



# Rexel 2020: Roadmap for Profitable Growth

Rexel Capital Markets Day

February 11, 2016

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## Rexel at work: A snapshot (1/2)

- **In recent years, Rexel has significantly upgraded and invested in its business model and reinforced its commercial and operational capabilities around the world**
  - ◆ Logistics capabilities
  - ◆ IT backbone
  - ◆ Digital platform
  
- **In a rapidly changing and challenging environment, Rexel has consistently demonstrated its resilience and reinforced its franchise as a strategic partner for its suppliers and customers**
  - ◆ High-growth initiatives
  - ◆ Streamlined footprint
  - ◆ Optimized portfolio

## Rexel at work: A snapshot (2/2)

- **Rexel has been accelerating its evolution from a branch-centric to a truly customer-centric multi-channel business model**
  - ◆ Higher contact frequency with customers at multiple touch points
  - ◆ Higher transaction value with increasingly connected customers
  - ◆ Higher customer loyalty in line with better service levels
  
- **Rexel is uniquely positioned in the value chain to seize profitable growth opportunities in a world powered by new mega-trends, technologies, and applications**
  - ◆ The energy transition is generating a broad spectrum of new applications
  - ◆ The Internet of Things is turning connectivity into a converging space of new digitally powered solutions
  - ◆ The drivers of urbanization are changing the landscape of building renovation and new construction

# Rexel 2020: Solid financial ambitions reflecting our aim to drive long term value creation

**Organic sales growth outperforming the market, +1% to 2% growth p.a. on average**

**Additional sales growth**

**Improvement in profitability**

**Targeted accretive M&A of around €1.5bn over the five-year period**



**EBITA growth ≥ 2 x sales growth**

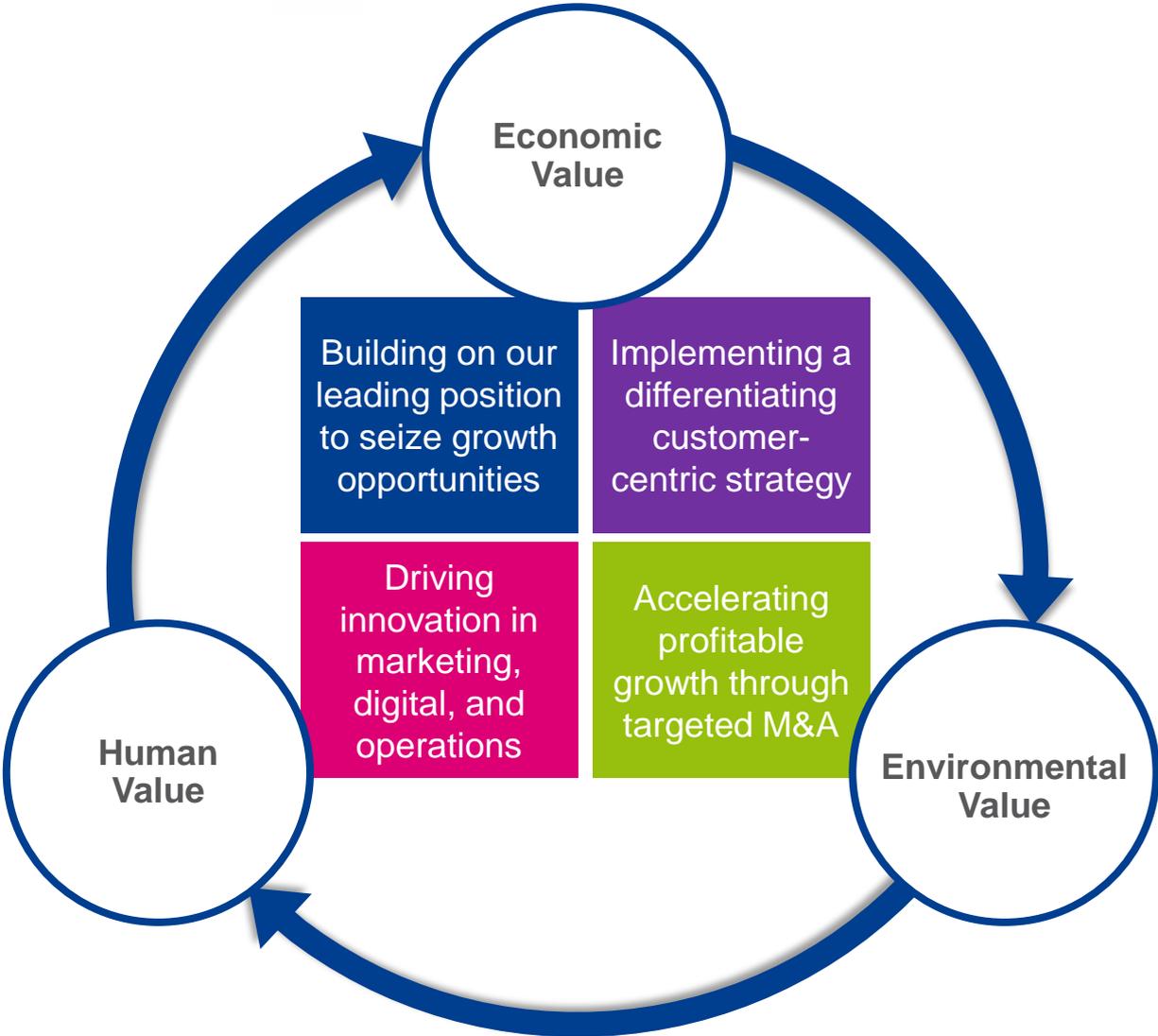
**Focused cash allocation policy**

**Highly cash generative business model**

**70% to 80% conversion of EBITDA into FCF before I&T**



# Rexel 2020: Focused roadmap towards value creation



a world of energy *“Triple Play” based on four business imperatives*

# Rexel 2020: Roadmap for Profitable Growth

**Building on our leading position to seize growth opportunities**

**Implementing a differentiating customer-centric strategy**

**Driving innovation in marketing, digital and operations**

**Accelerating profitable growth through targeted M&A**

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# Rexel at a glance: Strategic partner for suppliers and customers



- Economies of scale & scope through strategic partnerships with vendors
- Platform to bring innovation to market
- Category management

- Partner of preference with global reach and local relevance
- Breadth/depth of products & services
- Account Management

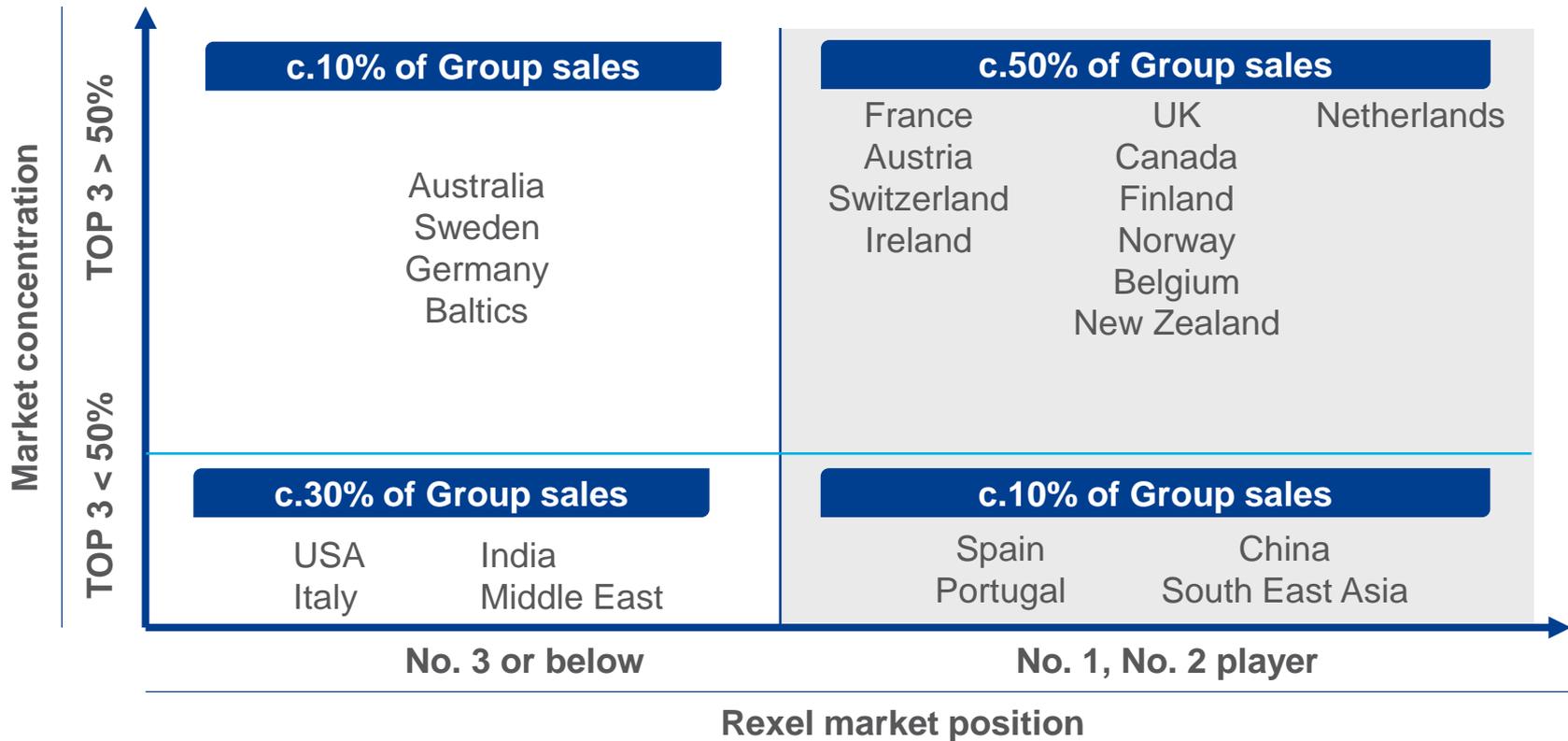


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**Rexel: A key link in the value chain**

# Rexel at a glance: A global leader with solid market positions

REXEL'S 23 LARGEST MARKETS IN 2015 (96% of total sales)



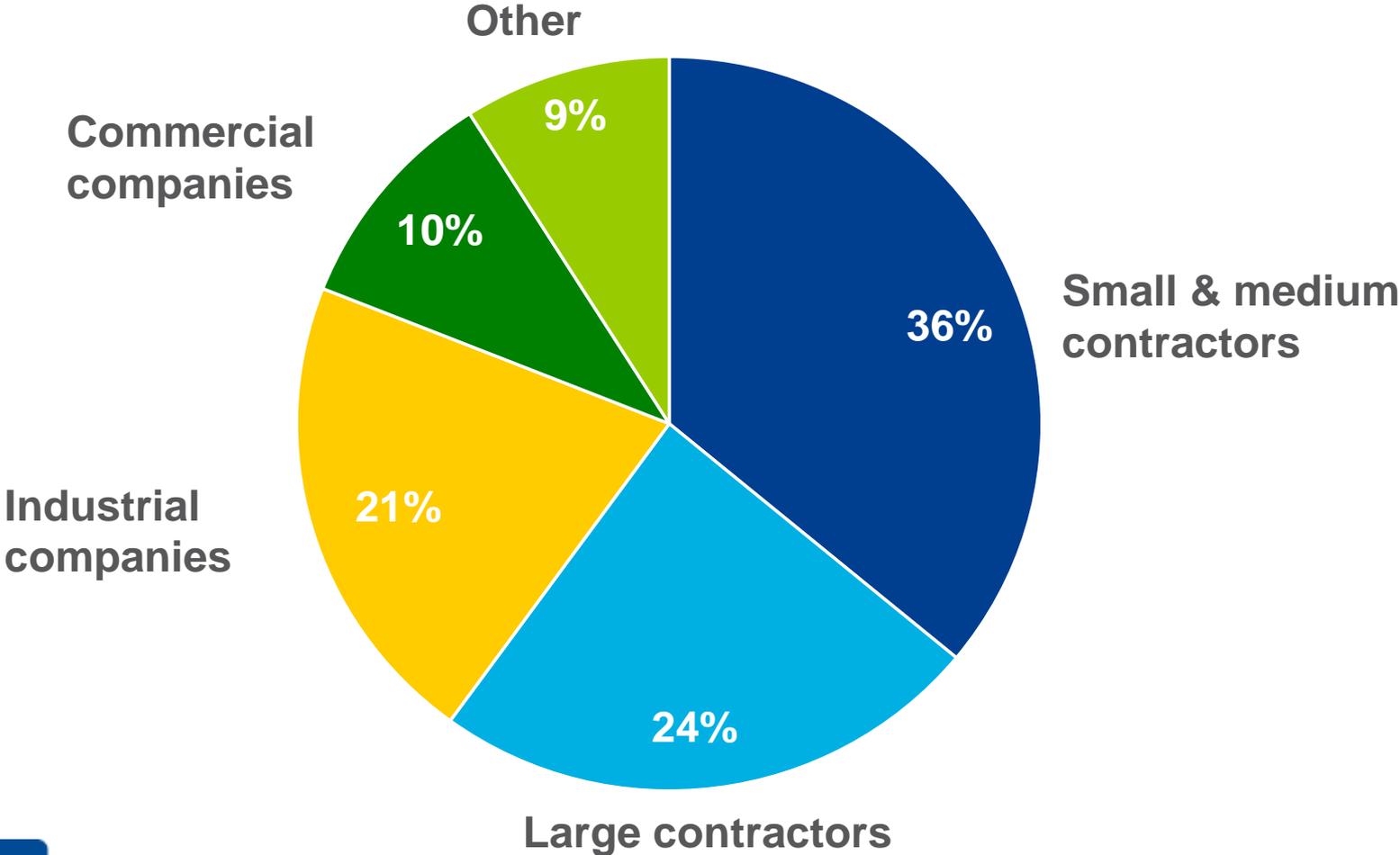
**~60% of Group sales concentrated in markets where Rexel is No. 1 or No. 2**



