversified profiles

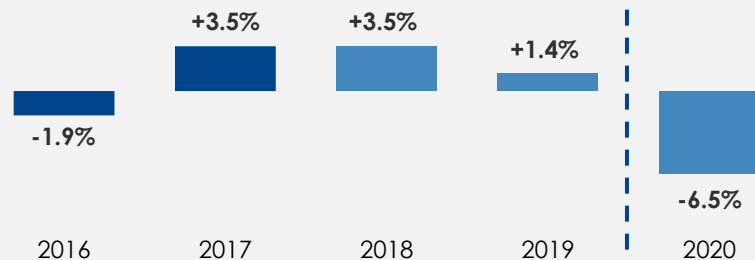


- **150 data and digital employees** bringing diversity:
  - **11 nationalities**
  - **Younger experienced profiles** (average age of 39 years old vs. 44)
  - **Better gender balance** with female representation in line with market

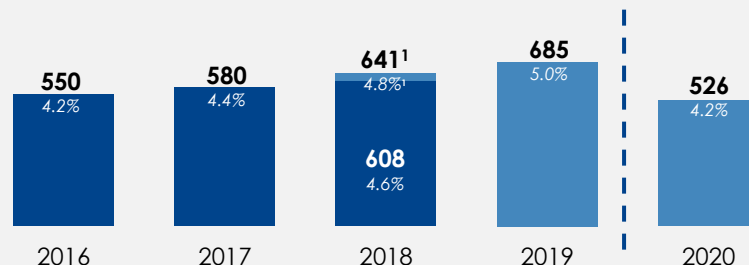
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# Overperformance in 2017-20 and sustained FCF generation over the period to fund strategy

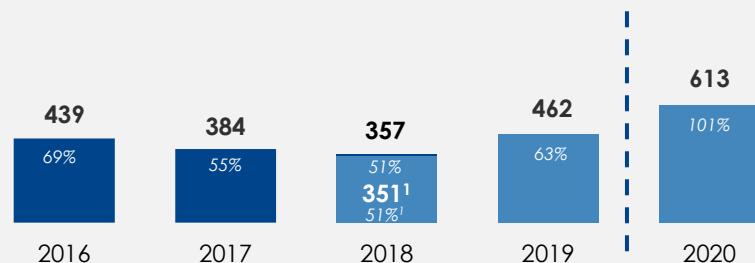
Same-day sales growth



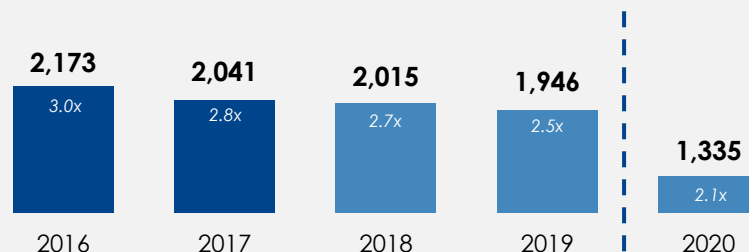
Adj. EBITA and margin (€m)



FCF before int. & tax and cash conversion<sup>2</sup> (€m)



Net debt<sup>3</sup> and indebtedness ratio<sup>4</sup> (€m)



1. Post IFRS 16

2. FCF before int. & tax as % of EBITDA<sub>AaL</sub>

3. Net debt excluding lease liabilities

4. Net debt / EBITDA<sub>AaL</sub> ratio as calculated under the SCA terms

■ Pre IFRS 16 /on actual basis

■ Post IFRS 16

# Our mid-term ambition

For the period from  
**2021 to 2023**  
we anticipate

## Sustained growth in sales:

- **Outperform the market by 50 to 100 bps**

## Improvement in profitability and cash conversion:

- **Adj. EBITA margin** from **c.5% in 2021** to **above 6% in 2023 at constant scope and c.6.5% including potential portfolio management**
- **Enhanced cash generation:** conversion rate of the EBITDAaL into FCF before Interest and Tax **above 60%**

## Balanced capital allocation:

- **A dividend policy of at least 40%** of recurring net income
- **Normalized capex** to sales level of **c.0.9%**

## Balance sheet optimization:

- **Net Debt/EBITDAaL ratio<sup>1</sup>** of **around 2.5x**, to create value by seizing market opportunities or increasing return to shareholders

## For 2030, CO<sub>2</sub> reduction ambition:

- **-35% reduction in CO<sub>2</sub> emissions of our operations** (vs. 2016, scope 1&2)
- **-45% reduction in CO<sub>2</sub> emissions from the use of products sold** (vs. 2016, scope 3)





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## 2 Increasing outperformance in an attractive and growing market

# Proven market outperformance since 2017

Rexel's organic growth performance vs. suppliers in Europe & US<sup>1,2</sup>



**From underperformance to outperformance in a market expected to grow by  
at least 3.0% per year in the medium term**

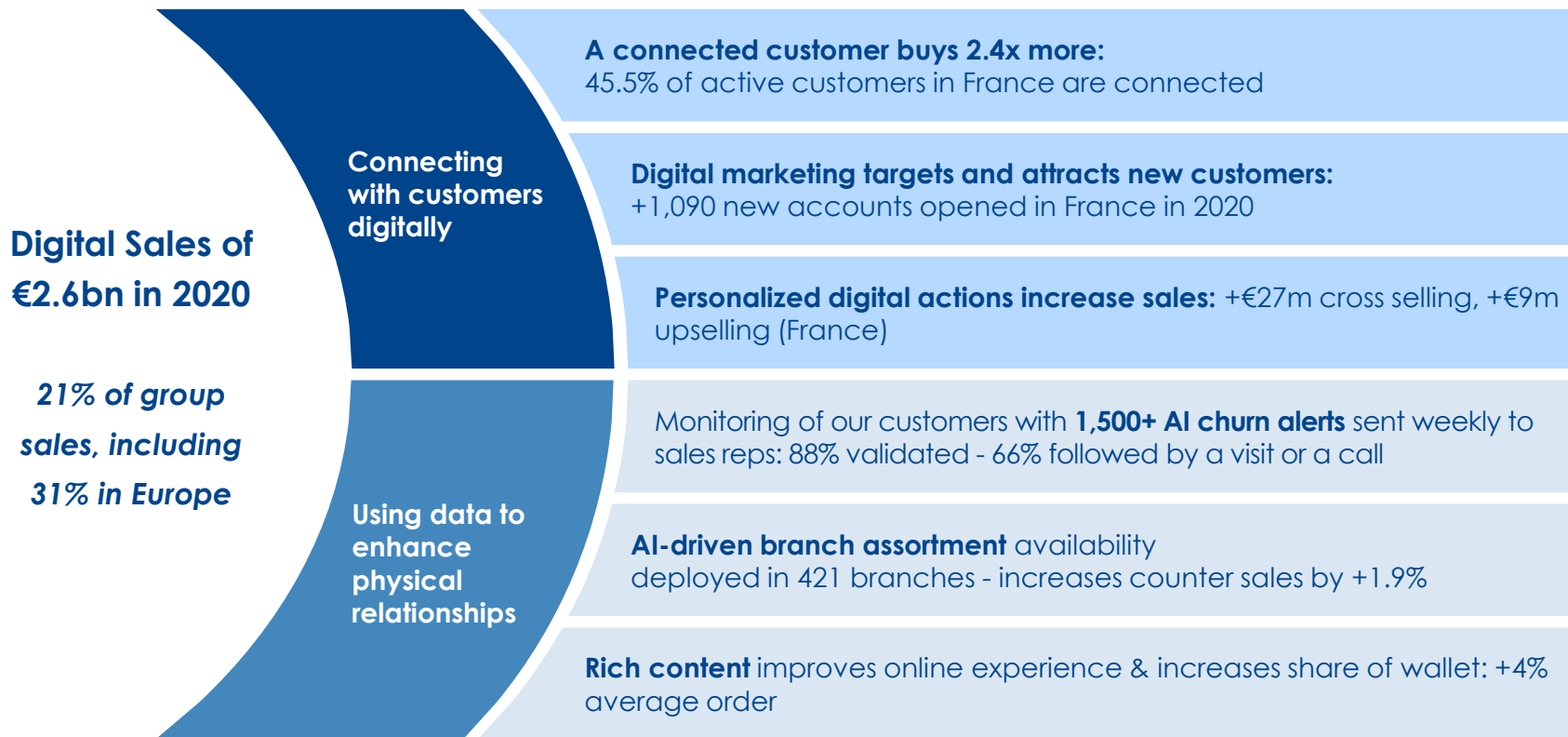
1. Rexel organic growth represented as weighted average of Rexel Europe and Rexel North America and restated for branches closures

