a world of energy

# Fourth-quarter sales & FY 2022 results

Paris, February 16, 2023

2022 consolidated financial statements were authorized for issue by the Board of Directors held on February 15th, 2023


Rexel
a world of energy

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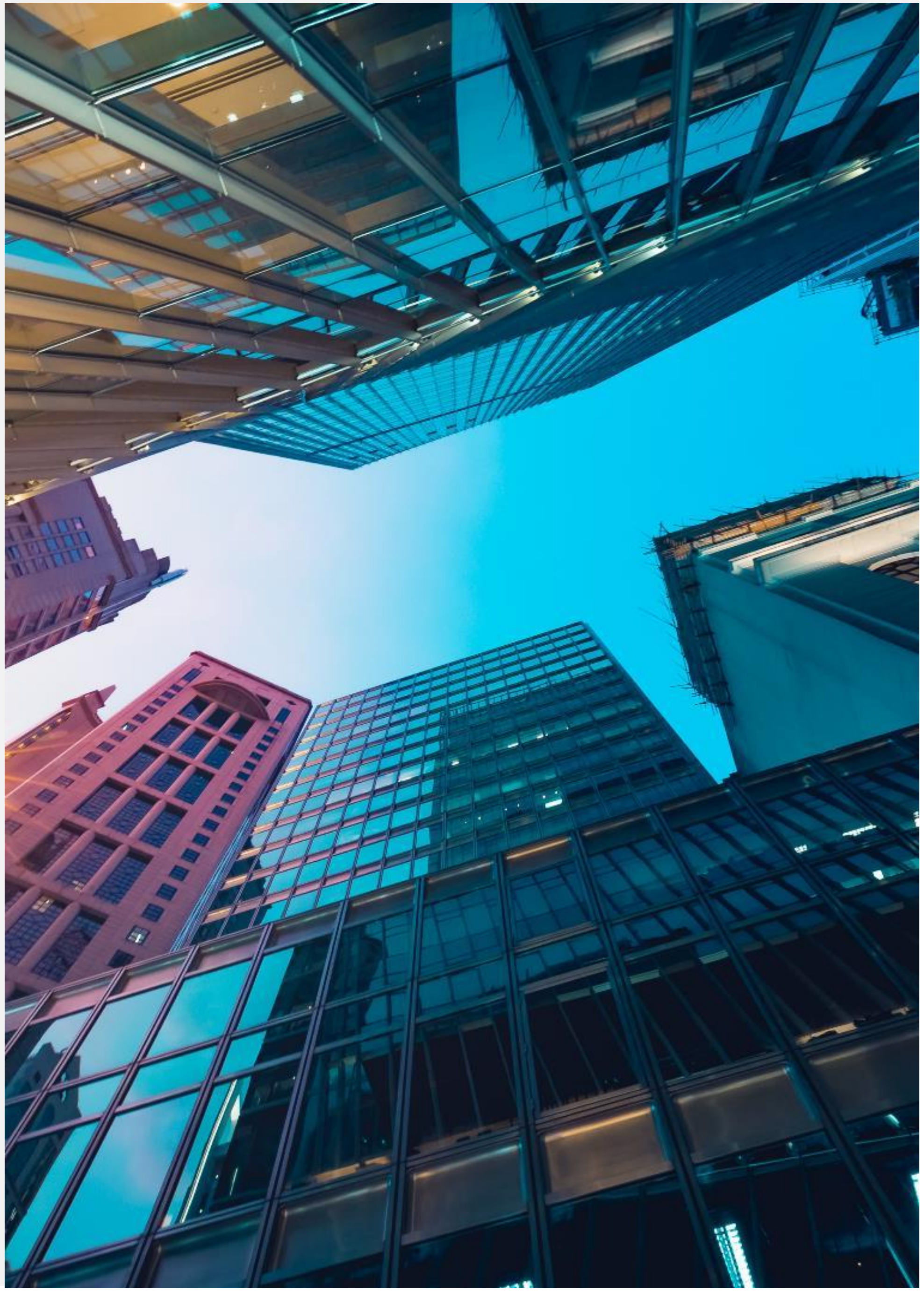
# Key highlights

# Another record year

- **A new year of record performance in 2022**
  - All time-high sales, adjusted EBITA, net income and FCF
  - Deleveraged balance sheet, with Indebtedness ratio below 1x
- **Steady volume performance throughout the year**
  - Electrification trends in Europe
  - Solid markets in the US
  - Market share gains in important countries
  - Consistently high backlogs
  - Positive customer feedback
- **Successful price pass-through**
  - Continued inflation, with further price increases to come in 2023 in most categories
  - Successful at maintaining gross margin (data-based pricing)
- **Continued cash discipline**
  - FCF conversion at 61.4%
  - Tight inventory management



# A strong platform for continued success

## ✓ On track to achieve our Power Up 2025 objectives :

- Rapid improvement of underlying profitability with the execution of our 2 strategic pillars:
  - Excellence on fundamentals
  - Differentiation initiatives
- Active deployment of capital allocation strategy:
  - Active portfolio management
  - Share buybacks

## ✓ Building a strong platform for continued growth

- Harnessing powerful and sustainable electrification trends, driven by net zero agendas, government actions and energy prices
- Digitalization ramping up, reaching 27% of sales in Q4, up c.310bps
- Heightened focus on ESG: net zero SBTi-approved targets, inclusion in CAC 40 ESG index

# 2022: Exceeding upgraded guidance

**+14.1%**

**Same-day sales growth in FY**

✓ 2022 upgraded guidance: c. 12%

**61.4%**

**FCF conversion before Interest and tax**

✓ 2022 guidance: FCF conversion > 60%

**7.3%[1]**

**Adjusted Ebita margin (%)**

✓ 2022 upgraded guidance: c.7.2%

**0.96x**

**Indebtedness ratio[2]**

[1] including non-recurring items of 66bps in 2022

[2] Net financial debt/EBITDAaL, as calculated under the SCA terms

# On track to achieve our 2022-2025 ambitions

POWER UP 2025

- 4% to 7% organic growth over 4 years
- 6.5% to 7% adj. Ebita margin in 2025
- FCF conversion above 60% each year