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# Rexel at a glance: Strong and well-balanced customer base

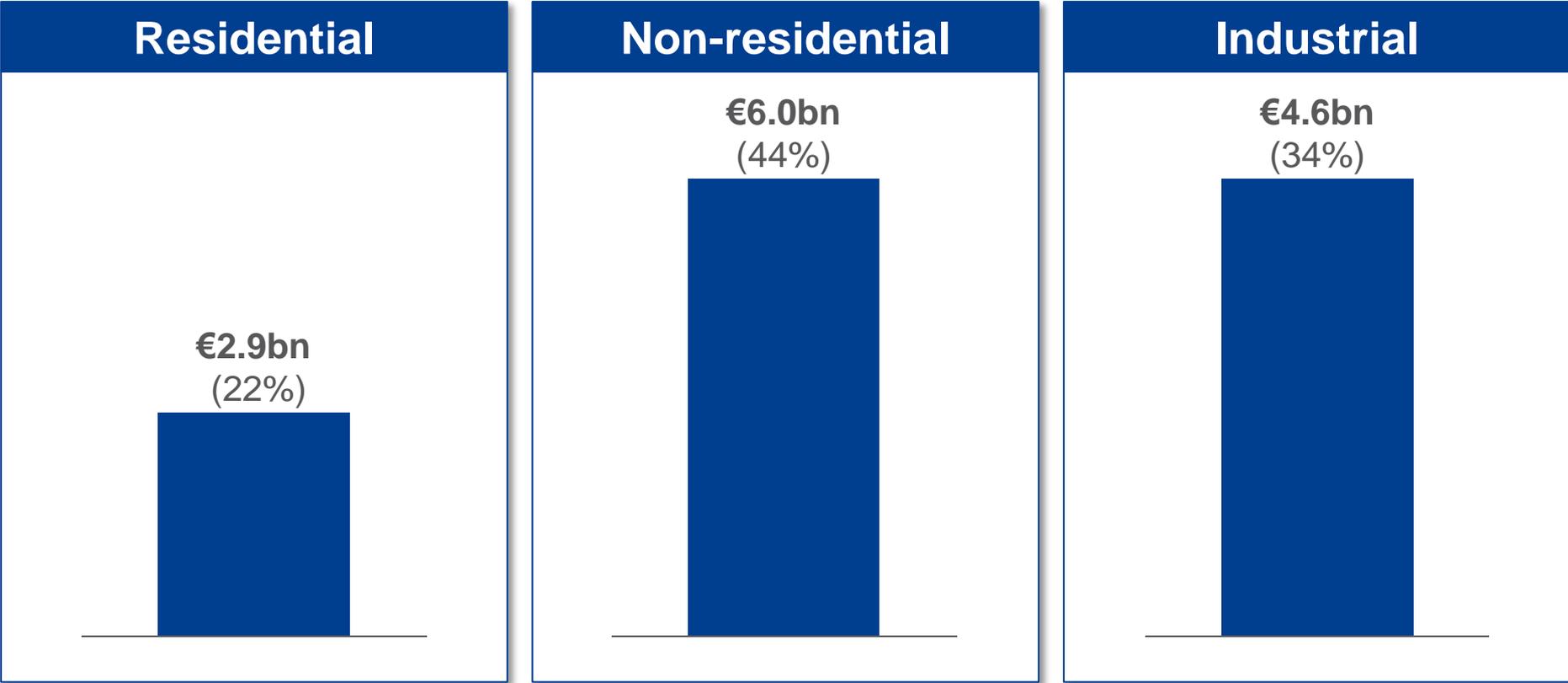
2015 GLOBAL CUSTOMER MIX



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# Rexel at a glance: Balanced mix of end-markets

2015 SALES MIX BY END-MARKET



# Mega-trends represent growth opportunities across all end-markets

**Residential**

**Non-residential**

**Industrial**

**Energy Transition**

**€13 trillion**

in investments in energy efficiency from 2015 to 2030<sup>1</sup>

**Internet of Things / Connectivity**

**€1.6 trillion**

IoT Market Size by 2020

**50 billion connected devices by 2020**

**Urbanization**

**€7 trillion**

in infrastructure in NY, Beijing, Shanghai & London in next decade<sup>3</sup>

**80 billion m<sup>2</sup>**

of new and rebuilt buildings to be constructed in urban areas worldwide in next 2 decades

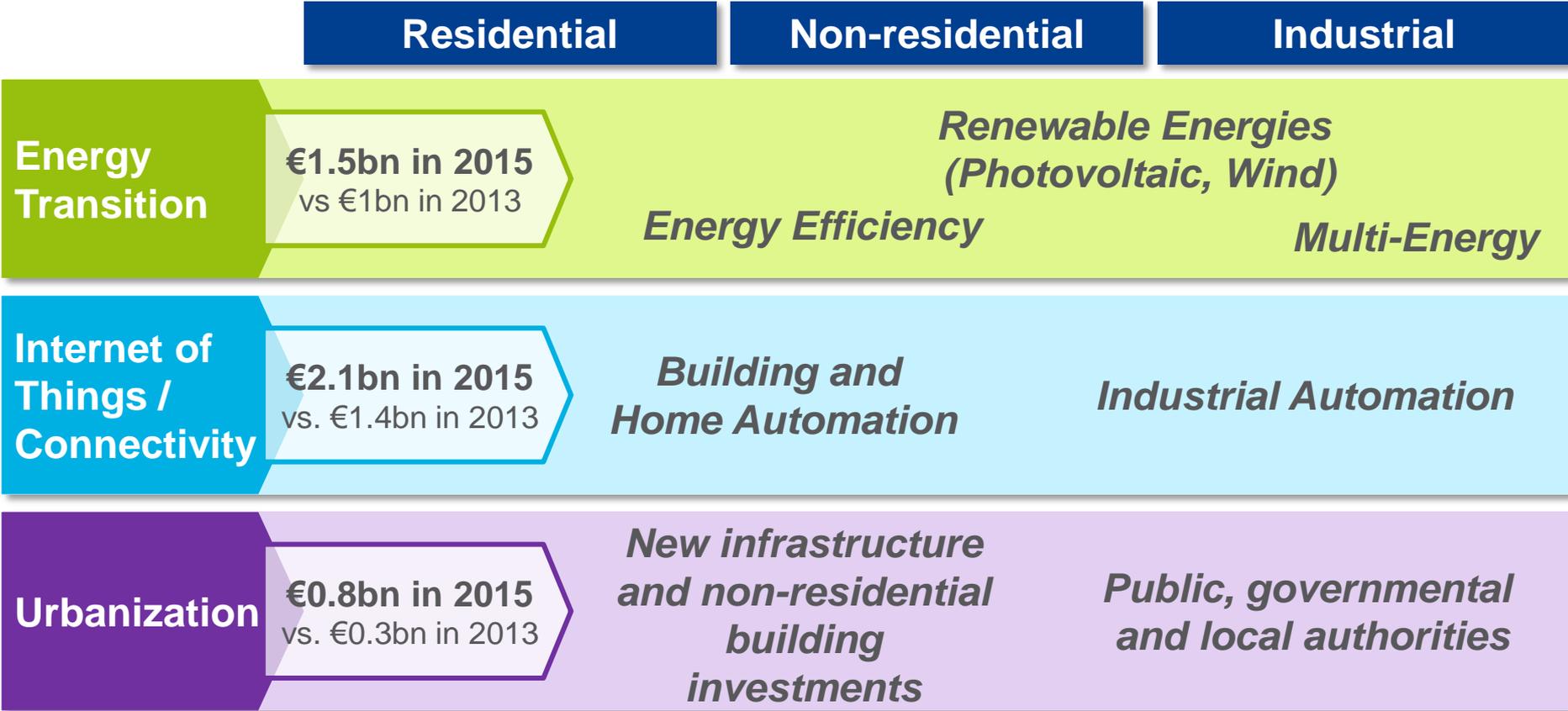


1 For full implementation of countries' submitted pledges for low-carbon development  
2 IDC IoT report  
3 PwC  
Source: IEA / World bank 2015

# New technologies and applications lead to a broad spectrum of innovative products and services

	Residential	Non-residential	Industrial
Energy Transition	<i>Energy Management</i> <i>Building Automation</i>	<i>Renewables</i> <i>Electric Vehicles</i>	<i>Energy Storage</i> <i>Smart grids</i>
Internet of Things / Connectivity	<i>Smart Homes</i> <i>Big Data &amp; Analytics</i> <i>Applications</i>	<i>Security</i> <i>Digital Platforms</i>	<i>IT/OT Convergence</i> <i>Automation</i> <i>Industry 4.0</i>
Urbanization	<i>Megacities</i> <i>New buildings</i>	<i>Infrastructure</i> <i>'Green' buildings</i>	<i>Smart Cities &amp; Communities</i> <i>Emerging markets</i>

# New applications already represent one-third of Rexel's total sales with above-average growth rates



**A strong foundation for future growth**

# Key take-aways



- We are a market leader with a global platform and a strong customer franchise in a balanced mix of end-markets
- We are a strategic partner to suppliers and customers around the world and a key actor in the value chain
- Three major trends are impacting our end-markets: Energy Transition, Internet of Things / Connectivity and Urbanization
- These global trends are creating profitable growth opportunities for Rexel and already account for about a third of our sales with above-average growth rates

# Rexel 2020: Roadmap for Profitable Growth

Building on our leading position to seize growth opportunities

Implementing a differentiating customer-centric strategy

Driving innovation in marketing, digital and operations

Accelerating profitable growth through targeted M&A

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# Our customers: In their own words

REPRESENTATIVE  
SELECTION OF CLIENTS

## Residential

Parkin Electric, Inc



## Non-residential



PELATIS

## Industrial



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# Key take-aways from our customers highlight Rexel's strategic value

## Rexel is strategic to my needs

- *“Rexel provides a total solution for us, they are a one-stop shop”*
- *“... is key to the success of our business”*
- *“... understands our needs, they understand our targets”*
- *“... offers a full range of products and unique range of services in one place”*

## Rexel creates value

- *“Rexel increases our profitability”*
- *“... works together with us to capture value”*
- *“... helps us keep up with innovation”*
- *“... is at the cutting edge of technology”*

## Rexel is part of our future

- *“Rexel was there for us in past years, we expect them to be there in the future”*
- *“... helps us transform from a tactical to a more strategic operation”*
- *“... is instrumental in making us a better company going forward”*
- *“... following us as a strategic partner, as we open up new locations”*

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# Customer-centricity is at the heart of Rexel's value creation strategy (1/2)



- Generalist serving customers through generic Contractors & Installers distribution model

- Branch-centric Over-the-counter customer proximity model (# locations/#visits)
- Transaction-based ERP - sales statistics

- Core activity based on product delivery, technical assistance & commercial support

- **Multi-specialist serving customers through specific Customer Delivery Models designed around end-market requirements**

- **Customer-centric Multi-channel customer intimacy model (#touch points/#interactions)**
- **Behavior-based CRM - predictive analytics**

- **Core activity complemented/extended with value-added marketing / consultative selling / end-to-end project management / managed services / performance contracting/ customized solutions**

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# Customer-centricity is at the heart of Rexel's value creation strategy (2/2)



- Product-based/"push" marketing with supplier-driven Offer Plan
- "One size fits all"/cost-plus pricing focused on re-selling

- Digital as "enabler" - EDI – Web - e-Commerce functionality
- Basic Content Management/ Product Information Management (PIM)

- Local WH – Spoke & Hub physical distribution model
- Standard service delivery

- **Customer segment-focused / "pull" marketing with customer-centric Offer Plan**
- **"Differentiated" / value-added pricing with active up-selling / cross-selling applications**

- **Digital as "differentiator" - Digitally-powered value propositions & software-enabled applications**
- **Advanced Management Data Modeling (MDM) / Building Information Modeling (BIM)**

- **Regional/National DC – integrated logistics platform**
- **Differentiated service delivery**

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# To better serve our customers, we have structured our business around 6 'Customer Delivery Models'

## Residential

### 1 Small and medium Contractor & Installer (C&I)

*One-stop shop for electrical needs*

## Non-residential

### 2 Medium and large C&I and FM companies

*Supply chain solution for electrical sourcing and support in managing complex projects*

## Industrial

### 4 Industrial automation products and solutions provider

*High level of technical support throughout the life-cycle*

### 5 Industrial customers & Maintenance companies

*Integrated MRO supply for cost optimization*

### 3 Electrical Specialist

*Segment specific applications and/or specification-driven solutions*

### 6 Original Equipment Manufacturers (OEMs)

*Comprehensive sourcing and supply chain solutions*

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# Platt is a highly differentiated “one-stop shop” for electrical needs

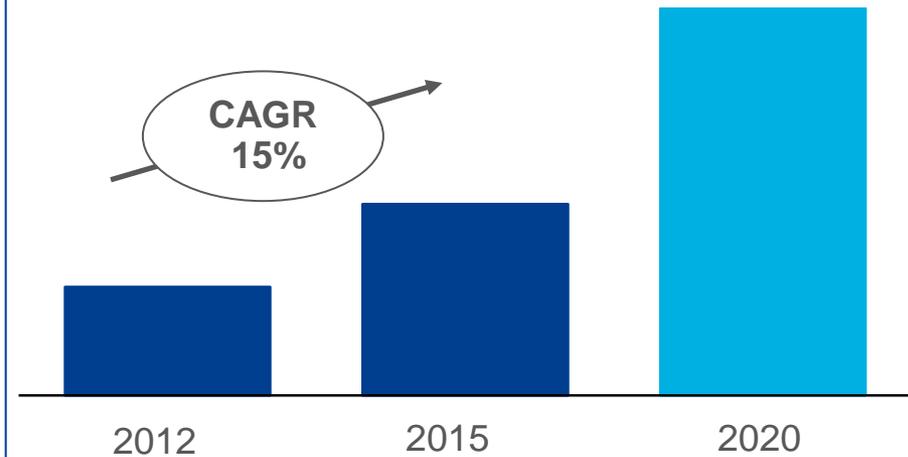


## Value Proposition

Offers a seamless customer experience using digital multi-channel model:

- Focused product & solutions portfolio
- High Accuracy, Repeatability, Scalability, industry’s best fill rates
- ‘Rich’ content (product information, applications, education etc.)