2. Weighted average of European and North America suppliers based on latest Rexel sales split. Includes for European suppliers: Legrand (Europe), Schneider (Europe), ABB Electrification, Siemens Smart Infrastructures, Nexans, Prysmian and Signify; for North America suppliers: Eaton (Electric), Legrand (North America), Hubbell, Rockwell and Schneider (North America)

# A paradigm shift driving further growth

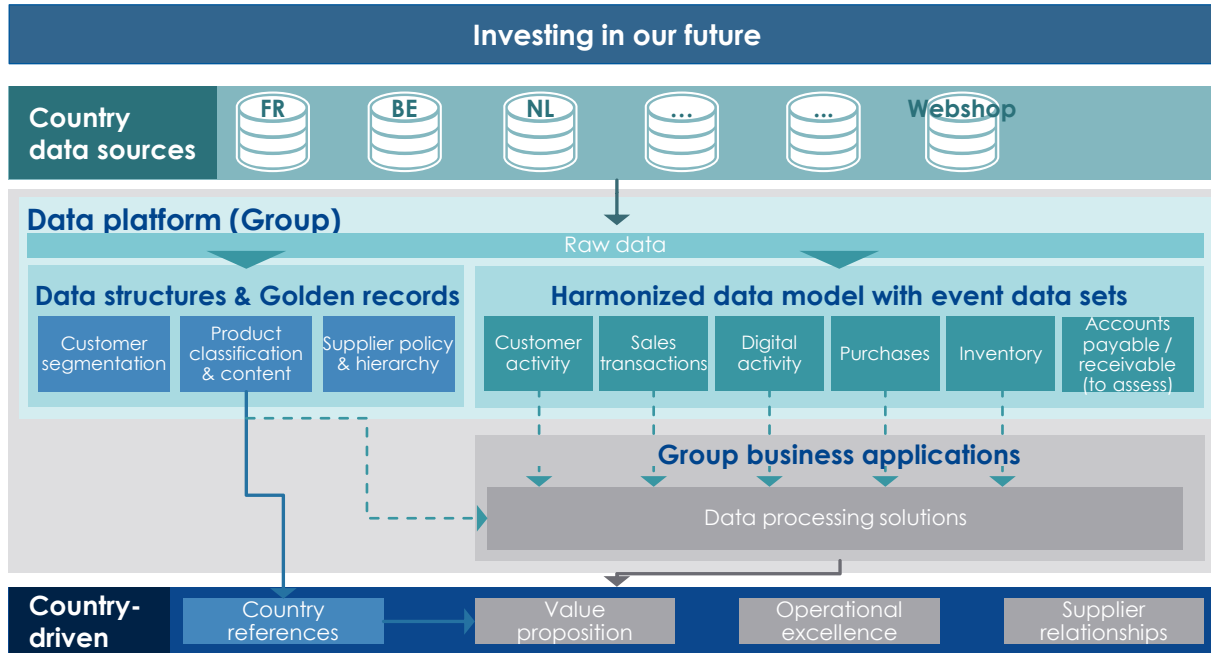
- ① Leveraging our **innovative omnichannel value proposition**
- ② Capitalizing on newly-proven efficient **urban model**
- ③ Growing our **Green solutions offer**
- ④ Capturing more of **the US market upside**
- ⑤ **Expanding Total Addressable Market** within existing models