**Year 1 achievements**

- ✓ **14.1%** same-day sales growth
- ✓ **7.3%**[1] adj. Ebita margin
- ✓ **61.4%** FCF conversion

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- Share buyback of €400m over 4 years
- M&A contribution to sales of up to €2bn in 4 years
- Divestments of between €200m & €500m of sales

- ✓ **€66m** completed
- ✓ **€500m** of sales acquired
- ✓ **€450m** of sales disposed

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- 40% of digital sales in 2025
- Becoming a leader in ESG

- ✓ Digital revenues growing **25%** to reach **27% of sales in Q4 2022**
- ✓ **Net zero ambition** validated by SBTi

1. Including 66 bps of non-recurring items

# Capturing accelerating trends in electrification

Solar, Heating Ventilation Air Conditionning, Electrical Vehicule charging infrastructure, Industrial automation

## CMD ambition

Expected to grow at twice the pace of the ED business

## 2022 achievements

- **Growth at +25%** in 2022
- **Growth accelerated in H2:**
  - Q1 : +16%
  - Q2 : +18%
  - Q3 : +37%
  - Q4 : +30%
- Representing **19% of 2022 group sales**

## Investments for growth

- **Expertise**
  - x3 solar FTE between 2021 and 2023
- **Logistics**
  - New specialized DCs
- **Optimized purchasing**
  - Solar in Europe
- **Acquisitions**
  - Industrial automation in the US

## 2023 catalysts

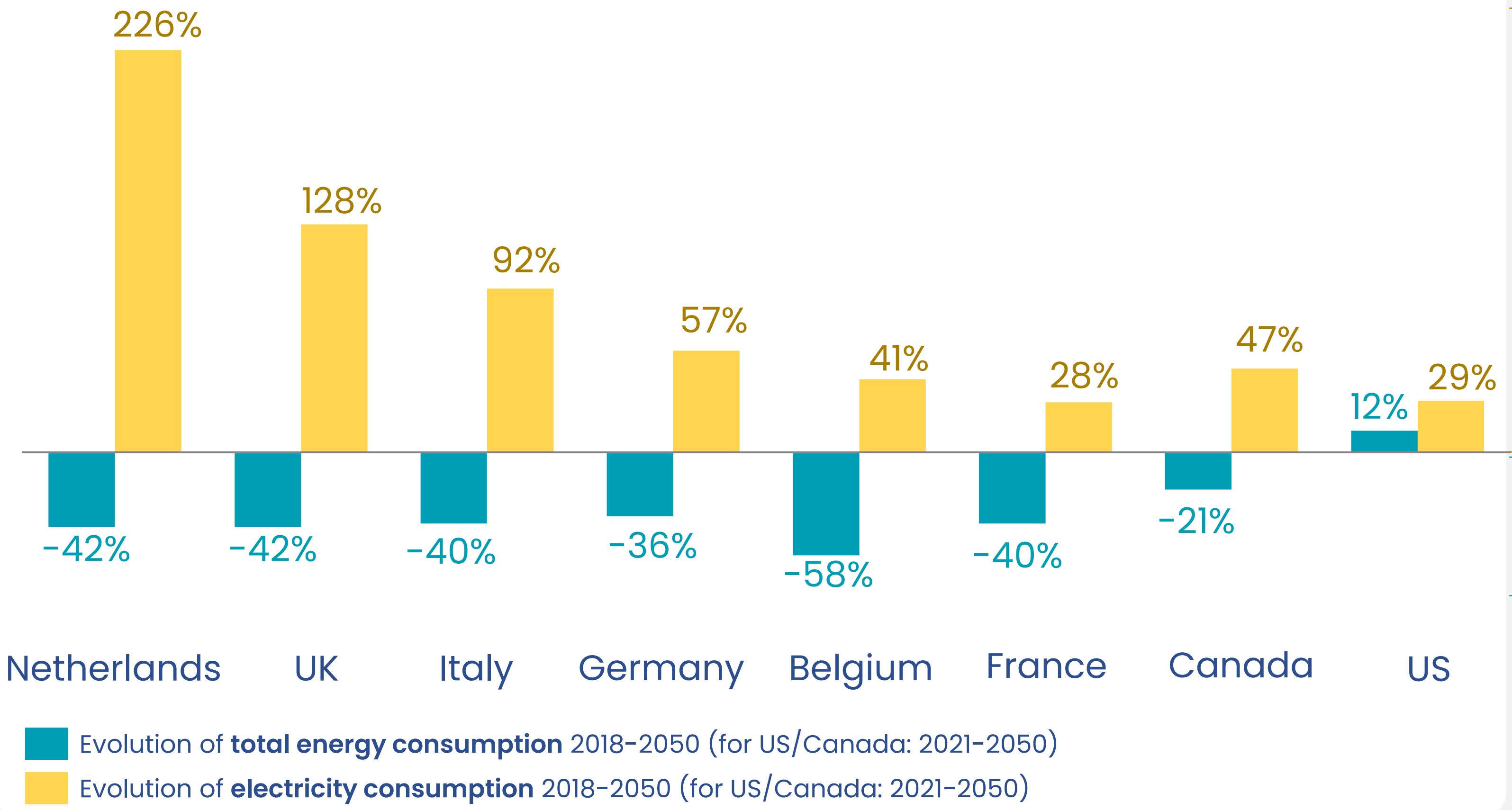
- **Government plans**
  - Inflation Reduction Act in the US
  - Europe plan
- **New requirements**
  - Obligation to equip large outside parking lots with solar panels in France by 2028
- **Re-shoring**
  - Catalyst of Industrial Automation and more