## New customer acquisition



# Marchés Chantiers Infrastructures (MCI) France offers supply chain solutions

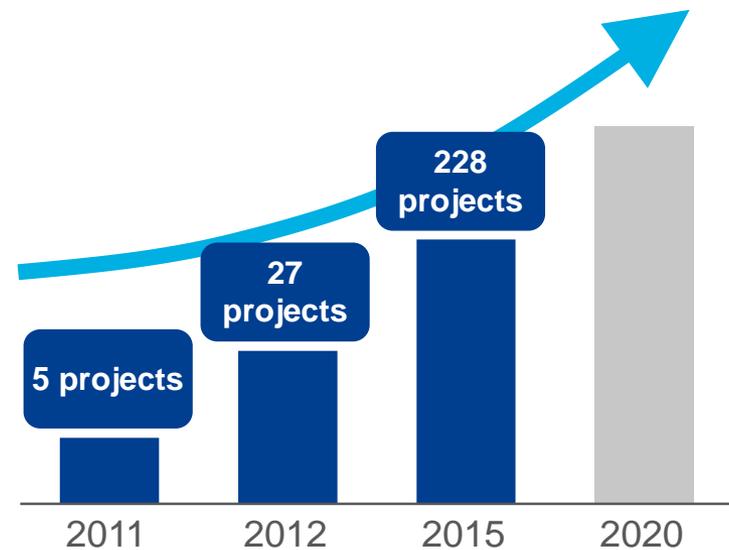


## Value Proposition

Meets the specific needs of Large Contractors & Installers by offering a full range of services:

- Origination, Prescription
- Technical studies
- Sourcing, Procurement & storage
- Ordering & kitting
- On-site storage and delivery

## “Large Projects” sales track record



## MCI France helps customers manage large, complex projects

MCI Project: Tramway Maintenance Facility (Lyon, France)



# Rexel Energy Solutions is a Specialist focused on serving Energy Service Companies (ESCOs)

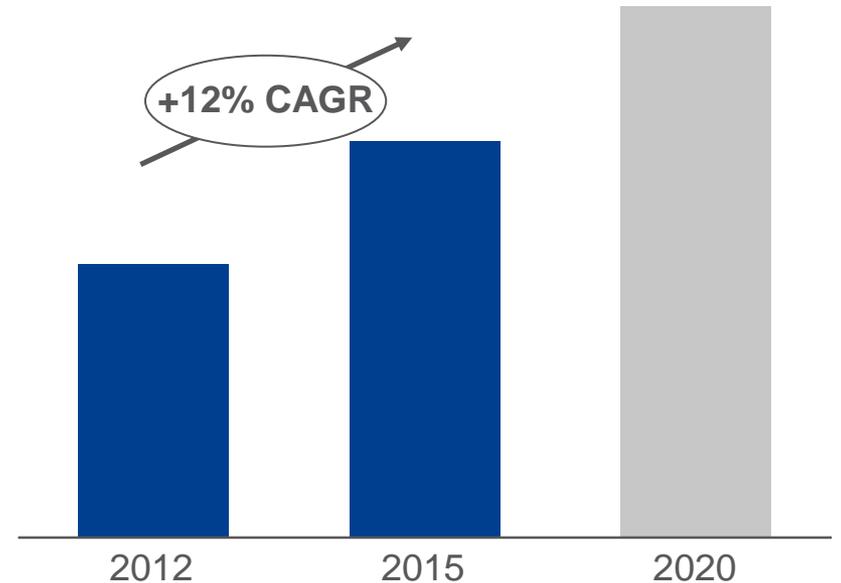


## Value Proposition

‘One-stop shop’ specialty business with dedicated Project Management and national support model (leveraging Rexel network)

- Focused on ESCO Customers to deliver solutions in energy efficiency
- Expertise in forward-pricing to remove uncertainty & risk
- Supports other Rexel Business Units with capabilities in Utility Incentives

## Double-digit sales growth



**Rexel Energy Solutions is driving innovation in energy efficiency and renewables**



# Rexel Automation and Westburne provide Industrial customers turnkey solutions with technical support



INDUSTRIAL  
AUTOMATION

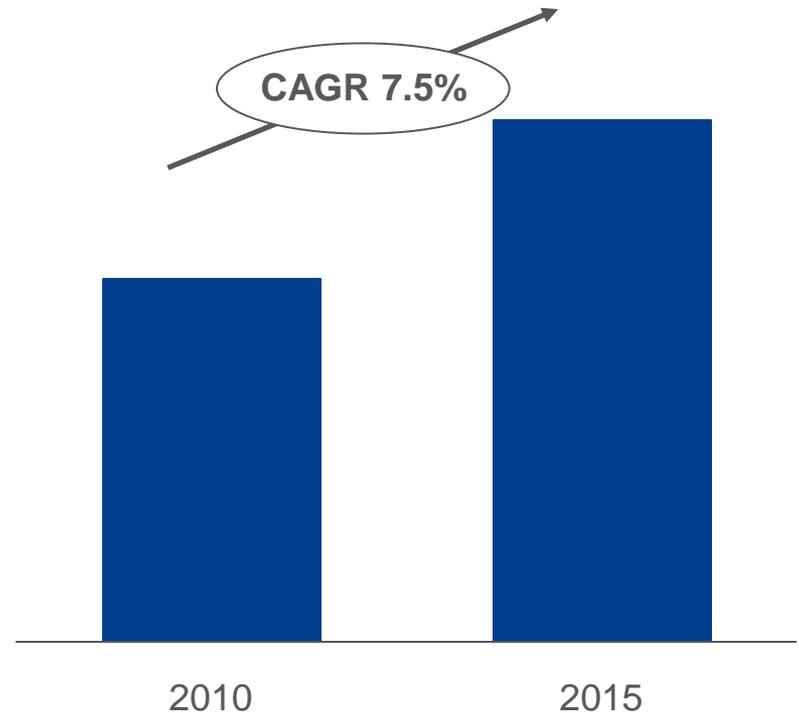


## Value Proposition

Industrial Automation solutions & services with a high degree of technical and application support

- Addresses OEMS, systems integrators, end-users (MRO)
- Delivers lower Total Cost of Ownership (TCO)
- Offers deep experience in specific verticals e.g., Automotive, F&B
- Partnership with Rockwell Automation

## Above industry sales growth



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**Our businesses in Canada and the USA are market leaders in Industrial Automation**

# Gexpro offers industrial customers a deep product range and complete logistics solutions



## Value Proposition

Offers solutions to help build industrial facilities together with construction companies/ installers

- Innovative Energy & Supply Chain solutions focused on lowering Total Cost of Ownership
- Ability to serve customers locally, regionally, and internationally

## Vertical segment expertise

*Industrial*



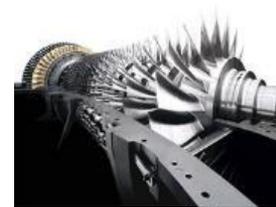
*Metals*



*Oil & Gas*



*OEM/Auto*



*Construction*



**Multi-year contracts with above-average group profitability**

# Gexpro Services offers industrial end-users production line supplies and Just-In-Time on-site delivery



## Value Proposition

Meets the needs of OEMs across a wide range of industries

- Broad C-Part Product Portfolio
- Global Sourcing & Value Engineering
- Strong Quality Management, Lean Process & Technology tools
- Ability to serve customers locally, regionally, and internationally

## Vertical segment expertise



**Multi-year contracts with above-average group profitability**

# Key take-aways



- Rexel is strategic for its customers' current and future needs
- By structuring the business around six 'Customer Delivery Models', Rexel is creating the conditions to accelerate profitable growth through a differentiating approach tailored around distinct market segments
- Customer-centricity is core to Rexel's targeted 'Value-Added Partner' model

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# Innovation in Marketing: Differentiating value propositions for each Customer Delivery Model

## SELECTED EXAMPLES

### Residential

### Non-residential

### Industrial

#### 1 PLATTPLUS



Platt In Motion



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#### 2 Rexel Digital Applications - Esabora



#### 4

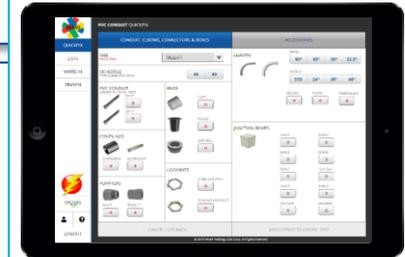
#### Connected factory



Rockwell Automation Westburne CISCO

#### 5

#### Productivity improvement tools



#### 6

#### 3 Energieasy solutions

energeasyretrofit  
by REXEL  
Lighting, Motors

energeasysolar  
by REXEL  
Renewables

energeasyconnect  
by REXEL  
HVAC, electrical vehicle, Motors

energeasyconnect  
by REXEL  
Measure & control

energeasycomfort  
by REXEL  
HVAC

energeasystorage  
by REXEL  
Renewables

energeasydrive  
by REXEL  
Electrical vehicle

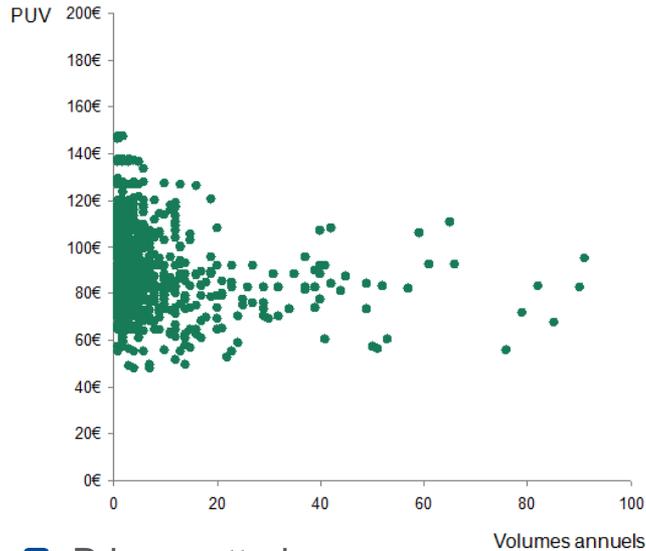
energeasyadvisor  
by REXEL  
Measure & control

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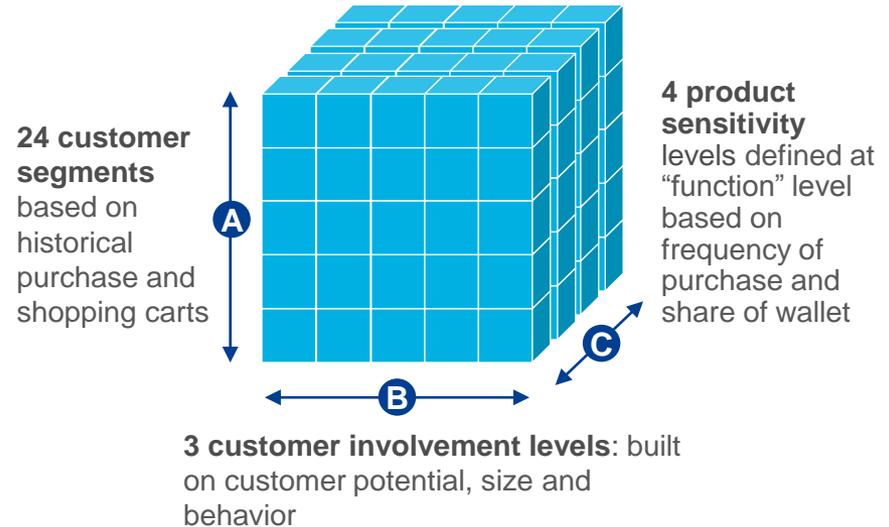
# Innovation in Marketing: Dynamic pricing powered by behavioral customer segmentation

**From:**  
**“One-size fits all”**



- Price scattering
- No segmentation
- No ability to Up-sell, Cross-Sell

**To:**  
**“Customer- & transaction-specific pricing”**



- Value-based pricing: Maximize ‘willingness to pay’
- Multi-axis customer segmentation
- Ability to Up-sell, Cross-Sell

**Increased value per transaction  
 with higher profitability**

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# Innovation through Digital: Customer-centricity based on a digitally-powered Multi-channel model