# 1 Digital transformation boosts profitable growth



1

# A data platform allowing to scale digital solutions at low incremental cost



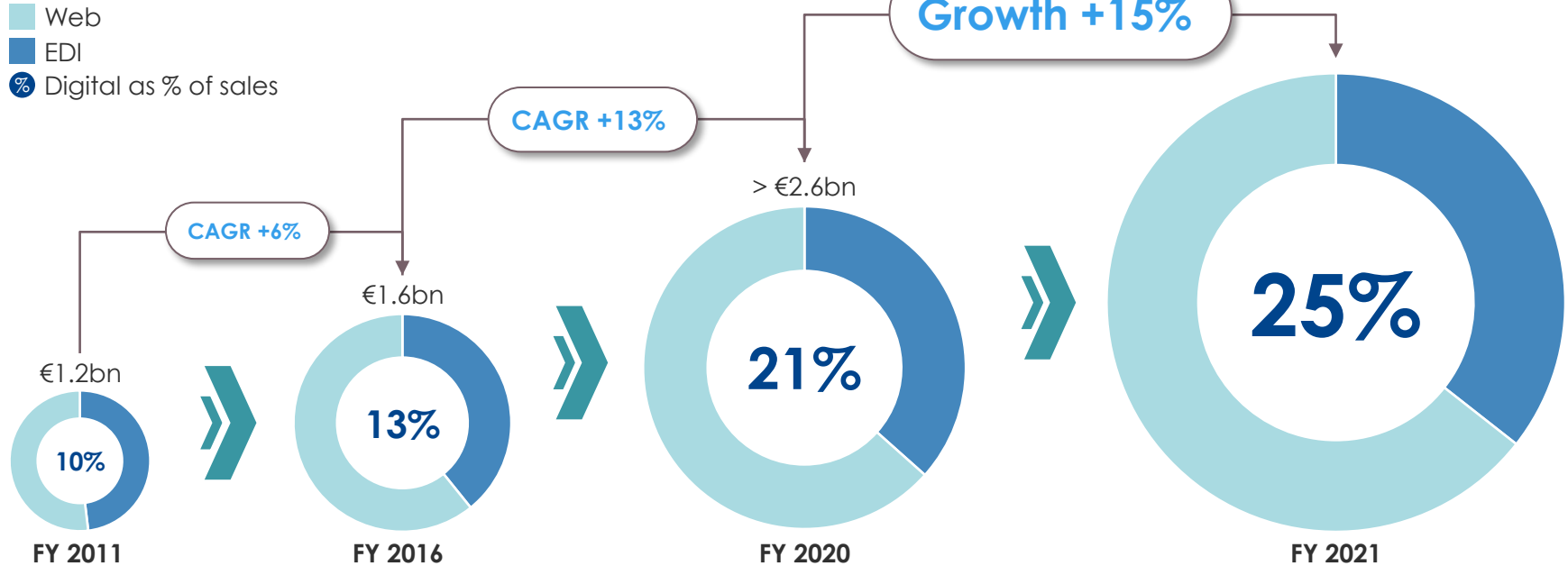
## Reaping the benefits

- » Investment phase behind us
- » Platform scalable at low marginal cost
- » Data consistency drives customer value proposition, analytics for suppliers and augmented team efficiency

**Robust and adaptable data infrastructure raising barriers to entry and enhancing value proposition**



# 1 Increasing digital sales penetration to improve customer experience and scale



Mid-term digital ambition: At least 1/3 of sales

1

# Illustration – France: How our ongoing omnichannel strategy deployment accelerates sales growth

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## Branch Assortment

Sales growth impact

**+1.9%**

Redesigned offering

**+93K SKUs** added  
**-53K SKUs** withdrawn

Approved AI recommendations

**80%**

## Next Best Offer

Sales growth impact

**+0.6%**

Each call to Next Best Offer recommends...

**2.3 functions**  
**14.6 products**

Liked recommendations

**82%**

## Personalized Homepage

Web sales growth impact

**+35%**

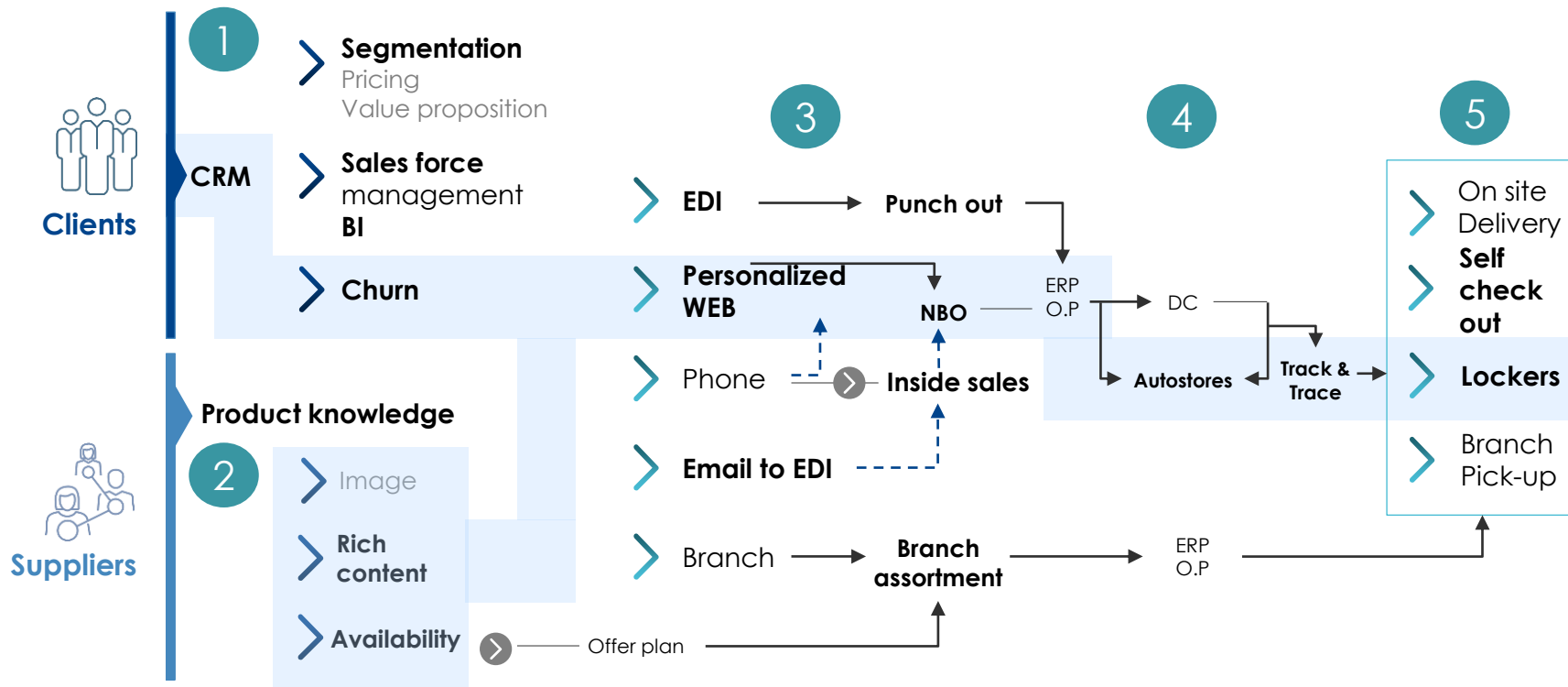
Connected customers

**+47K**  
**+20%**

Pages viewed in December 2020

**8m / +60%**

# 1 Rexel's digitalization creates an end-to-end personalized path for customers



## 2 Our branch network is a key pillar in our omnichannel model



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Growing offer complexity

Increasing need for expertise

Customer contact & service

**1,906** Branches increasingly personalized and digital

**15,000** Sales increasingly digital  
c.2/3 outside sales  
c.1/3 inside sales

**31%** Click & Collect  
of Web orders are collected at the branch

Web is a common interface among all our distribution channels,  
simplifying and enriching the customer experience

## 2 Building an urban footprint to move closer to our customers

Increasing urban  
population

Increasing environmental  
regulation in cities

Increasing energy efficiency  
needs

**6** Urban Autostores in  
Geneva, Oslo, Stockholm,  
Basel, Paris (2020) & Zurich  
(2021)

**>200** sites equipped with  
lockers

**50%** with **natural gas** in 2025 for  
transportation in France

Making it easy for customers: Contract with  
parking operator in Paris, taxis in Geneva...