# Electrification supported by multiple and growing levers

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Economic incentives (energy prices) | + | + + + | + + |
| Government incentives, investment and requirements | + | + + | + + + |
| Corporate net zero agendas | + | + + | + + + |
| Global electrification trends | + | + + | + + + |

# Electrification is expected to increase in all energy mix scenarios

## Forecasted evolution of energy & electricity consumption until 2050




## Rexel's contribution

- **Electricity generation:** *PV panels*
- **Electrification of processes**
- **Electrification of heating:** *heat pumps*
- **Electrification of mobility:** *EV chargers*

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- **Building automation & controls**
- **Industrial automation & controls**

Source: RTE Futurs Energétiques. Europe 27: TYNDP 2022 Scenario, Italy - Strategia Italiana sulla riduzione delle emissioni dei gas a effetto serra (2020), Germany – Klimaneutrales Deutschland 2050 Agora Energiewende (2020), UK - National Grid ESO Scenario "leading the way" (2021), Belgium - Scenarios for a climate neutral Belgium by 2050 Core-95 (2021), Netherlands – Klimaatneutrale energiescenario's 2050 (2020), Canada – Evollving policies scenario 2050 (2021), USA - Energy Information Administration from Annual Energy Outlook 2022 (AEO2022)

# Three new transactions: Active portfolio management to focus on our strengths

**Acquisition of Buckles-Smith (US, California)**

- **Large, fastest-growing market** in the region
- Focus on high value-added **industrial automation**
- **Synergies** with Rexel's regional operations as well as Rexel's US and international industrial automation expertise network
- 6 branches, USD 150m sales in 2022

**Acquisition of LTL (Canada, Ontario)**

- Reinforcing our presence and geographical coverage in the attractive Canadian **utility market**
- **Complementary product range** for the utility market / Additional **services**
- 2 branches, CAD 25m sales in 2022

**Disposal of Norway**

- Transaction signed with Kesko for the sale of Rexel Norway
- 2022 sales of c. €250m, below Group profitability
- Transaction signed on January 27, 2023. Closing expected in H1 23

**Strategic and financial enhancement**

- Strongly accretive in year 1 on EBITA, EBITA margin, net income, ROCE
- Focus resources on high value creation opportunities

# 2 years of active portfolio management

*c. €1.5bn of sales*

*10 acquisitions*

***Business acquired***

| 2021 | | | | | 2022/2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Wesco Utility** Canada | **Freshmile** France | **Trace Soft.** France | **Mayer** US | **Winkle** US | **Trilec** Belgium | **Horizon Solu.** US | **Mobility work** France | **Buckles-Smith** US | **LTL** Canada |

***Business disposed***

| 2021 | | 2022/2023 | | | |
|---|---|---|---|---|---|
| **DIY activity** France | **Rexel KSA** Saudi Arabia | **Elektroskandia Rus** Russia | **Rexel Spain** Spain | **Rexel Portugal** Portugal | **Rexel Norway** Norway |

*c. €0.5bn of sales, 6 disposals*

**Strengthening Rexel's portfolio…**

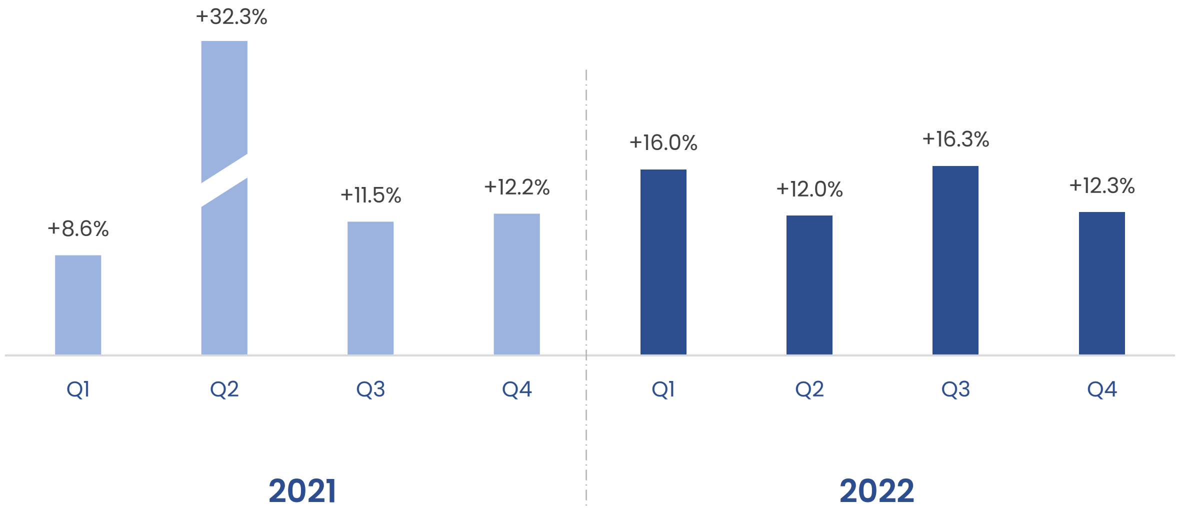
- Economic: EBITA margin of net acquired activities above Group average
- Strategic: Focusing on fast-growing geographies, segments or adjacencies