## Digitally-powered Multi-channel



## Advanced CRM as the engine of an integrated Multi-channel platform

ANVOLIA  
2023298

GC F Nouveau client

Installateurs Electricien  
Généraliste - habitant  
10 à 49 employés

Agence : Nantes - Beaulieu  
TCD : Frédéric Boulay

Comportement client		Relation Client		Alertes et activités	
18 193 € Reste à consommer	Mars 49 605 € Cumul année 165 060 € Taux de marge commerciale 13%	Satisfaction client	12 interactions / mois	Alertes	Historique des appels
Litiges en cours 3	Devis à relancer aujourd'hui 12 Taux de transformation 28%	Intensité relationnelle	78 % CA Canal privilégié	5 ACTIVITES	24 Fev 2013 09h56 LITIGE Décines / Marc Renollet
Litiges	Devis	Commandes	Promotion	1200 pts	24 Fev 2013 08h12 LITIGE Décines / Marc Renollet
Achat/ rapport moyenne segment	Commandes en cours 3 BL mis à disposition la veille 1 BL expédiés la veille 1		- 40% sur l'achat de 2 connecteurs		17 Fev 2013 09h56 COMMANDE Décines / Marc Renollet

Increased number of active customers, touch points and transactions

# Innovation through Digital: Reinventing the branch to offer Digitally-powered services

## Digitally-powered “Mobile Branch”

- Fully equipped vehicle tailored to the needs of installers / electricians
- Core assortment included in the monthly subscription fee



## Digitally-powered “Unmanned Branch”

- “Unmanned branches” located close to the customer / at job sites
- Customized range with guaranteed stock availability



- Digitally powered Multi-Channel capabilities/platform e.g.
  - ▶ Ordering / billing via mobile web-shop
  - ▶ Automated replenishment
  - ▶ Interactive customer support e.g. live chat, customer service center
- End-to-end seamless customer experience

# Innovation in Operations: Logistics capabilities aligned with Customer Delivery Models

# Distribution Centers # Hubs # Branches

Logistics Footprint

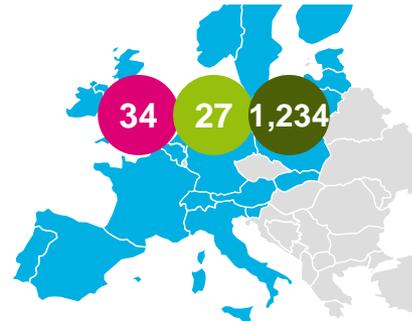
## North America

14 regional DCs o/w 8 multi-banners servicing Rexel US businesses



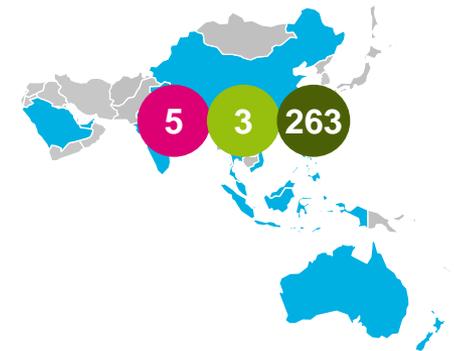
## Europe

Broad-based DC network in place



## Asia Pacific

China: 2 DCs with centrally managed  
Australia: Sydney DC up and running



Operating Model

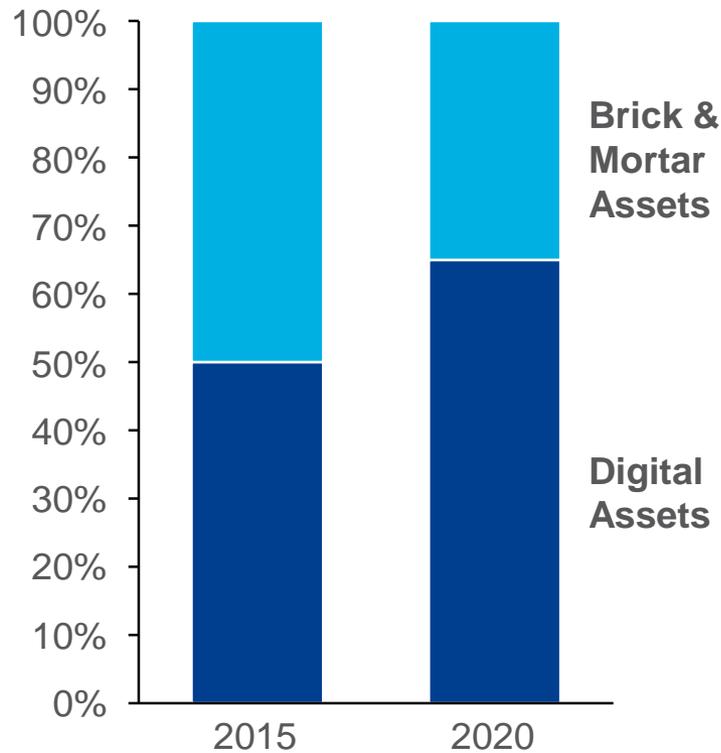
Customer Delivery Model		Small & Medium C&I	Large C&I	Industrials
Product categories	# SKUs	100 – 150k	15 – 20k	20 – 30k industrial + 60k building & construction
	Commonality across geographies	Low	Medium	High
Service level	Availability	Mix of Same Day & Next Day	Mostly Same Day	Mostly Just In Time

# Innovation in operations: Logistics backbone in place to support differentiated services

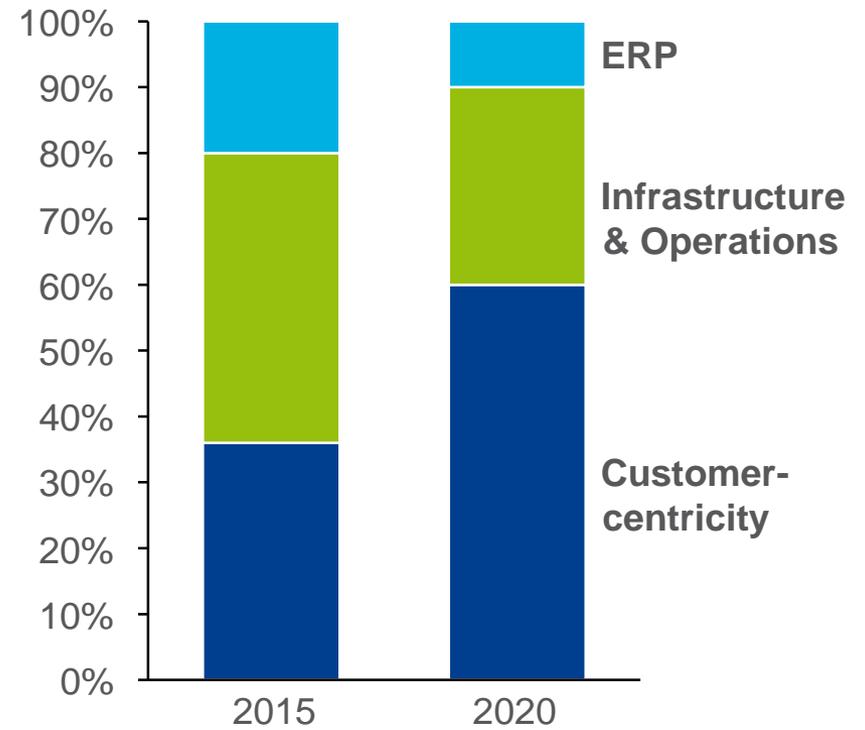


# Investing in innovation: Resource allocation aligned with strategic priorities

## Shift from Brick & Mortar to Digital in Capital Allocation



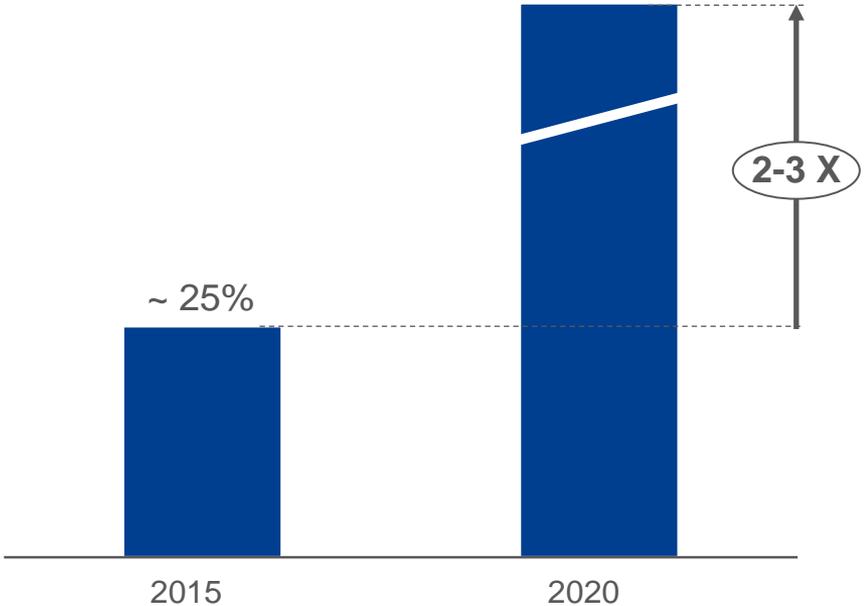
## Customer-centricity platform to represent ~2/3 of Digital investments



# Investing in innovation: Business profile evolution reflecting Multi-channel interaction and digital impact

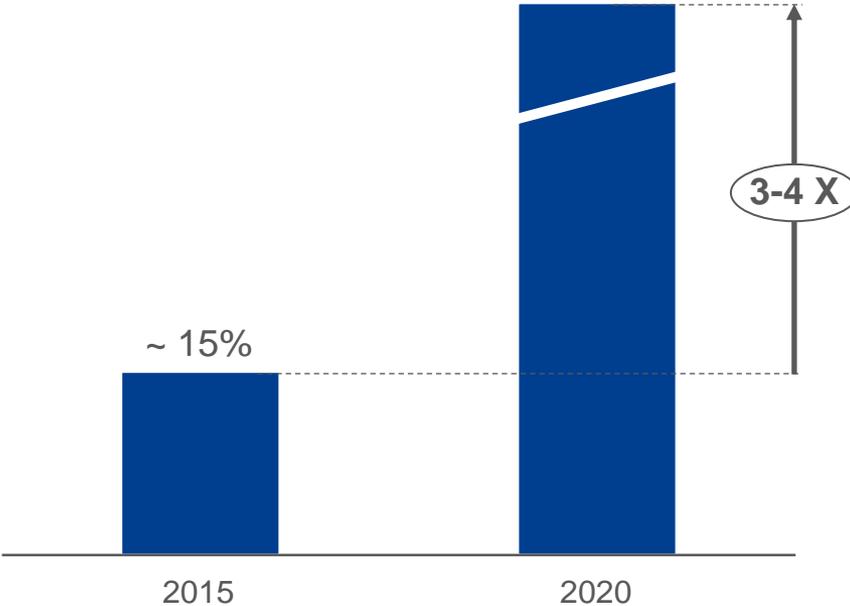
## Strong growth in Connected Multi-Channel customer interactions

Multi-Channel sales to connected customers  
(% of total sales)



## Significant increase of eBusiness in multi-channel context

E-business (Web + EDI)  
(% of total sales)



# Key take-aways



- Customer-centric innovation is essential to drive differentiation as a “Value-Added Partner”
- Rexel is investing in marketing new value propositions, such as the Energeasy range, while strengthening its core capabilities in areas such as value-added pricing
- A digital platform is in place to drive new developments such as Rexel Digital Applications
- In operations, the new backbone allows for differentiating logistics services and drive better customer performance and productivity
- Rexel’s resource allocation and shape of spend are aligned with its targeted business profile

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# We have a successful M&A track record

	<i>2012-2015</i>	<i>2016 to date</i>
<b>Europe</b>	10 acquisitions ~280 M€ Sales	2 acquisitions ~130 M€ Sales
<b>North America</b>	3 acquisitions ~520 M€ Sales	1 acquisition ~25 M€ Sales
<b>Asia Pacific</b>	8 acquisitions ~220 M€ Sales	

**€1.2b acquired sales since 2012 through  
24 acquisitions**

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# Our M&A strategy has two pillars

## ***Strengthen position / leverage scale in core markets***

- Increase market share and reinforce position in core geographies
- Leverage scale and capitalize on synergies

## ***Expand through new growth vectors/adjacencies***

- Position Rexel for the future by investing in new growth areas/capabilities
- Enter/grow attractive adjacent markets with strong accretive value potential

# We have strict M&A criteria in place

## Quantitative criteria

- Above average market growth profile and potential
- IRR close or above 10%
- EPS accretion in less than 24 months

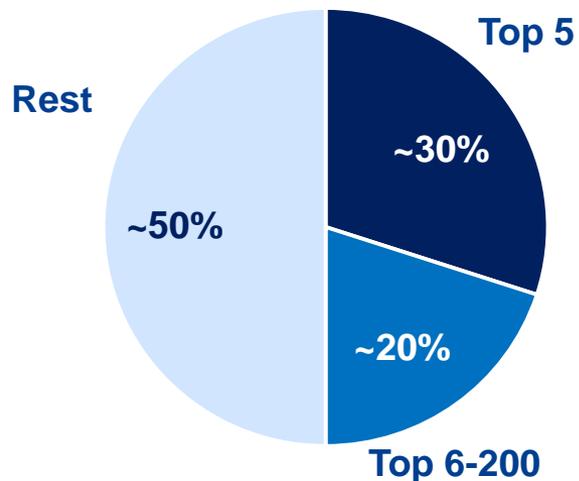
## Qualitative criteria

- Strategic fit and alignment
- Accretive in terms of capabilities and talent
- Adequate country risk profile

# The acquisition of Brohl & Appell (USA) confirms our ability to drive consolidation in the US market

## USA market opportunity

Large ~US\$87B fragmented market:  
opportunity to accelerate consolidation



Current pipeline of >50 potential targets  
(> €9bn sales)