Further upside potential in urban centers

## 2 Moving closer to our customers through a new urban model

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Agreement signed in Paris with a parking operator to add 24/7 lockers



Delivery with electric vehicles



**Rexel Express St Ouen**  
20,000 SKUs  
immediately available



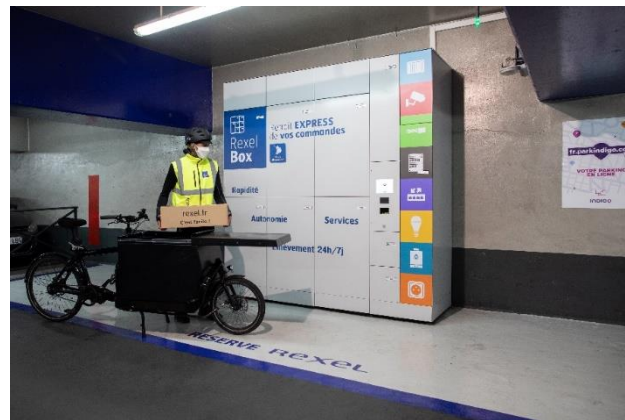
Products available in  
branches by 2pm



Delivery in 2h on  
construction sites



Rexel Box in  
parkings



## 2 State-of-the-art customer service: Autostore Paris (St Ouen)



- **Unique customer service:** 20,000 SKUs available immediately
- **Picking robots optimize productivity & quality**
- **Best in class model in sustainability:** Optimal carbon footprint





3

## Supporting customers to choose the best solutions to decrease their CO<sub>2</sub> emissions



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Customer operations



Customer solutions



Our solutions  
integrating  
CO<sub>2</sub>  
(and CSR)

CO<sub>2</sub> audit

CO<sub>2</sub> calculator  
and quotes  
optimization

E-mobility

Smart building

Green energy  
and storage

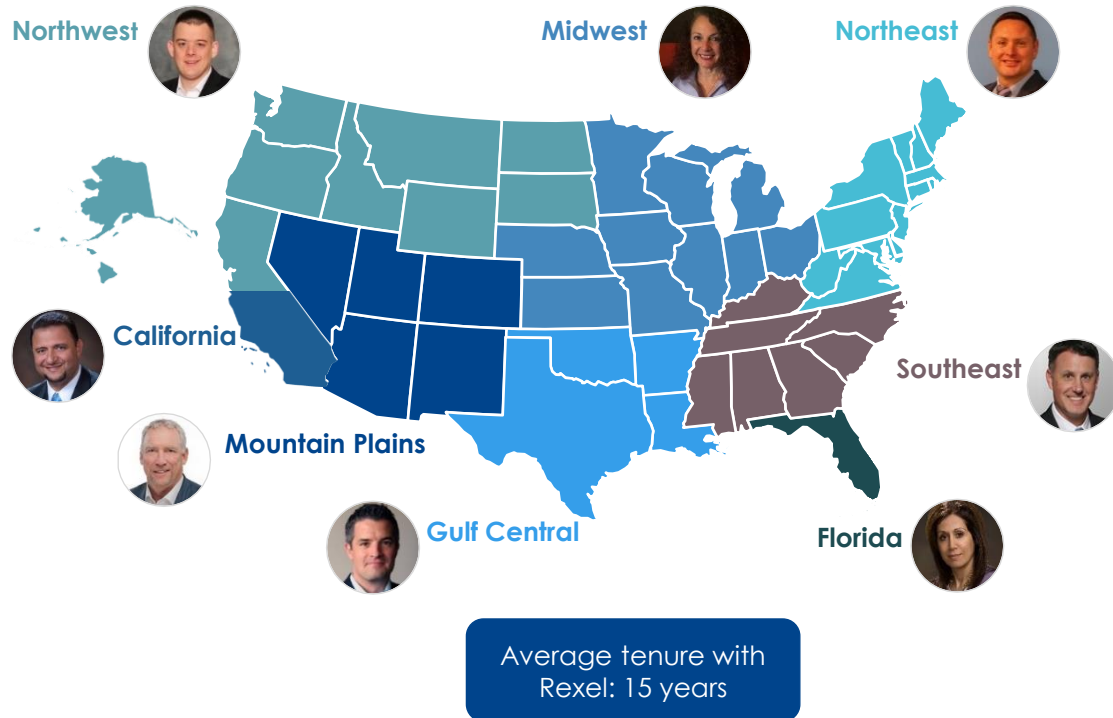
Digital factory

Around 50%<sup>(1)</sup> of Green products and solutions today

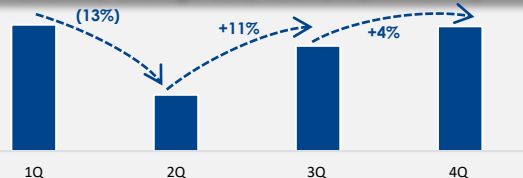
## 4 US regionalization strategy supported 2020 performance



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Quarterly average daily sales (sequential V's)



### 2020 KEY FIGURES

SALES DECREASE

**-12.6%**

COMMERCIAL MARGIN

**c. +50 bps**

WORKFORCE ADAPTATION ALONG WITH NET PEOPLE SCORE

**-9%**

NET PROMOTER SCORE

**> 50** (vs. 30 in 2019)

## 4 Redesigned US organization to fully capture the recovery

### Improved customer service

Increased inventory in 2016-2018:  
**+\$150m**

Network extension:  
**58** openings

Change in organization:  
**8** regions

Digital web platform:  
**1**

Reinforced supplier relations

### Translating into first positive results

Accelerating sales growth :  
**4.3% CAGR in 2017-2019 & -12.3% in 2020**  
vs. **-3.7% CAGR in 2008-2016**

Gross margin improvement:  
**+100 bps in 2016-2020 despite Covid**

## 4 **Rexel US will further outperform the market**

### **Market growth drivers**

**US stimulus spending, focus on Green Energy**

**Potential industrial recovery**  
(heavy industry, oil & gas, food & beverage, datacenters)

**Strong demand in US residential and small commercial activities**

**Demand recovery in affected markets** such as entertainment, hotels, restaurants, ...

### **Rexel US further performance drivers**

**Digital penetration to reach 30% of sales in 2023  
vs 8% in 2020**

**Leveraging the recently-launched single web platform**

**Full impact from branch openings and reinforced proximity model**

**Doubling software and services business**

## 4 **Rexel US key to Rexel's strategy**

**The business platform is solid & performing**

**Superior market recovery potential**

**Full leverage of digital investment ahead of us**

➡ Scalability of our European development

**Leveraging every single global supplier**

**Set the pattern for software and services development**

## 5 Expanding our total addressable market

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### Supplier portal services

- Leveraging our **customer analytics** (cycle, mix, cross-selling, up-selling) to **improve supplier relationship**

### Industry 4.0, building management services & smart home

- Accompanying our customers to **deploy connected solutions** in mid-size building and in smart homes

### Software & services

- **More than \$100m revenue in North America from software and services** with leading automation vendors
- **Subscriptions fees:** Esabora, Comtec, Energieasy connect, e-connect pro
- Providing **apps** to our customers to offer maintenance and after-market business

### Certification & training

- **Offering agnostic certified training sessions on key themes** such as Electric Vehicles, connected home, PV, industry automation

# Enlarging Rexel's addressable market through acquisitions: Our M&A strategy



## M&A pipeline and recent acquisitions

### Acquiring complementary technology or products and entering new segments

**Potential small-scale acquisitions in software to reinforced our range of existing solutions** respecting strict M&A criteria