**…at attractive valuations: Net acquisitions/divestments made at combined multiple below 6x 2022 EBITDA**

# Q4 & FY 2022 Group financial review

# Robust activity with +12.3% same-day sales growth in Q4

Historical quarterly same-day sales growth



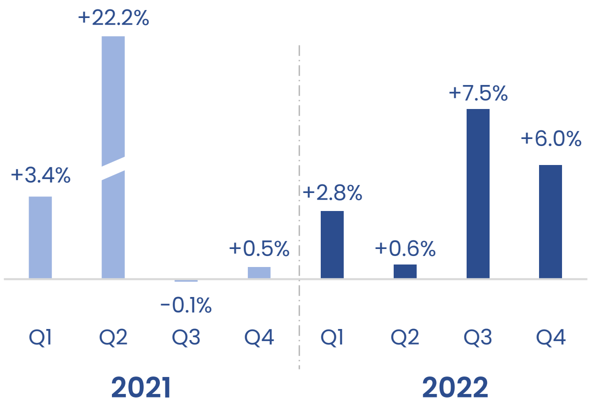

**Volume effect in Q4 22: +6.0%**

**Non-cable price effect in Q4 22: +7.2%**

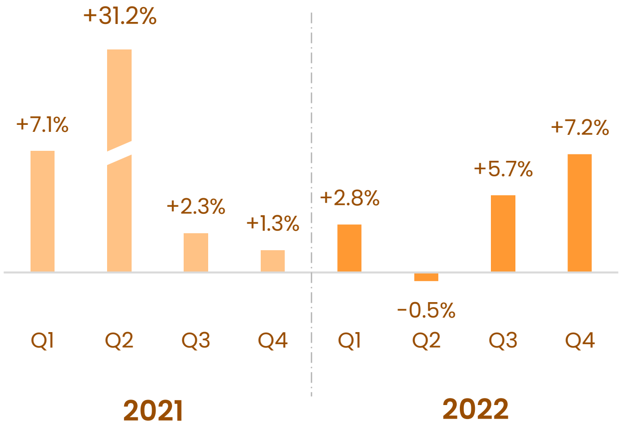
**Cable price effect in Q4 22: -0.8%**

# Sustained volume growth in H2 22

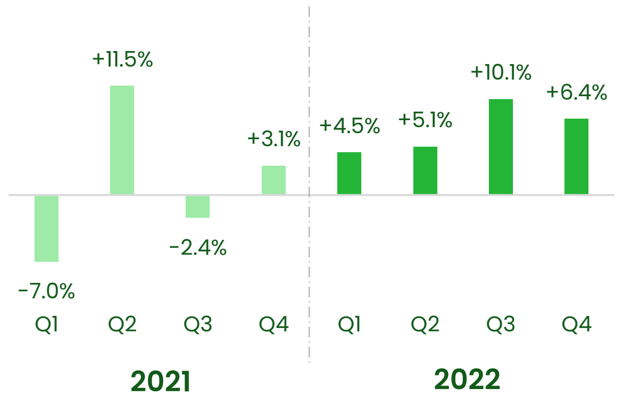
## Rexel Group




## Europe



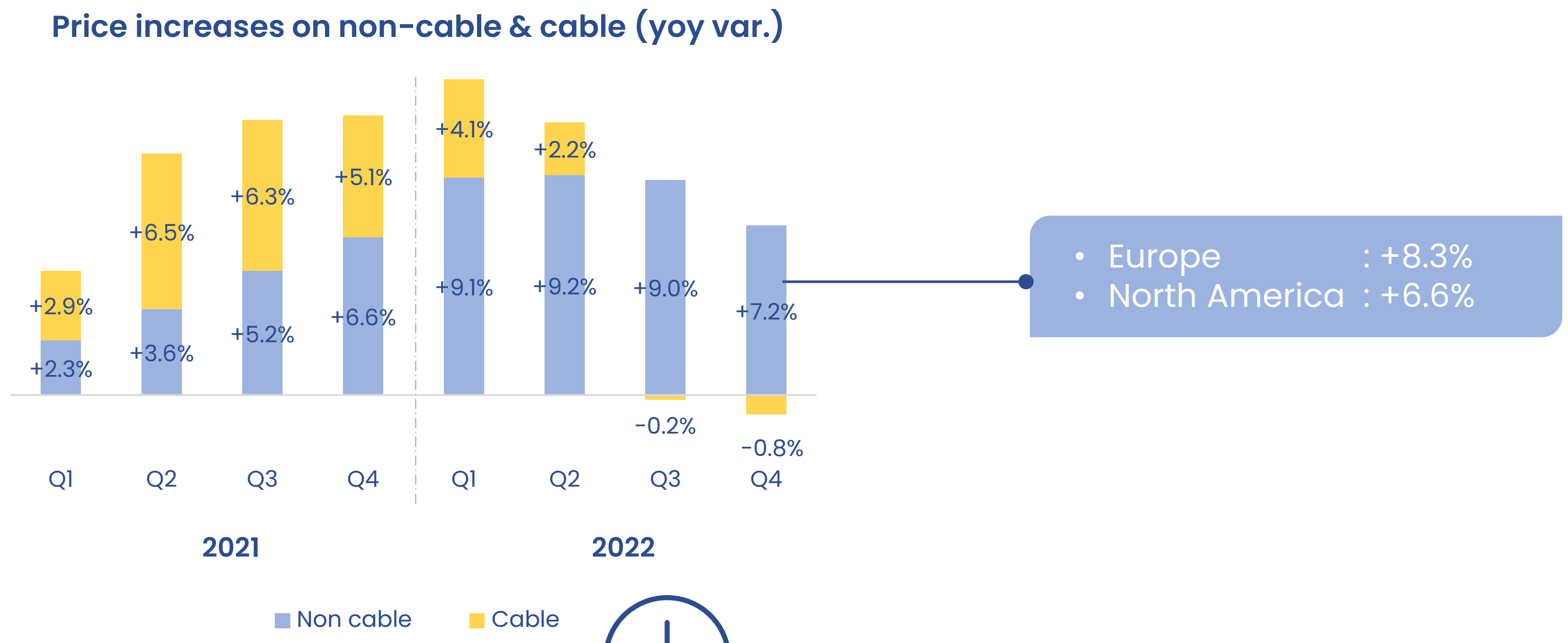

## North America




- Strong momentum linked to electrification trends, especially in Germany and Austria
- "Traditional" businesses held up well with good order books with many customers