## Acquisition of Brohl & Appell (US, Q1 2016)

- Rockwell Distributor offering Industrial Automation and MRO solutions
- ~ €25m Sales (2015), EBITDA accretive
- Founded in 1889, HQ in Sandusky, Ohio
- 60 FTEs, 7 locations in Ohio



Rexel sales in Industrial Automation  
USA: ~ €390m<sup>1</sup>

# Recent acquisitions in Europe demonstrate our ability to build a multi-specialist portfolio

## Security: Acquisition of Cordia (France, Q1 2016)

- Leading specialist in distribution fire security solutions
- €12m Sales (2015), EBITDA accretive
- Differentiated model & value proposition
- Solutions in Fire Alarms, training, home protection, sign, technical alarm, smoke extraction, protection equipment



**Rexel sales in Security:**  
~ €70m<sup>1</sup>

## Multi-energy: Acquisition of Sofinther (France, Q1 2016)

- Leading specialist in HVAC/Heating & Plumbing solutions dedicated to the tertiary market
- €115m Sales (2015), EBITDA accretive
- 1 DC, 24 branches, 217 FTEs
- Doubles Rexel's multi-energy sales in France (double-digit growth since 2012)



**Rexel sales in Multi-Energy:**  
~ €200m<sup>1</sup>

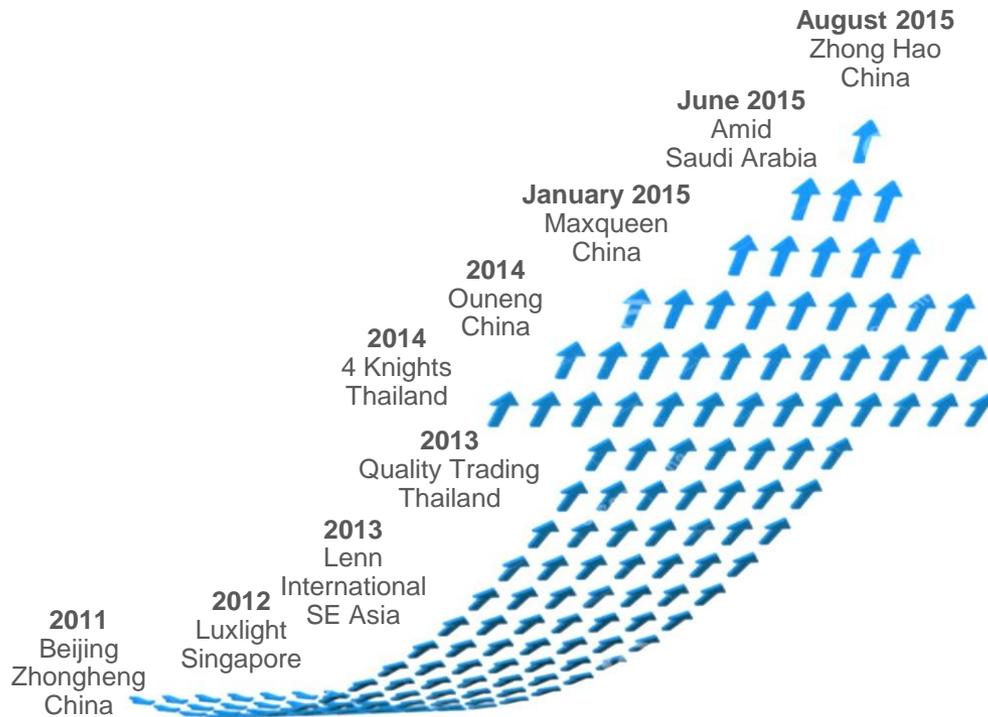
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1 Post-acquisition

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# In APAC, we are building a platform for growth

## APAC M&A history



## Shanghai Maxqueen China (2015)

- Leading distributor of Building Automation systems and Datacom services
- Sales: c. €20m in 2014, EBITDA accretive
- FTEs: c. 130
- Enter datacenter market while strengthening Rexel Building Automation in China
- Address Non-Residential end-market

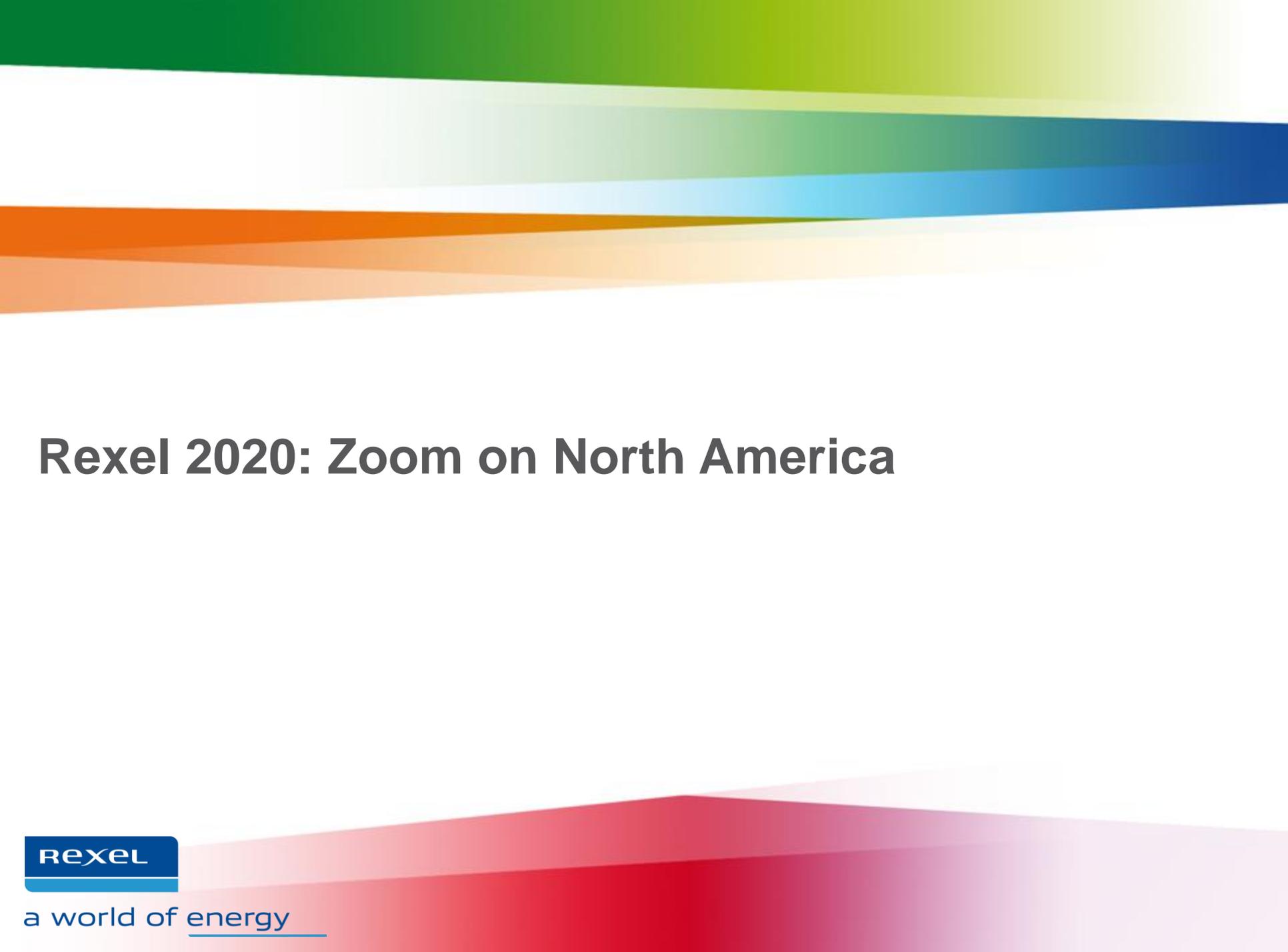
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# Key take-aways



- Track record of accelerated growth through M&A: €1.2bn acquired sales since 2012
- Our M&A strategy has two pillars: strengthen position in core markets and pursue new growth vectors / adjacencies
- Rexel has a strong M&A pipeline to boost future growth



# Rexel 2020: Zoom on North America

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# North America at a glance: Facts and figures

## Rexel's presence



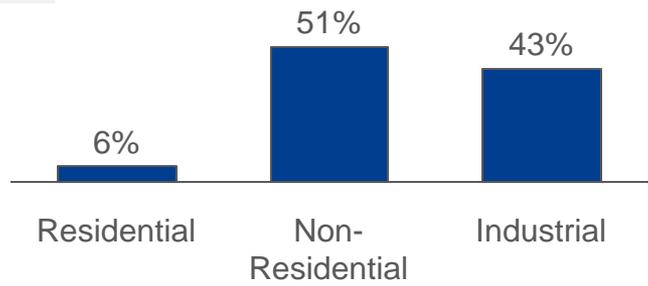
### 2015 market ranking:

- # 1 or 2
- # 3 or # 4
- other

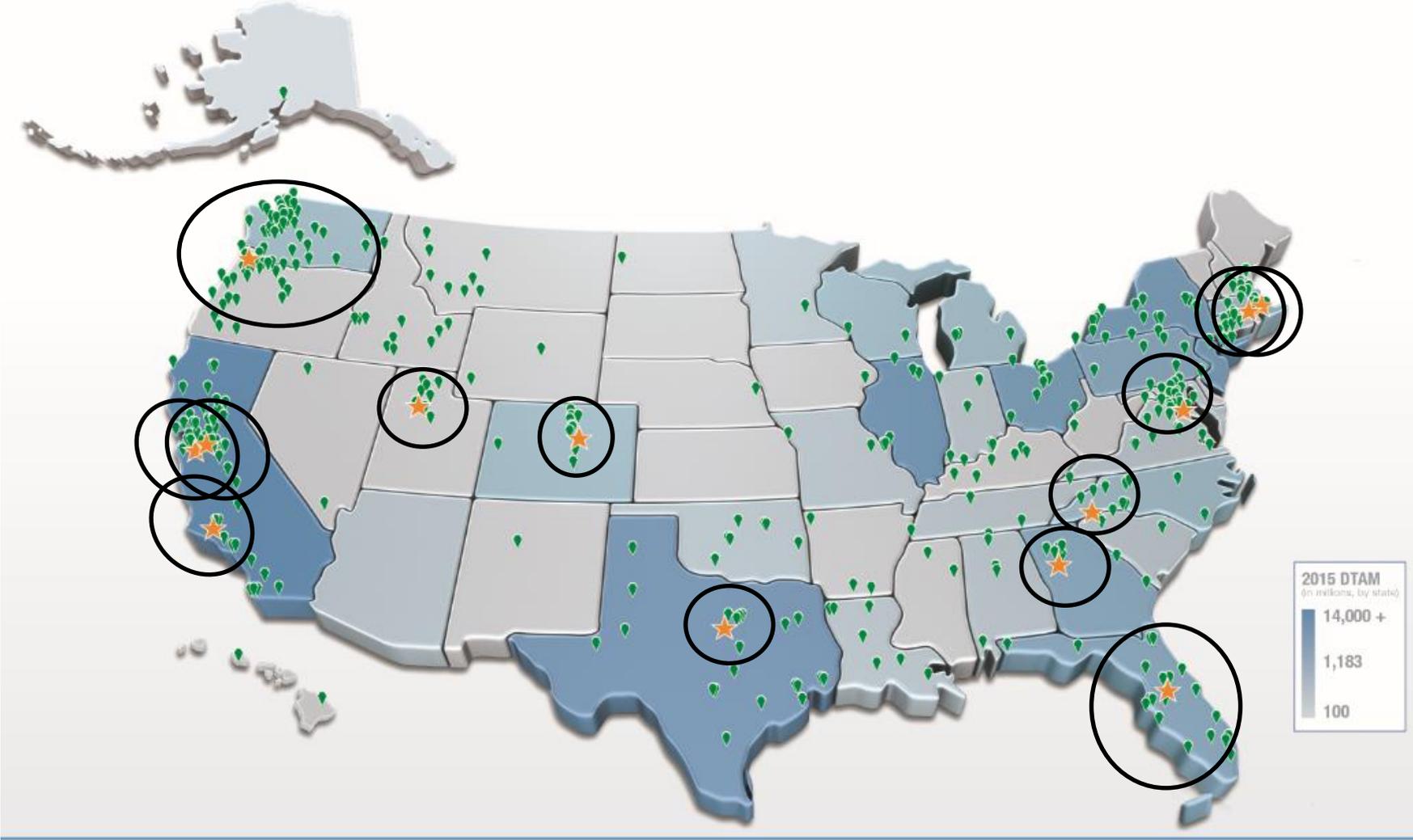
## Key figures

2015 Adj.	TOTAL	Sales (€bn)	
Sales (€bn)	4.9	USA	3.8
Locations	567	CAN	1.1
DCs and hubs	46		
Employees	8,202		
Customers	208,000		
TOP 25 suppliers	64% of spend		

## By end-users



# We have reorganized our operations in the USA to target the most attractive markets



# We have completed our ERP and logistics transformation program

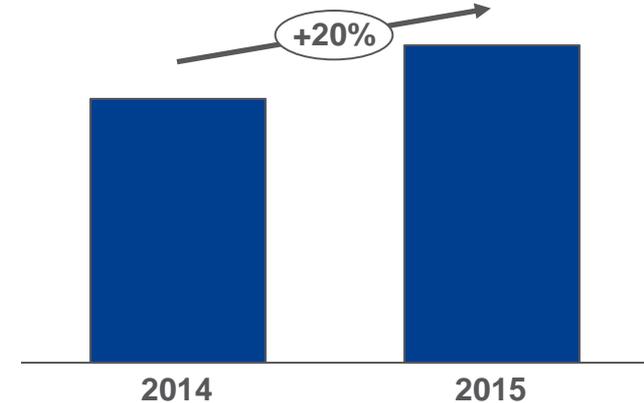
## IT / ERP rationalization

- USA IT / ERP implementation completed
- Improved sales efficiency
- Improved customer service levels
- Reduced cost structure
- Enabler for M&A