### Strengthening our leading positions in key markets

#### Utility business in Canada bought from Wesco

Resilience and visibility through long term contract & service



## Key facts

- **Software suites** for the **design** and **calculation** of electrical and photovoltaic installations
- **Software for remote management of connected objects**
- **Opportunity to scale up and provide us with a competitive advantage**

- **Number 2 Canadian player** in electrical product distribution for utilities
- **60 employees, 4 branches**
- **Sales of CAD70m** in 2020, with **positive organic growth**
- **2/3** of the business from **long-term contracts**



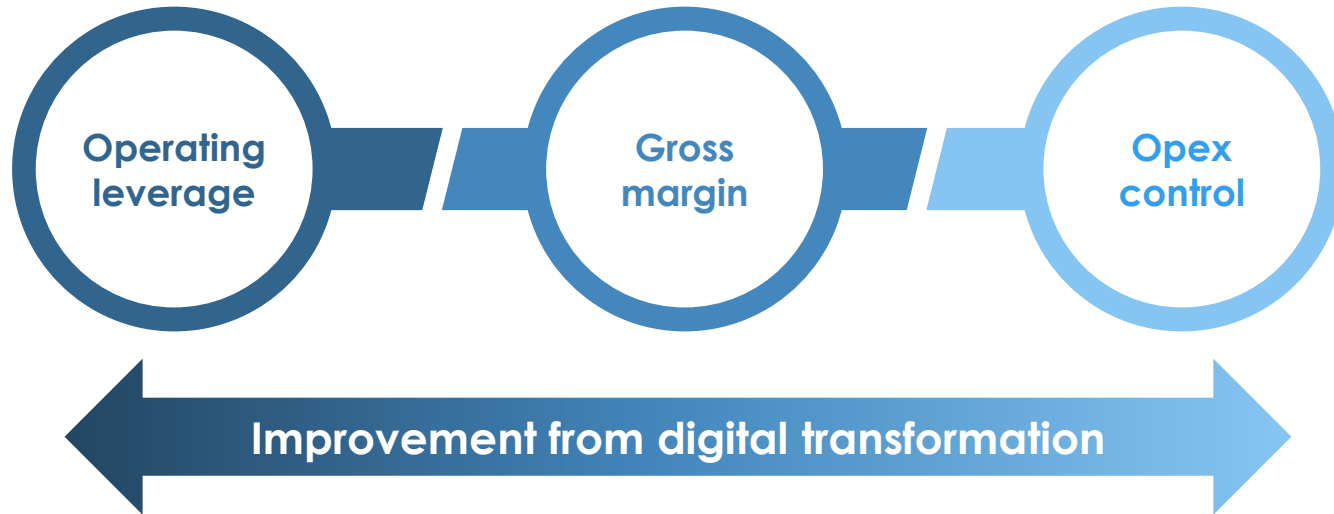


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3 Taking profitability to the  
next level

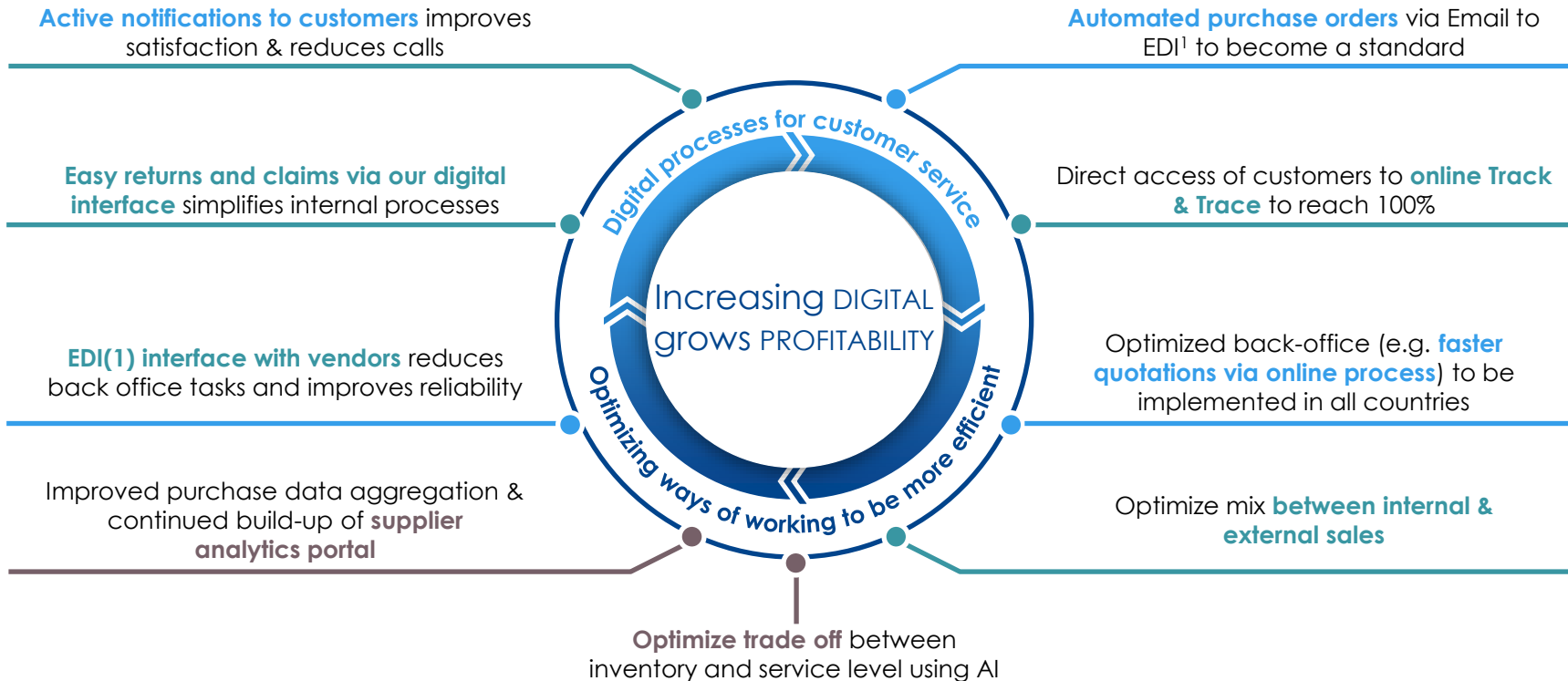
# Three pillars of organic profitability improvement