- Sustained volume growth quarter after quarter
- More limited contribution of solar, but Inflation Reduction Act kicking in
- Backlog level remained high

# Ongoing and sustainable favorable pricing environment




## Increased selling price

Another quarter of high contribution of inflation to top line: 6.4%

**Cable contribution** turned slightly negative on the back of lower copper prices in H2

**Non-cable contribution** slowing down sequentially on the back of higher comparable base, but numerous price increases announced in all categories

# Favorable sales trends in most geographies



### Europe: +16.0% in Q4 22 yoy

- Boost from electrification: Solar/EV/HVAC up 60% to reach 18% of sales, contributing to growth for 810 bps
- Strong growth in **Benelux and Germany** with market share gains
- **France:**
  - Growth acceleration in all end-markets, including residential
  - Market outperformance in Q4 & FY



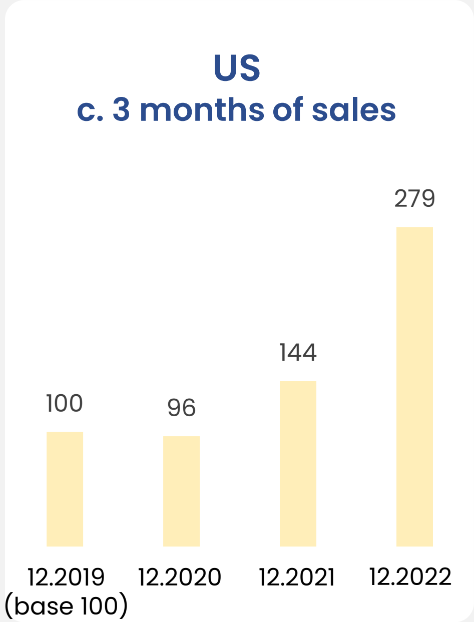
### North America: +10.2% in Q4 22 yoy

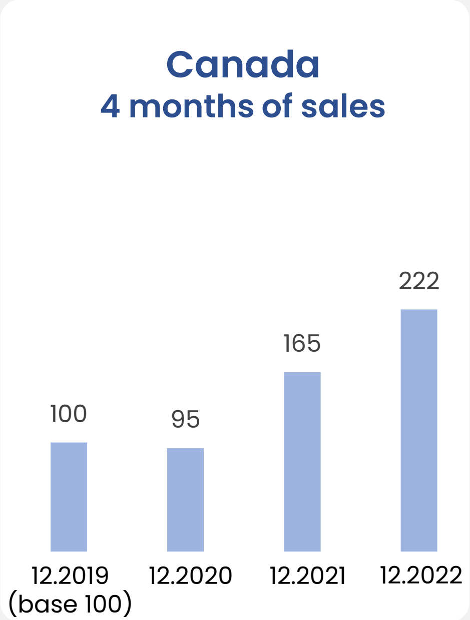
- **USA:**
  - Robust demand in Commercial and Industrial end-markets more than offset the declining trends in residential activity.
  - Backlog up c. 4% vs Q3
- **Canada:**
  - Strong performance driven by Proximity end-markets and industrial activities (positive momentum in Oil & Gas and mining)

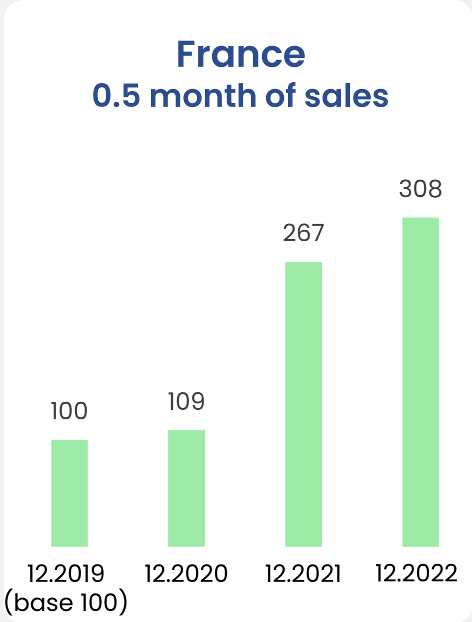
### Asia-Pacific: +0.7% in Q4 22 yoy

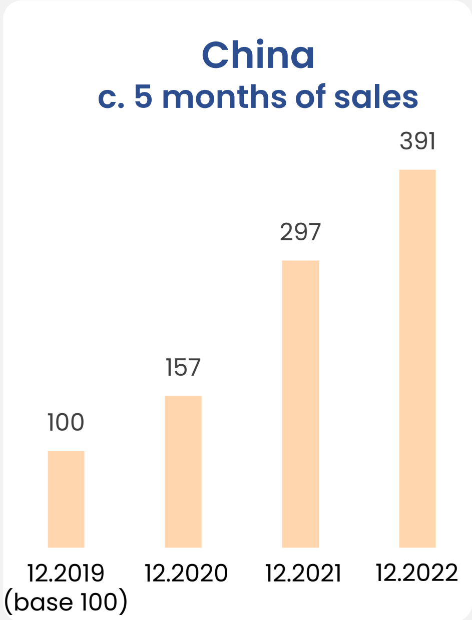
- **China:**
  - Impacted by the Covid situation in December
- **Australia:**
  - Driven by Industrial and commercial.
  - Consistent with H1 growth after a Q3 22 that benefited from favorable comparable base related to lockdown in Q3 21