## Logistics reorganization

	2013	2014	2015
Rexel USA DC Network	6	11	13

### Productivity improvement (Line Man Days)



# Customer-centricity at work in North America (1/2)



- Generalist serving customers through generic Contractors & Installers distribution model

- Branch-centric Over-the-counter customer proximity model (# locations/#visits)
- Transaction-based ERP - sales statistics

- Core activity based on product delivery, technical assistance & commercial support

- **Multi-specialist serving customers through specific Customer Delivery Models designed around end-market requirements**

- **Customer-centric Multi-channel customer intimacy model (#touch points/#interactions)**
- **Behavior-based CRM - predictive analytics**

- **Core activity complemented/extended with value-added marketing / consultative selling / end-to-end project management / managed services / performance contracting/ customized solutions**

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# Customer-centricity at work in North America (2/2)



- Product-based/"push" marketing with supplier-driven Offer Plan
- "One size fits all"/cost-plus pricing focused on re-selling

- Digital as "enabler" - EDI – Web - e-Commerce functionality
- Basic Content Management/ Product Information Management (PIM)

- Local WH – Spoke & Hub physical distribution model
- Standard service delivery

- **Customer segment-focused / "pull" marketing with customer-centric Offer Plan**
- **"Differentiated" / value-added pricing with active up-selling / cross-selling applications**

- **Digital as "differentiator" - Digitally-powered value propositions & software-enabled applications**
- **Advanced Management Data Modeling (MDM) / Building Information Modeling (BIM)**

- **Regional / National DC – integrated logistics platform**
- **Differentiated service delivery**



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# We have implemented a Customer-centric approach across the North American region

## Residential

## Non-residential

## Industrial

1 Small and medium Contractor & Installer (C&I)



2 Medium and large C&I and FM companies



4 Industrial automation products and solutions provider



5 Industrial customers & Maintenance companies



3 Electrical Specialist



6 Original Equipment Manufacturers (OEMs)



# Platt is a successful business model to be expanded across the United States



## Value Proposition

Offers a seamless customer experience using digital multi-channel model:

- High Accuracy, Repeatability, Scalability, with industry's best fill rates
- Focused product & solutions portfolio
- Breadth and depth of content (product information, applications, education)

## Platform for Expansion

### PLATT Locations



# Rexel C&I focuses on medium to large customers across the United States



## Value Proposition

A project management leader and an information and technology partner focused on medium to large customers:

- Job management, Inventory Management, Training & Support, Labor saving solutions
- Restructured management team, resources aligned with most attractive market opportunities

## Opportunity for Growth



# Capitol Light is market leader specializing in Energy Efficiency and Lighting solutions for national Retailers

## Value Proposition

- Full-Service National Lighting Solution
  - ▶ Store Design & Layout
  - ▶ New Construction – Project Management
  - ▶ Lamp Replacement
  - ▶ Lighting & Electrical Maintenance Services
  - ▶ Turnkey Remodels/Retrofits
  - ▶ LEED Accredited
- Growth Opportunities
  - ▶ Customer expansion into Hotels, Restaurants, Financial Institutions, Grocery Stores
  - ▶ Product expansion
  - ▶ Expand outside the USA



## Unique Customer Franchise



Shipping to over 9,000 stores annually  
Maintaining over 30,000 outlets  
Servicing over 250 retail brands

# Rexel Automation Solutions and Westburne are leading the charge in the Connected Factory



INDUSTRIAL  
AUTOMATION



## Value Proposition

### Differentiated Offerings

- Industrial Automation solutions
- Construction, retrofit and MRO
- Software and service
- Systems integration
- Limited distribution model

### Growth Opportunities

- Connected Factory Industrial IOT
- Safety and Security
- Expanded pull through products
- Product expansion in Industrial end-market

## Example: Connected Factory

**Lighting**

Westburne LIGHTING SOLUTIONS

**Process**

Westburne AUTHORIZED DISTRIBUTOR

**Energy**

Westburne ENERGY SOLUTIONS

**Connected Network**

CISCO



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# Gexpro's differentiated proposition allows us to support major construction projects



## Value Proposition

Build large non-residential / industrial facilities together with construction companies / installers

### Products

- Lighting, installation equipment, wire & conduits

### Differentiated Services & Solutions

- Stage and ship fixtures, PreFab services
- Many proprietary innovations to increase labor productivity e.g., Gexpro 'GoCarts', 'QuickPix'

## Example: SF 49ers Stadium Project

- New National Football League (NFL) stadium
- \$13M contract awarded to Gexpro
- Differentiated service offerings enabled us to win the project



# Gexpro Services offers industrial end-users production line supplies and Just-In-Time on-site delivery



## Value Proposition: "Stay in the plant"

Meets the needs of OEMs across a wide range of industries

- Broad C-Part Product Portfolio
- Global Sourcing & Value Engineering
- Customized Supply Chain Management Programs
- Strong Quality Management, Lean Process and Technology tools
- Ability to serve customers locally, regionally, and internationally

## Example: Global Power Generation Manufacturer

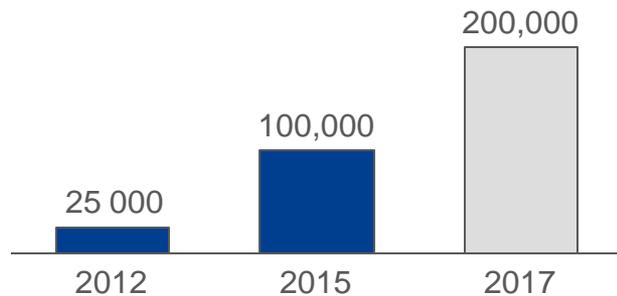
- 8 manufacturing sites worldwide, 5 in North America
- Gas Turbine, Steam Turbine, Generator & Aeroderivatives
- \$50m annual sales



# Customer-centric innovation: North America is combining forces to develop a comprehensive product database

## 100,000 SKUs with rich content to be doubled by 2017

# of SKUs with enriched data



### Dimensions of 'rich content'

- Pictures & graphics
- Video
- Attributes
- Cutsheets
- Associated items
- Application

## Detailed customer intelligence collected and leveraged for CRM

### Key metrics:

- New Customer Purchase frequency
- SKUs purchased / stopped purchasing
- SKUs purchased by similar customers
- Activities by Customer
- Contracts by Customer
- Last time customer logged on
- Last time customer purchased

### Advanced CRM driving business outcomes:

1. Growth in number of active customers
2. Increase in sales volume

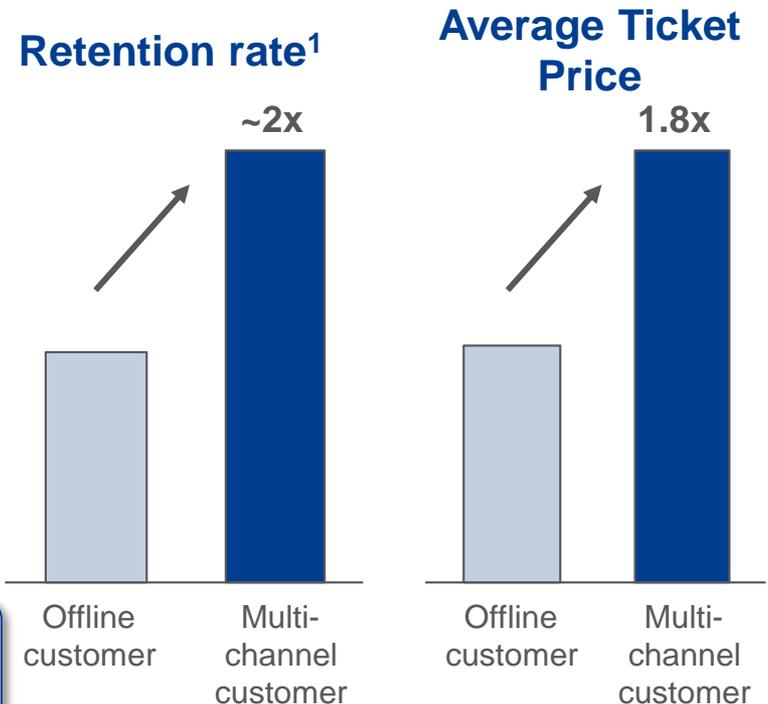
# Customer-centric innovation: Platt's digitally powered multichannel model drives high returns



## “PLATT Plus” Multi-Channel Offering

- Great customer experience e.g., easy ordering, search & personalization, rich content availability & downloads
- Instant ‘Live Chat’ with Product Specialists, multiple support options
- Services enable customers to increase profitability

## Proof Points



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1. New customers in last 2 years who purchased min twice

# Customer-centric innovation: Gexpro's QuickPix solution offers a paperless jobsite for installers



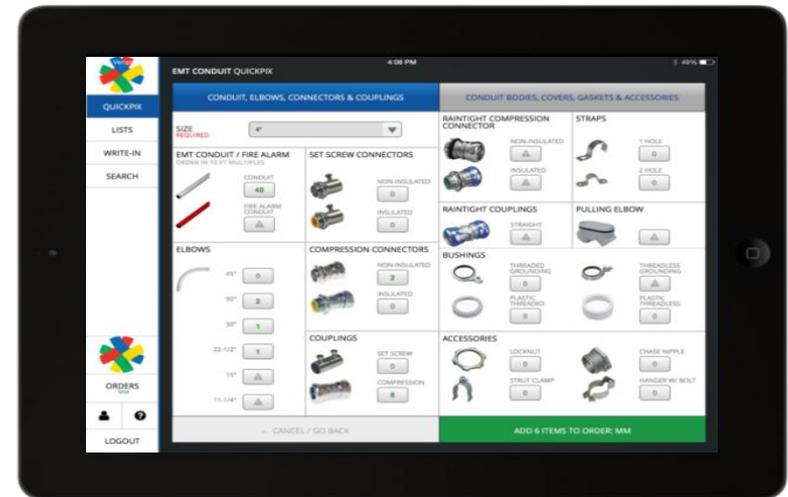
## Value Proposition

- 'Paperless ordering that works like you do'
- Allows contractors to order material from the job site via mobile or tablet:
  - Reduced errors & inventory
  - BIM technology allows Gexpro to price and stock material in advance for lower material cost and better fill rates



## Benefits

- Savings of up to 30% on labor costs
- Eliminates 3 costly key punch-steps



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# Customer-centric innovation: Gexpro's GoCarts solution optimizes onsite materials handling



## Value Proposition

- 'Efficiency in a box, on wheels': a turn-key solution
- Provides a customer with the precise amount of material required
- Dramatically reduces installation labor costs, eliminates over-ordering, and keeps it all secure



## Benefits

- Brings significant labor and productivity savings by up to 23%

From:



To:



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# North America: A solid foundation for profitable growth



- North America: \$87B market → Rexel NA poised for profitable growth
- Strong #2 position in Canada with 24% market share and a #4 position in the fragmented USA Electrical Distribution market
- Recent realignment of Management Team and Go-to-Market approach around the 6 Customer Delivery Models enable improved resource allocation to focus on the most attractive growth opportunities
- USA ERP implementation & Logistics Network Optimization completed in 2015
- We will accelerate profitable growth through targeted M&A





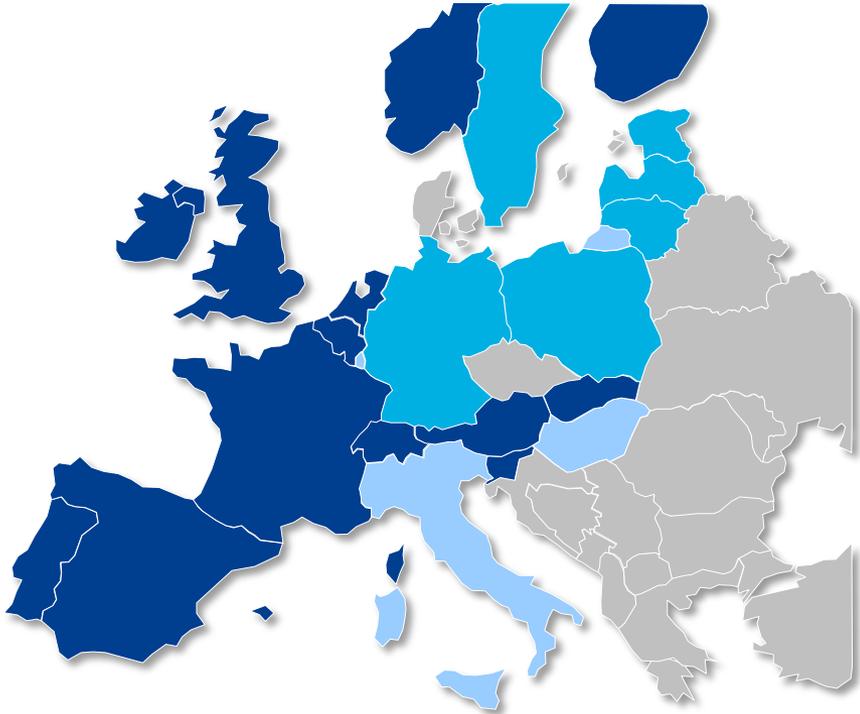
# Rexel 2020: Zoom on Europe

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# Europe at a glance: Facts and figures

## Rexel's presence



2015 market ranking:

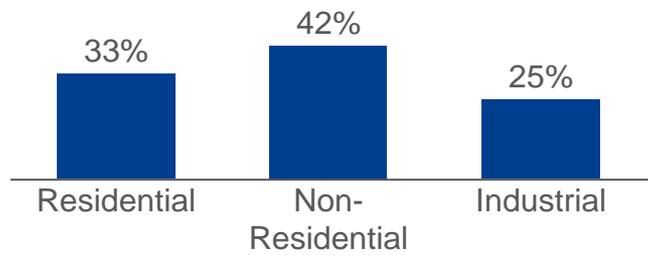
■ # 1 or 2   
 ■ # 3 or # 4   
 ■ other

## Key Figures

2015 Adj.	TOTAL
Sales (€bn)	<b>7.3</b>
Locations	<b>1,234</b>
DCs and hubs	<b>61</b>
Employees	<b>16,100</b>
Customers	<b>436,200</b>
TOP 25 suppliers	<b>50%</b> of spend

	Sales (€bn)	Locations
FRA	2.3	445
UK	1.1	362
GER	0.8	61
CHE	0.5	10
SWE	0.4	58
AUT	0.3	13
BEL	0.3	36
NOR	0.3	14
NLD	0.2	19
ESP	0.3	57
Others	0.8	159

## By end-users



# Customer-centricity at work in Europe (1/2)



- Generalist serving customers through generic Contractors & Installers distribution model

- Branch-centric Over-the-counter customer proximity model (# locations/#visits)
- Transaction-based ERP - sales statistics

- Core activity based on product delivery, technical assistance & commercial support

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# Customer-centricity at work in Europe (2/2)



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- "One size fits all"/cost-plus pricing focused on re-selling

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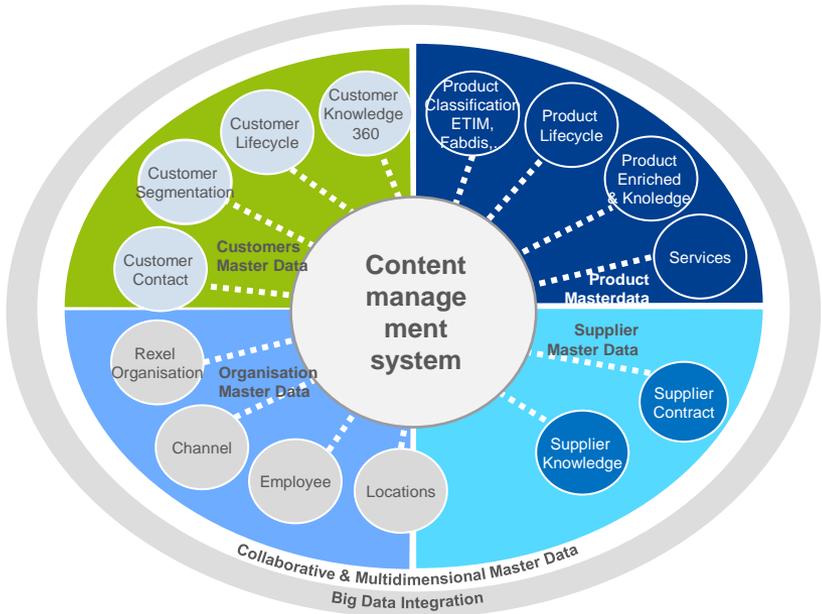
- **Regional / National DC – integrated logistics platform**
- **Differentiated service delivery**

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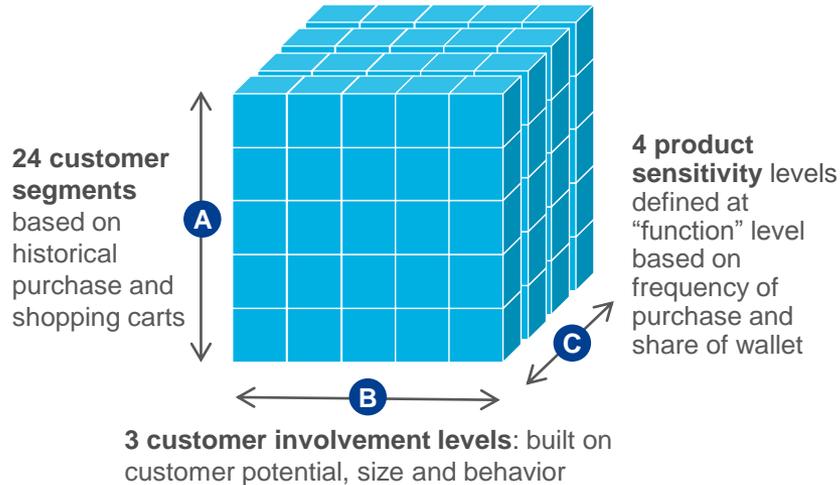
# Customer-centric innovation: Turning transactional data into unique customer insights

## Rexel Content Management System



**Faster growth with connected customers**

## Rexel Pricing System



**Above average gross margin realization**

# Customer-centric innovation: Digital services and applications to enhance profitable growth

## Rexel CRM

**ANVOLIA**  
2023298

Installeurs Electricien  
Généraliste - habitat  
10 à 49 employés

Agence : Nantes Beauvieu  
TG : Frédéric Doulay

**Comportement client**

- Reste à consommer: 18 193 €
- CA: 49 605 €
- Cumul année: 165 060 €
- Taux de marge commerciale: 13%
- Litiges en cours: 3
- Litiges: 3
- Devis à renvoyer aujourd'hui: 12
- Taux de transformation: 28%
- Commandes en cours: 3
- BL mis à disposition la veille: 1
- BL expédiés la veille: 1
- Achat / rapport moyenne segment: 1

**Relation Client**

- Satisfaction client: Bo
- Interactions / mois: 12
- Intensité relationnelle
- Canal privilégié: www

**Alertes et activités**

- Historique des appels:
  - 24 Feb 2013 09h56 LITIGE
  - Décines / Marc Renollet
  - 24 Feb 2013 09h12 LITIGE
  - Décines / Marc Renollet
  - 17 Feb 2013 09h56 COMMANDE
  - Décines / Marc Renollet
- Promotion: 1200 pts
- 40% sur l'achat de 2 convecteurs

**Above average increase in # active customers and turnover share growth**

## Rexel Digital Applications

### Vesta



- Sales-support tool with configurators
- Catalogues & 3D Videos

### Schéma



- Design and conception tool
- Compliance verification
- Distribution Board Design

### Gestion



- 'Manage my business' ERP-in-a-box

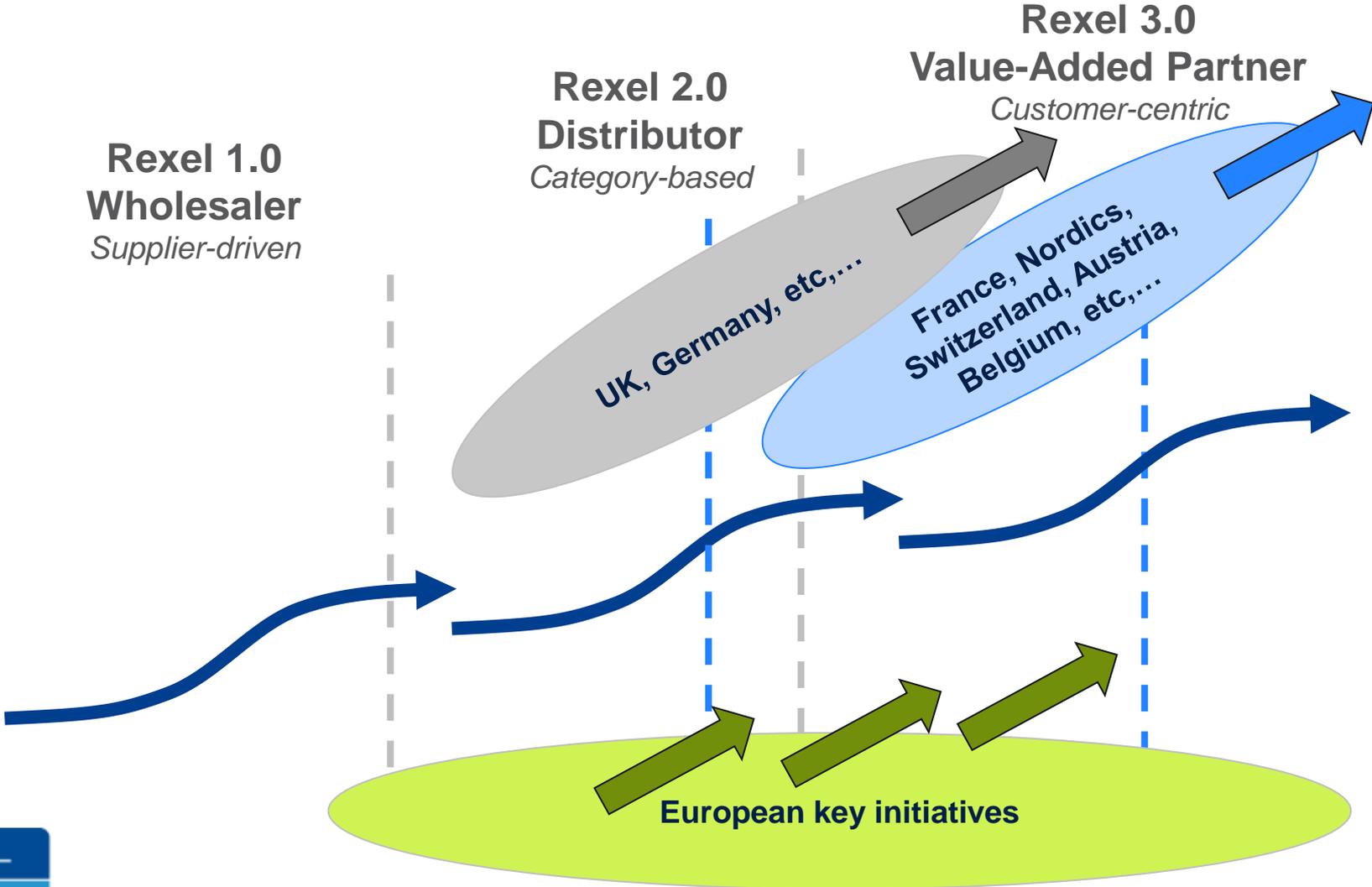
### Tarif



- Product Search Engine
- Up to Date Prices & availability

- **3.5 X more efficient customer acquisition**
  - ~25% more sales after 18 months

# Customer-centricity at work in Europe: Accelerating for higher return and impact



# Europe: Executing country-specific roadmaps

## France



- #1 position
- ~34% market share
- 445 branches
- Resi ~33%, Non-Resi ~40%, Industrial ~27%
- New General Manager in place, strong management team
- Focus on nurturing our leadership position and leading in driving customer centricity
- **Implementing fully-fledged digitally powered multi-channel model; all Customer Delivery Models in place**
- State-of-the art DC-based logistics platform
- IT architecture in place, digital capability building on track

## UK



- #2 position
- ~23% market share
- 362 branches
- Resi ~24%, Non-Resi ~64%, Industrial ~12%
- Solid management team, new HQ in Birmingham
- Focus on Industrial expansion while capitalizing on strong Non-Resi position
- **Evolving from Multi-Banner to a Customer Delivery Model-based go-to-market structure; accelerating transformation**
- Adequate DC-based logistics footprint
- New ERP backbone in place, digital capability building ongoing

## Germany



- #3 position
- ~10% market share
- 61 branches
- Resi ~29%, Non-Resi ~37%, Industrial ~34%
- New General Manager and new management team in place
- Focus on strengthening Resi & Non-Resi C&I while capitalizing on strong Industrial position
- **Streamlining go-to-market structure for higher commercial effectiveness and cost & asset productivity**
- Maisach DC up and running, operational excellence improvement plan in place
- Stable ERP, successful launch rexel.com e-business platform

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# Europe: Leveraging regional capabilities for more economies of scope and scale



# Europe: Significant potential for profitable growth



- A strong platform for profitable growth with c. 450,000 active customers and a balanced customer mix
- The European regional model allows to build a platform for economies of scale and scope while driving synergies and best practices in order to allocate resources to accelerate the evolution towards a customer centric Value-Added Partner positioning
- We are seizing new growth opportunities such as Multi-Energy, Industrial MRO and new innovative, digitally powered solutions for Contractors and Installers
- We will accelerate profitable growth through targeted M&A



# Rexel 2020: Zoom on Asia Pacific

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# Asia Pacific at a glance: Facts and figures

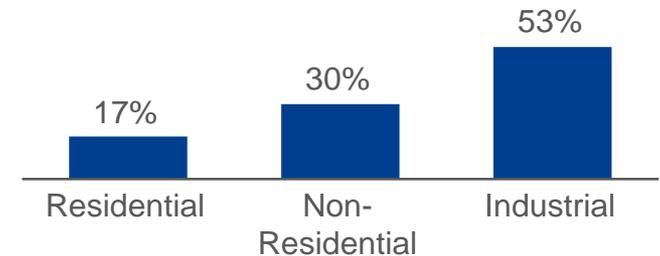
## Rexel's presence



## Key figures

2015 Adj.	TOTAL		Sales (€bn)	Locations
Sales (€bn)	1,350	AUS	510	150
Locations	263	CHN	499	41
DCs and hubs	8	SEA	163	17
Employees	3,136	NZL	122	47
Customers	72,200	IND	29	5
TOP 25 suppliers	68% of spend	Middle East	27	3