# Digital transformation drives a virtuous circle for profitability



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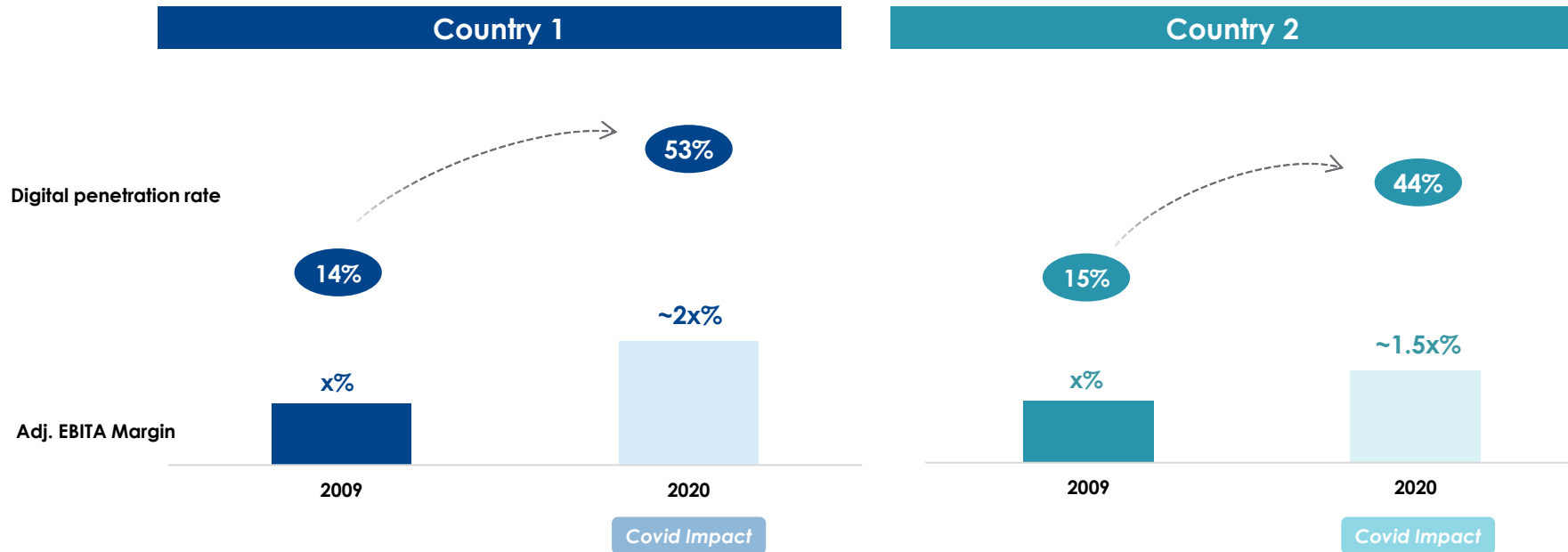


**Operating Leverage** **Margin enhancement** **Opex productivity**

1. Electronic Data Interchange

# Increased digitalization results in higher profitability

Countries illustration



# Four specific levers to sustainably enhance gross margin

## Own brands on commoditized products

- Increase substitution of **entry level/ commoditized** products with our **own brands**
- Successfully initiated in France
- Expand selectively across geographies

## Pricing

- **Pricing strategy** in all countries in the **proximity business**
- Representing **~60% of total turnover**
- Improving **customer service** through digitalization

## Supplier concentration

- Further focus on **strategic suppliers** based across countries
- Leverage **scale effect** and **digital credibility**

## Stock management

- **Better and healthier stock management** yielding additional gains, notably thanks to **digital tools**
- Enhanced **operational execution** and **lower inventory depreciation charges**

# Three major Opex actions to enhance productivity

## Footprint optimization

- **Acceleration of new sales points** (e.g. Electronic Data Interchange platforms)
- **Square footage rationalization** strategy over the next 5 years in identified major countries
  - **Substitution of sqm area with lockers solutions**

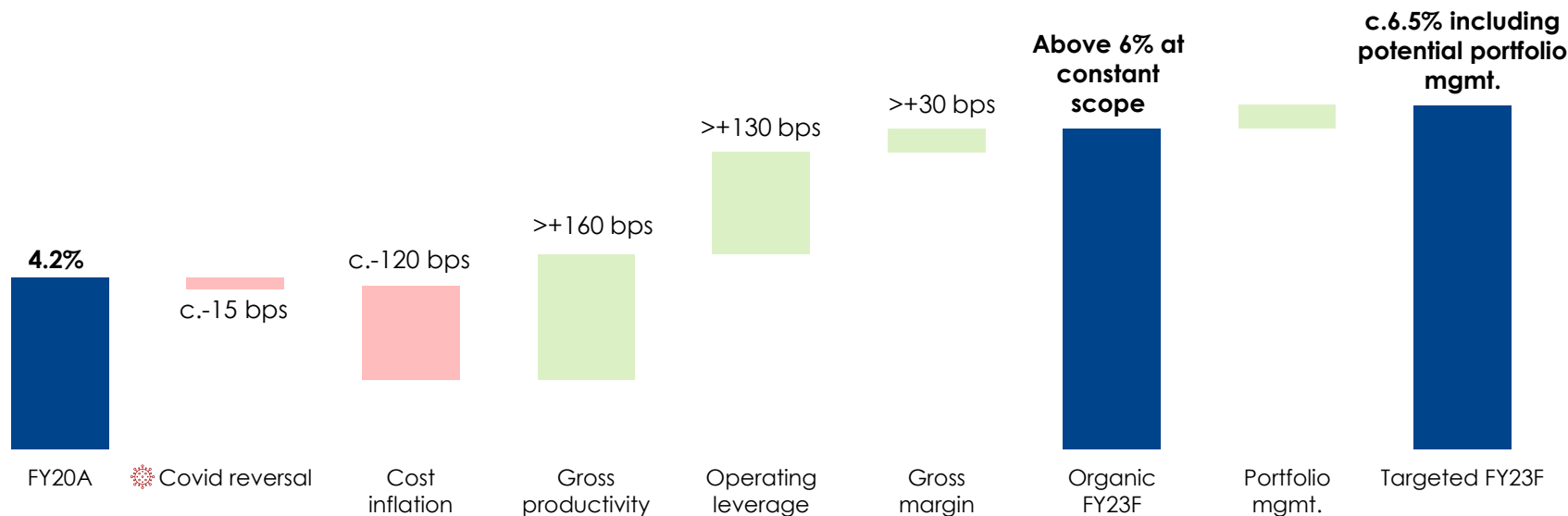
## Acceleration of our digitalization

- **Sales resources optimization:**
  - Process simplification eliminating non-added-value admin time
  - Full-time focus on expertise and customers
- **Branch efficiency**
- Digitalization of **back office** function **enhancing efficiency while lowering risk of error**
- **Enhancing customer-centricity with CRM**

## Cost discipline post-Covid

- **Workforce planning**
- **Non-essential cost limitations** (e.g. Transport & Entertainment)
- **New ways of working** notably through the use of online conferencing tools
- **Non-essential costs elimination** (e.g. paperless, phone handsets, ...)