# Entering 2023 with record level of backlogs



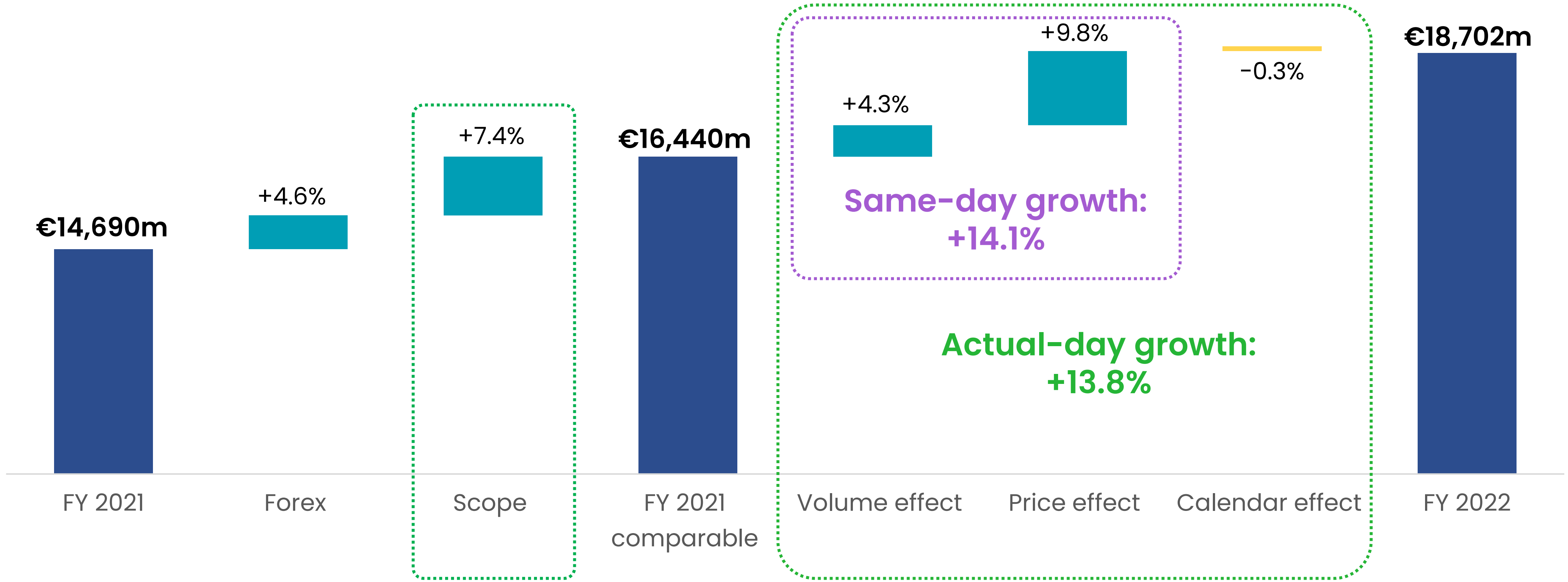



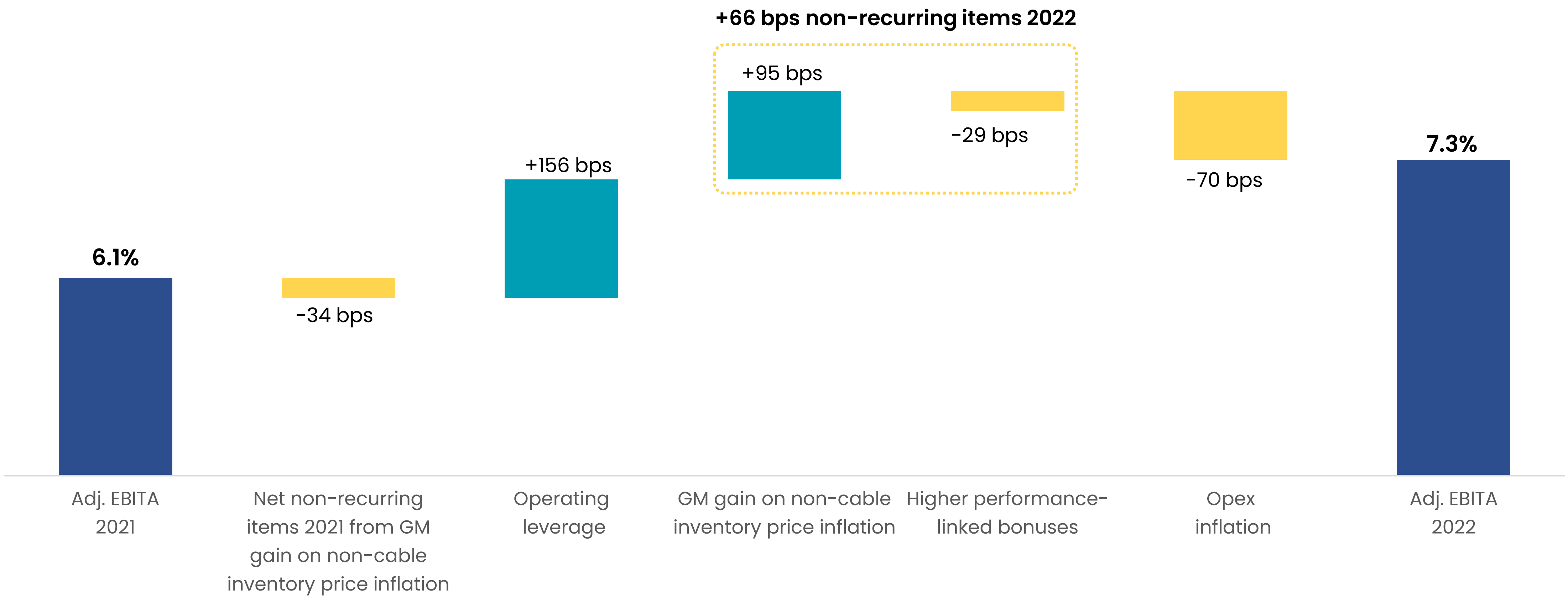




High backlogs reflecting
- strong underlying demand
- delays in projects in a context of labor and product scarcity

# FY22 reported sales up +27.3%



# Record adjusted Ebita margin



# FY record profitability boosted by Europe & North America



**Europe**
**Adj. EBITA margin: 7.7% (+55bps)**
including c. 75bps of non-recurring items.

- Adjusted EBITA margin benefited from robust sales growth, offsetting investment in people, higher inflation in opex and negative country mix (Growth in Germany higher than average in Europe)

North America
**Adj. EBITA margin: 8.2% (+190bps)**
including c. 60bps of non-recurring items

- North America has become the most profitable geography
- Adjusted EBITA margin benefited from sales growth, pricing power and Mayer synergies

**Asia-Pacific**
**Adj. EBITA margin: 1.9%(-50bps)**
including c. 40bps of non-recurring items

- Adjusted Ebita margin improvement more than offset by lower activity and bad debt in China (-140bps impact on APAC adj Ebita margin) in a covid context

# Recurring net income up +59% in FY 2022

| €m | FY 2021 | FY 2022 | Change |
|---|---|---|---|
| **Adjusted EBITA[1] (comparable base)** | **1,008** | **1,369** | **+36%** |
| % Adj Ebita margin (%) | 6.1% | 7.3% | +118bps |
| Currency/Scope & other | (112) | Na | |
| Non-recurring copper effect & other | 68 | (24) | |
| **Reported EBITA** | **964** | **1,345** | **+40%** |
| Amortization resulting from PPA & Others | (52) | (2) | |
| **Operating income** | **912** | **1,343** | **+47%** |
| Net financial expenses | (133) | (119) | |
| **Profit before tax** | **778** | **1,224** | **+57%** |
| Income tax | (181) | (301) | |
| Tax Rate | 23.2% | 24.6% | |
| **Net income** | **598** | **922** | **+54%** |
| **Recurring net income[3]** | **575** | **912** | **+59%** |

Net Financial expenses notably include:

- €(69.6)million from financial costs before one-off expenses and others vs €(63.4)m in 2021
- €(46.5)million from interest on lease liabilities in 2022
- €(22.6)m from one-offs in 2021 from the early repayment of senior notes

Restated for non-recurring items (notably non-taxable capital gain/loss from portfolio management), tax rate stood at 25.7% (2021 restated at 26.6%) down 90bps, benefiting from the lower tax rate in France.

1. At comparable scope of consolidation and exchange rates and excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cable prices
2. On a reported basis
3. See. details in appendix 3 in the Press release

# Robust Free cash flow and lowest-ever indebtedness ratio

| €m | FY 2021 | FY 2022 |
|---|---|---|
| **EBITDA after Lease (EBITDAaL)** | **1,035** | **1,422** |
| Restructuring | (13) | (11) |
| Change in trade working capital | (324) | (347) |
| ***TWC as % of sales*** | ***13.9%*** | ***14.0%*** |
| Change in non-trade working capital | 116 | (45) |
| Net capital expenditure | (103) | (125) |
| ***Gross capex as % of sales*** | ***0.7%*** | ***0.8%*** |
| Other operating revenues & costs | (30) | (21) |
| **Free cash-flow before I&T** | **681** | **873** |
| ***Free cash-flow conversion*** | ***65.7%*** | ***61.4%*** |
| Net interest paid | (56) | (60) |
| Income tax paid | (199) | (311) |
| **Free cash flow after I&T** | **426** | **503** |
| Net financial investment | (439) | (57) |
| Dividend | (140) | (230) |
| Share buyback | 4 | (66) |
| Effect of currency exchanges rates & Other | (67) | (57) |
| **Net change in cash / (debt)** | **(216)** | **93** |
| **Net financial Debt at the end of the period** | **1,551** | **1,458** |
| **Indebtedness ratio** | **1.37x** | **0.96x** |

WCR /sales up c. 10bps in a context of disrupted global supply chain

Capex stood at 0.8% of sales, on higher investment in automatized supply chain solution

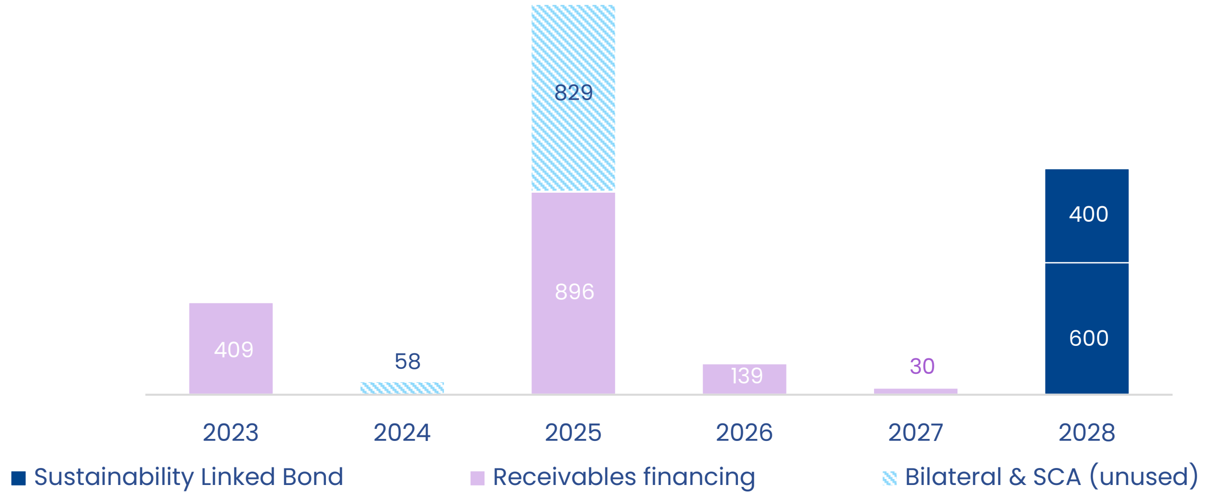
Higher performance in FY 2022

Net effect between acquisitions and disposals

€0.75 dividend paid early June

# Well-balanced financing between long term Sustainability Linked Bonds and receivables financing

Gross debt maturity breakdown and liquidity as of December 31st, 2022




**Rating agencies upgrades:**

S&P Rating at BB+ (vs BB)