# A scalable and well-invested platform positioned to benefit from profitable growth

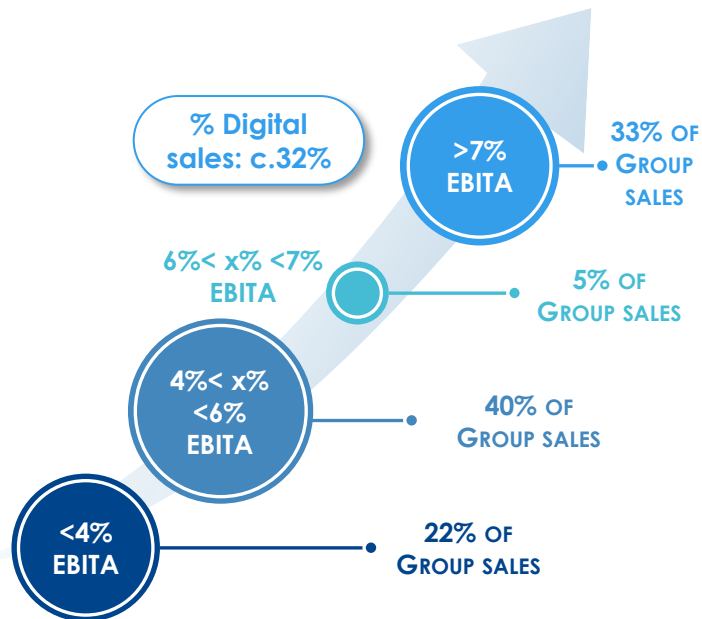


**Reaching an adj. EBITA margin of above 6% in 2023 at constant scope  
and c.6.5% including potential portfolio management**



# Proof pointing our 2023 ambition: More than one-third of our sales are already above 7% adjusted EBITA margin

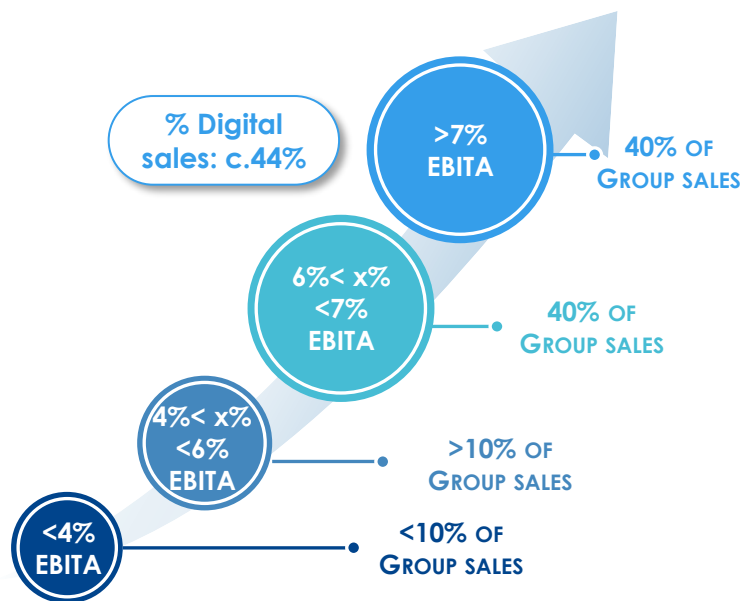
## Group as of 2020



## 2021-23 actions

- AI/Digital adoption
  - Autostore & lockers
  - Green offer
  - Square footage optimization
  - Automated back office
- Balanced sales growth
  - Pricing
  - Margin
  - Restructuring
- Market outperformance
  - Customer acquisition
  - Customer selectivity
  - Bolt-on acquisitions
  - Portfolio management in line with historical actions

## Ambition 2023



**80% of sales above 6% Adj. EBITA margin in 2023, twice 2020 level**



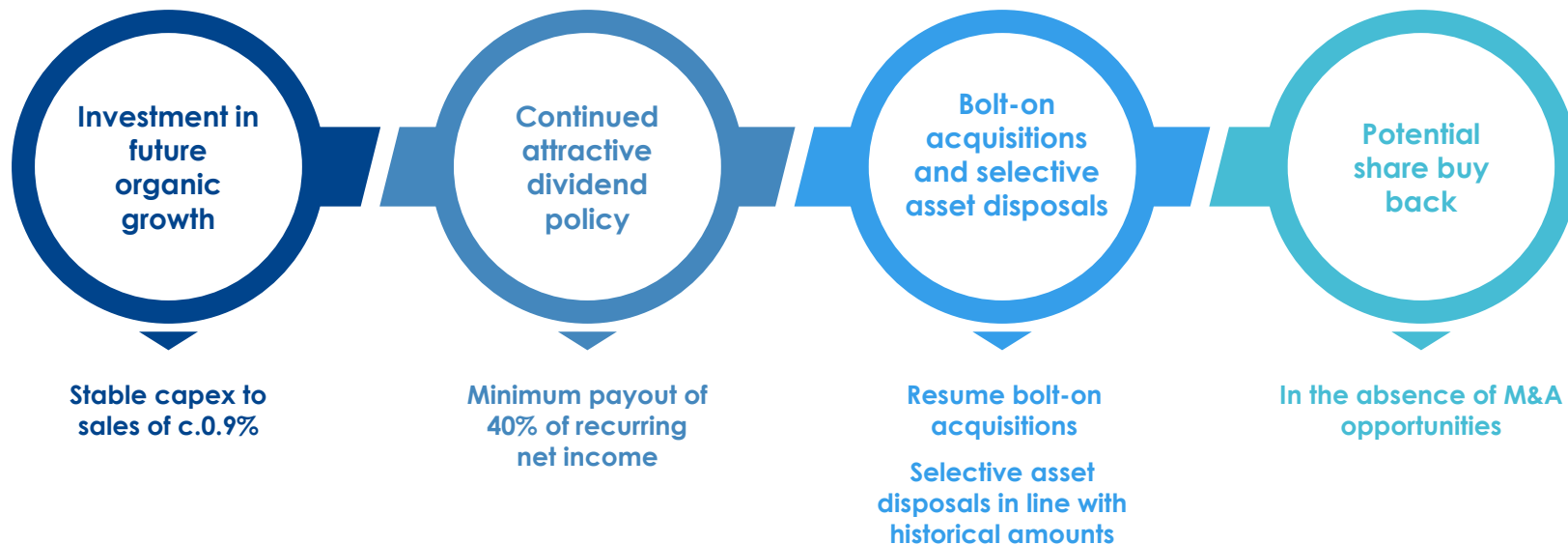
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# 4 Capital allocation balanced between returns and growth

# Well-balanced capital allocation objectives for 2021-2023

FCF before interest and tax conversion of at least 60% to be invested / returned as follows:



**Mid-term ambition: indebtedness ratio of around 2.5x, to create value by seizing market opportunities or increasing return to shareholders**

# Resuming targeted M&A with strict value-creation criteria

- **Strict financial criteria:**
  - Synergies to be delivered within 12 months
  - EPS accretive within 12 months
  - ROCE > WACC in year 3 post closing

	Key objectives	Type of targets	Acquired capabilities
<b>Reinforce ED positions</b>	<ul style="list-style-type: none"> <li>• USA #1 priority</li> <li>• Strengthen leadership position and create sustainable competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Mostly mid-size</b></li> </ul>	+
<b>Expand to adjacent specialist</b>	<ul style="list-style-type: none"> <li>• Expand core ED position and enrich value proposition</li> <li>• Key segments: Multi-Energy, Security, Datacom</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Small/mid-size</b></li> </ul>	++
<b>Develop value-added models</b>	<ul style="list-style-type: none"> <li>• Developing new business models and accelerating digital transformation</li> <li>• Key segments: Software solutions, EV charging services, Industrial integrators</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Mostly small-size</b></li> </ul>	+++