Moody's rating at Ba1 (vs Ba2)

**Account receivables securitization:**

Monthly loading mechanism

**Liquidity at December 31, 2022**

**c. €1.7bn**

Incl undrawn SCA €0.9bn
Cash €0.8bn

**Average effective interest rate on Gross debt**

2.29% (-13bps yoy)

# Record dividend in 2022 of €1.20

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|
| Dividend per share (€) | 0.40 | 0.40 | 0.42 | 0.44 | - | 0.46 | 0.75 | **1.20** |
| Recurring net income (€m) | 269 | 250 | 291 | 328 | 341 | 278 | 575 | **912** |
| Pay-out as % of recurring net income | 45% | 48% | 44% | 41% | - | 50% | 40% | **40%** |

**In line with Rexel's payout policy: ≥ 40% of recurring net income**

**Subject to approval at the AGM on April 20, 2023**

**Payable in cash**

**To be detached on May 9th and paid on May 11th**

03

# Implementing our Power Up 2025 strategic plan

# Executing our strategic plan

POWER UP 2025

## Excel on fundamentals

- Talent culture
- Supplier relationships
- Supply chain & footprint
- Productivity
- Digital

## Strive to be a differentiated leader

- Data & AI
- Advanced Services
- Electrification accelerators
- ESG
- M&A

# Supply chain initiatives :
# Ambition to triple the number of automated Distribution Centers

POWER UP 2025

## Greater Lyon DC live since September 2022

- **Our solution:** The largest fully automated DC with 40k SKUs
- **A differentiated value proposition**
  - 2pm same-day deliveries in branches
  - Low emission deliveries inside Lyon in 2h on 6k SKUs
  - Logistics services: Kitting, system set-up

## Opportunities with 3 projects going live in 2023

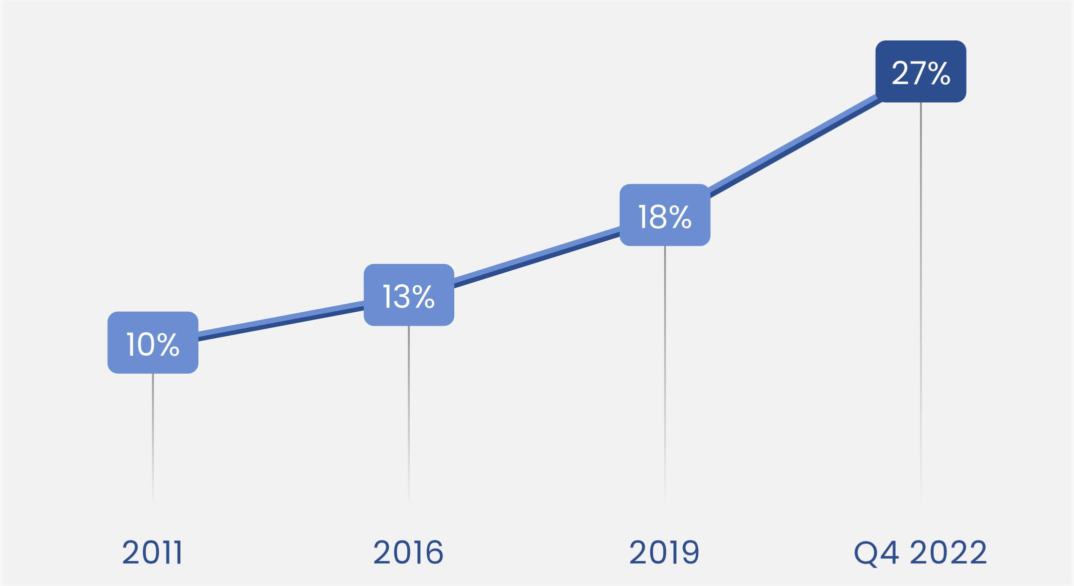
- **Germany:**
  - Bringing service to a new region
  - Dedicated area for solar activity

- **United Kingdom:**
  - Improved customer services
  - Improved efficiency

- **Austria:**
  - Increased capacity
  - Improved productivity

# Best-in-class Btb player, with almost €5bn digital sales

## Digital sales evolution since 2011




**100 million**
visits to our websites each year

**40 million**
sessions using search engine

**400,000**
customers with a web account

**25 million**
order lines on our web platforms


# Outlook and 2023 guidance

# 2023 outlook

- **Multiple growth opportunities** linked to electrification more than offset low visibility on volume growth of traditional business
- **Anticipation of further price increase** on most product categories
- **Cost inflation**, notably wages, to be offset by efficiency action plans
- **Experienced and engaged management team**, focused on agility and entering 2023 with:
    - growth-oriented mindset fueled by sustainable electrification trends
    - prepared to face all possible scenarios

# 2023 guidance

Leveraging our transformation and enhanced efficiency, we target for 2023:

Same-day sales growth of **between 2% and 6%**

An adjusted EBITA[1] margin of between **c. 6.3% and 6.7%**

Free cash flow conversion[2] **above 60%**

at comparable scope of consolidation and exchange rates

1. Excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cable prices
2. FCF Before Interest and Tax / EBITDAaL ; EBITDAaL: Earnings Before Interest, Taxes, Depreciation and Amortization after Leases


“Electrifying solutions that make
a sustainable future possible”