**Focus on most attractive ED market opportunities by leveraging our core competencies and acquiring new capabilities**





REXEL

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# 5 Rexel repositioned to accelerate growth

# Two key convictions that underpin our ambition

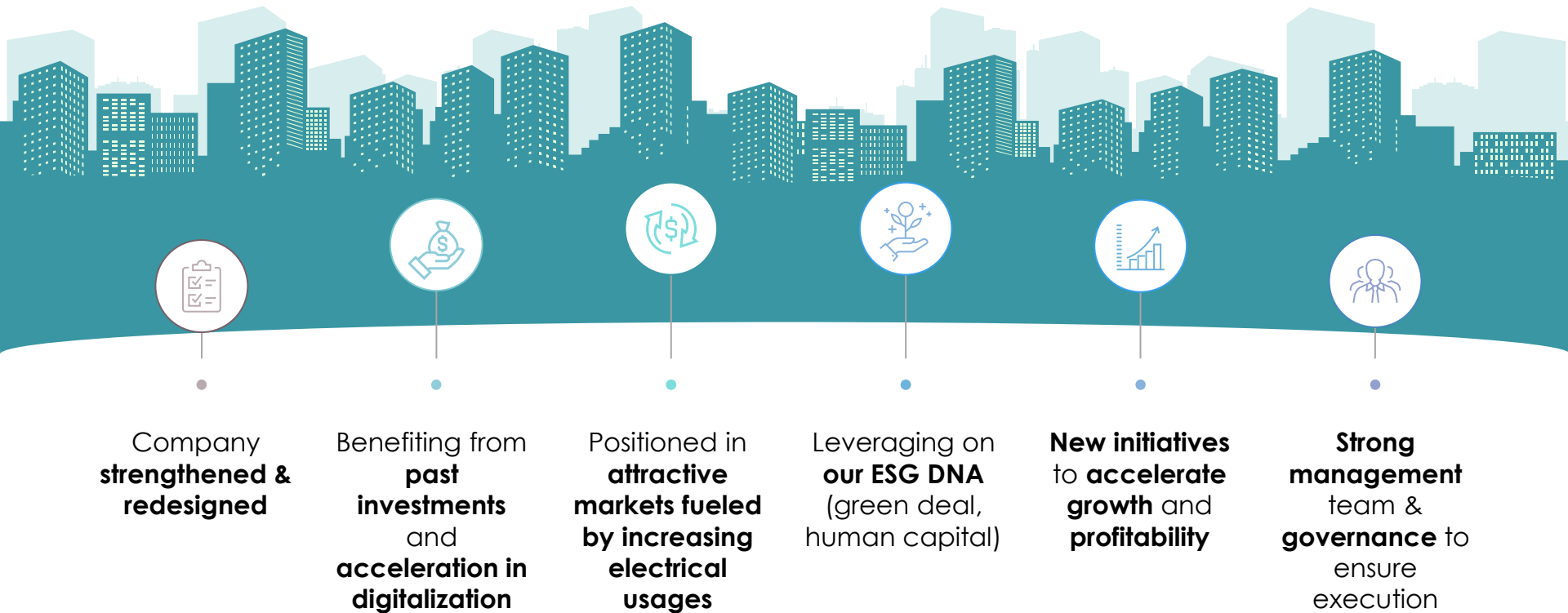
*“Unprecedented convergence between customer needs, supplier offering, social trends and Rexel’s positioning”*

*“Rexel has assembled the different pieces of the digital puzzle into a coherent personalized value proposition”*

# Rexel repositioned to accelerate growth

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# Our mid-term ambition

For the period from  
**2021 to 2023**  
we anticipate

## Sustained growth in sales:

- **Outperform the market by 50 to 100 bps**

## Improvement in profitability and cash conversion:

- **Adj. EBITA margin** from **c.5% in 2021** to **above 6% in 2023 at constant scope and c.6.5% including potential portfolio management**
- **Enhanced cash generation:** conversion rate of the EBITDAaL into FCF before Interest and Tax **above 60%**

## Balanced capital allocation:

- **A dividend policy of at least 40%** of recurring net income
- **Normalized capex** to sales level of **c.0.9%**

## Balance sheet optimization:

- **Net Debt/EBITDAaL ratio<sup>1</sup>** of **around 2.5x**, to create value by seizing market opportunities or increasing return to shareholders

## For 2030, CO<sub>2</sub> reduction ambition:

- **-35% reduction in CO<sub>2</sub> emissions of our operations** (vs. 2016, scope 1&2)
- **-45% reduction in CO<sub>2</sub> emissions from the use of products sold** (vs. 2016, scope 3)

**We are now ready to take  
your questions**



## Financial Calendar

**April 22, 2021**

1st quarter sales publication



**April 22, 2021**

Annual Shareholder Meeting

## Contacts

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# Disclaimer

The Group is exposed to fluctuations in copper prices in connection with its distribution of cable products. Cables accounted for 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 copper suppliers' commercial policies and the competitive environment in the Group's markets. Changes in copper prices have an estimated so-called "recurring" effect and an estimated so called "non-recurring" effect on the Group's performance assessed as part of the monthly internal reporting process of the Rexel Group: i) the recurring effect related to the change in copper-based cable prices corresponds to the change in value of the copper part included in the sales price of cables from one period to another. This effect mainly relates to the Group's sales; ii) 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 all such inventory has been sold (direct effect on gross profit). Practically, 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, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses.

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

This document may contain statements of future expectations and other forward-looking statements. By their nature, they are subject to numerous risks and uncertainties, including those described in the Universal Registration Document registered with the French Autorité des Marchés Financiers (AMF) on March 9, 2020 under number D.20-0111, and its amendment filed with the AMF, on May 11, 2020 under number D. 20-0111-A01. These forward-looking statements are not guarantees of Rexel's future performance, Rexel's actual results of operations, financial condition and liquidity as well as development of the industry in which Rexel operates may differ materially from those made in or suggested by the forward-looking statements contained in this release. The forward-looking statements contained in this communication speak only as of the date of this communication and Rexel does not undertake, unless required by law or regulation, to update any of the forward-looking statements after this date to conform such statements to actual results to reflect the occurrence of anticipated results or otherwise.

The market and industry data and forecasts included in this document were obtained from internal surveys, estimates, experts and studies, where appropriate, as well as external market research, publicly available information and industry publications. Rexel, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only.

This document includes only summary information and must be read in conjunction with Rexel's Universal Registration Document registered with the AMF on March 9, 2020 under number D.20-0111, its amendment filed with the AMF, on May 11, 2020 under number D. 20-0111-A01, as well as the annual financial report and activity report for the 2019 fiscal year which may be obtained from Rexel's website ([www.rexel.com](http://www.rexel.com)).