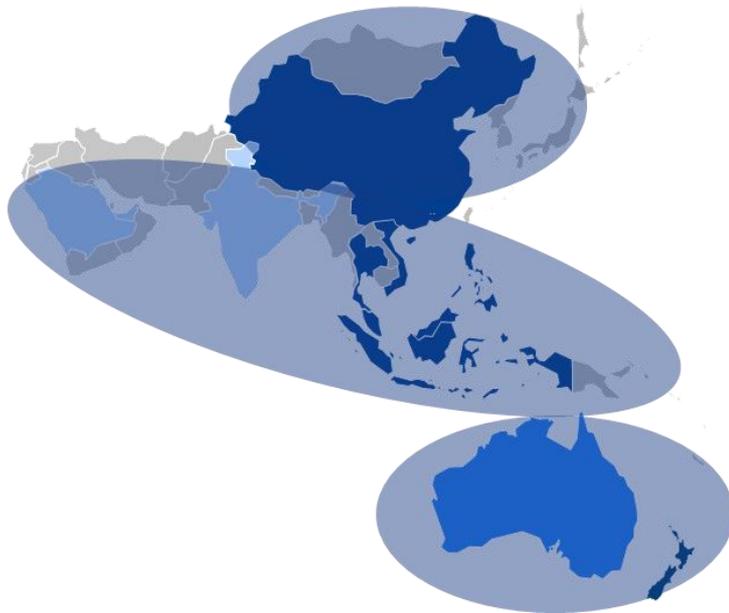
## By end-users



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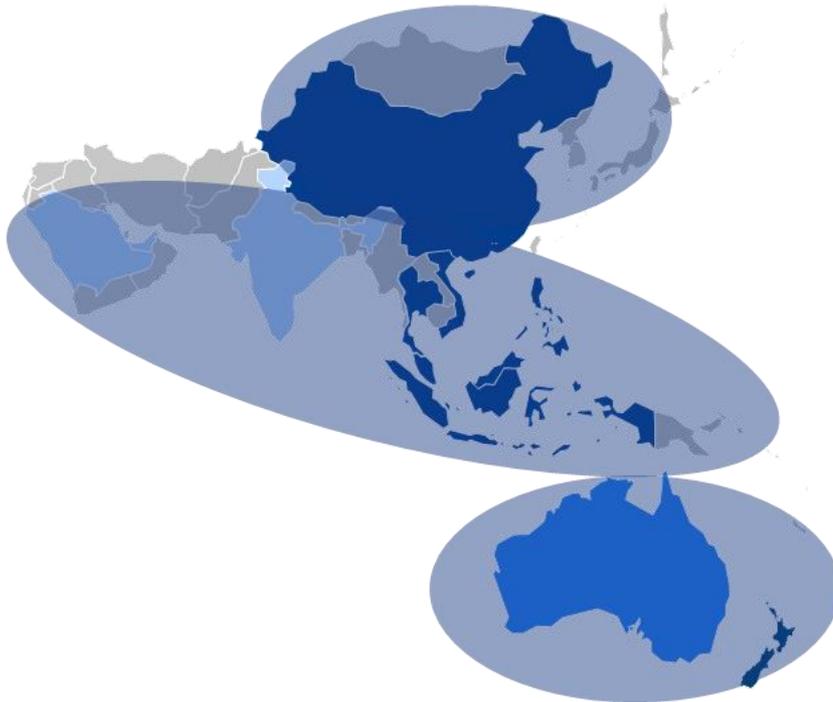
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# Asia Pacific: Strategy aligned with market needs



<b>China</b>	<ul style="list-style-type: none"><li>■ Productivity</li><li>■ Energy efficiency</li><li>■ Pollution control</li><li>■ Infrastructure</li></ul>	<b><i>Automation &amp; Energy Efficiency Solutions</i></b>
<b>South East Asia Middle East India</b>	<ul style="list-style-type: none"><li>■ Large and young populations</li><li>■ Mega projects; hospitality, power generation, industrial</li></ul>	<b><i>Acquire/open new locations in partnership with key vendor partners</i></b>
<b>Pacific (Australia, New Zealand)</b>	<ul style="list-style-type: none"><li>■ Mature markets</li><li>■ Immigration driven housing</li><li>■ Energy efficiency</li><li>■ Industrial productivity</li></ul>	<b><i>Acquire Small to Medium-size customers via service and capability offering</i></b>

# Asia Pacific: Differentiated roadmap by sub-region



## Differentiated roadmap by sub-region

### China

- Value added industrial solutions
- High-end lighting
- Data/intelligent building solutions

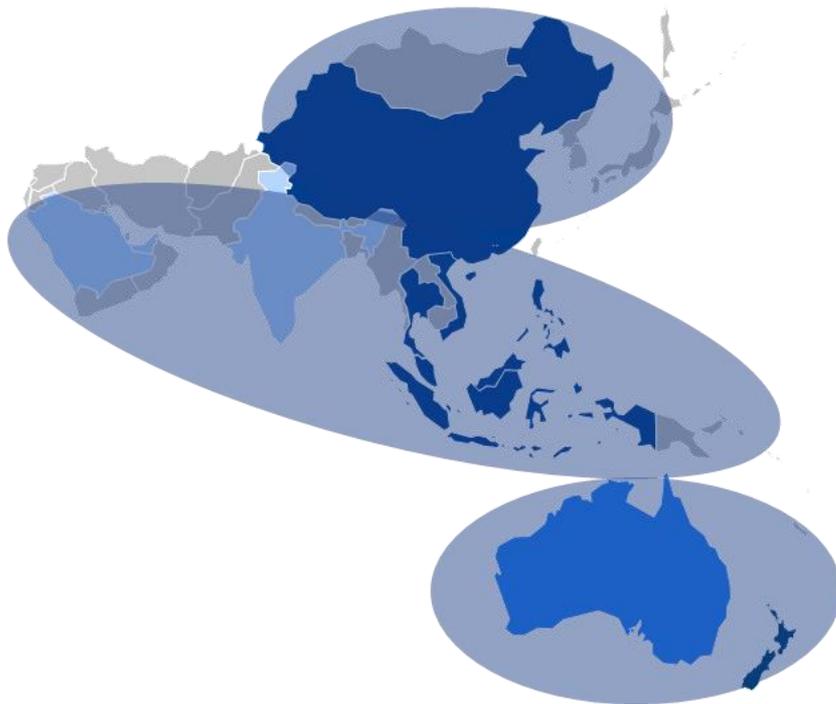
### South East Asia Middle East India

- High-end lighting
- Power Generation
- Oil & Gas

### Pacific (Australia, New Zealand)

- Service level and market leader for Small and Medium C&I
- Industrial solutions

# Asia Pacific: Building marketing, digital and operational capabilities



## Platform for growth

### China

- Single IT system
- Distribution centers
- Shared service center
- E-commerce

### South East Asia Middle East India

- ERP consolidation & investment

### Pacific (Australia, New Zealand)

- Distribution centers
- MDM/e-capability development

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# Asia Pacific: A platform to drive profitable growth



- Strategy is aligned with market needs
- We have a differentiated roadmap by sub-region
- We are leveraging marketing, digital and operational capabilities
- We will continue to pursue bolt-on acquisitions in line with our M&A criteria



# Rexel 2020: Financial Ambitions

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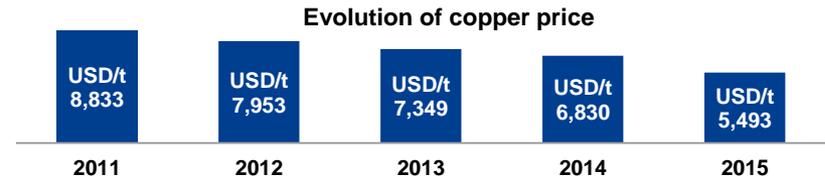
# Rexel is targeting organic sales outperforming the market

## ■ In recent years, our environment has become more challenging

- ▶ Less price inflation on products excl. cables (c. 85% of Rexel's sales) since 2013



- ▶ Lower copper prices impacting cables sales (c. 15% of Rexel's sales) since 2011



- ▶ Uncertain/Volatile macro-economic environment in many geographies, including low level of construction in many countries

- Even if 2016 is expected to remain a challenging year, our ambition is to outperform the market, with annual organic sales growth of between 1% and 2%, on average over the five-year period, on a constant and same-day basis

- This ambition is conditional upon an economic recovery materializing over the five-year period

**Above-market organic sales growth**

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# Rexel is targeting EBITA growth at twice the rate of sales growth

## ■ Taking into account the...

- ▶ Continued efforts to protect gross margin
- ▶ Relentless focus on cost productivity
- ▶ Impact of restructuring programs
- ▶ Return on investment from business transformation initiatives
- ▶ Turnaround in profitability in some countries

**Our adjusted EBITA<sup>1</sup> should grow, on average over the five-year period, by at least twice the pace of organic sales**

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<sup>1</sup> At comparable scope of consolidation and exchange rates and:

- excluding amortization of purchase price allocation
- excluding the non-recurring effect related to changes in copper-based cables price

# Rexel's business model will remain highly cash-generating

## ■ Taking into account the...

- ▶ Low capital intensity of our business model
- ▶ Continued working capital optimization and asset productivity

**We aim at continuing to generate strong free cash flow, with conversion rates of EBITDA into free cash flow, on average over the five-year period, of:**

- **Between 70% and 80%, before interest and tax**
- **Between 35% and 45%, after interest and tax**

# Targeted accretive M&A will complement organic growth

- **Rexel aims to accelerate its M&A strategy through targeted accretive acquisitions**
- **Over the 2016-2020 period, Rexel has the ambition and the financial capacity to invest around €1.5bn in targeted accretive acquisitions, i.e. around €300m on average per year:**
  - ▶ Consistent with our priorities of expanding our business towards adjacencies and new capabilities as well as strengthening market position where relevant
  - ▶ In line with our strict M&A criteria

**M&A could generate cumulated additional sales of over €2bn over the 2016-2020 period**

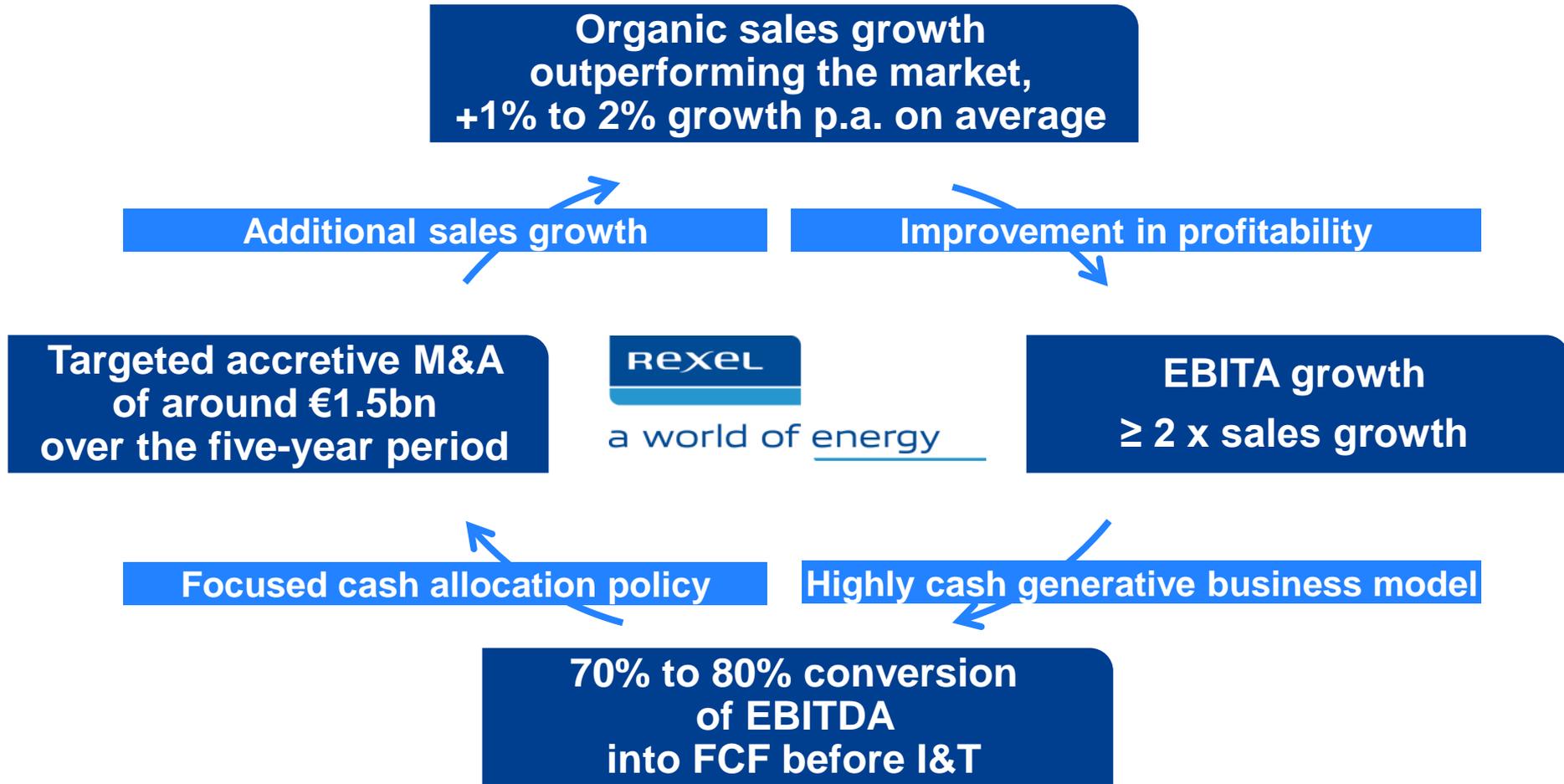


# Rexel 2020: Roadmap for Profitable Growth

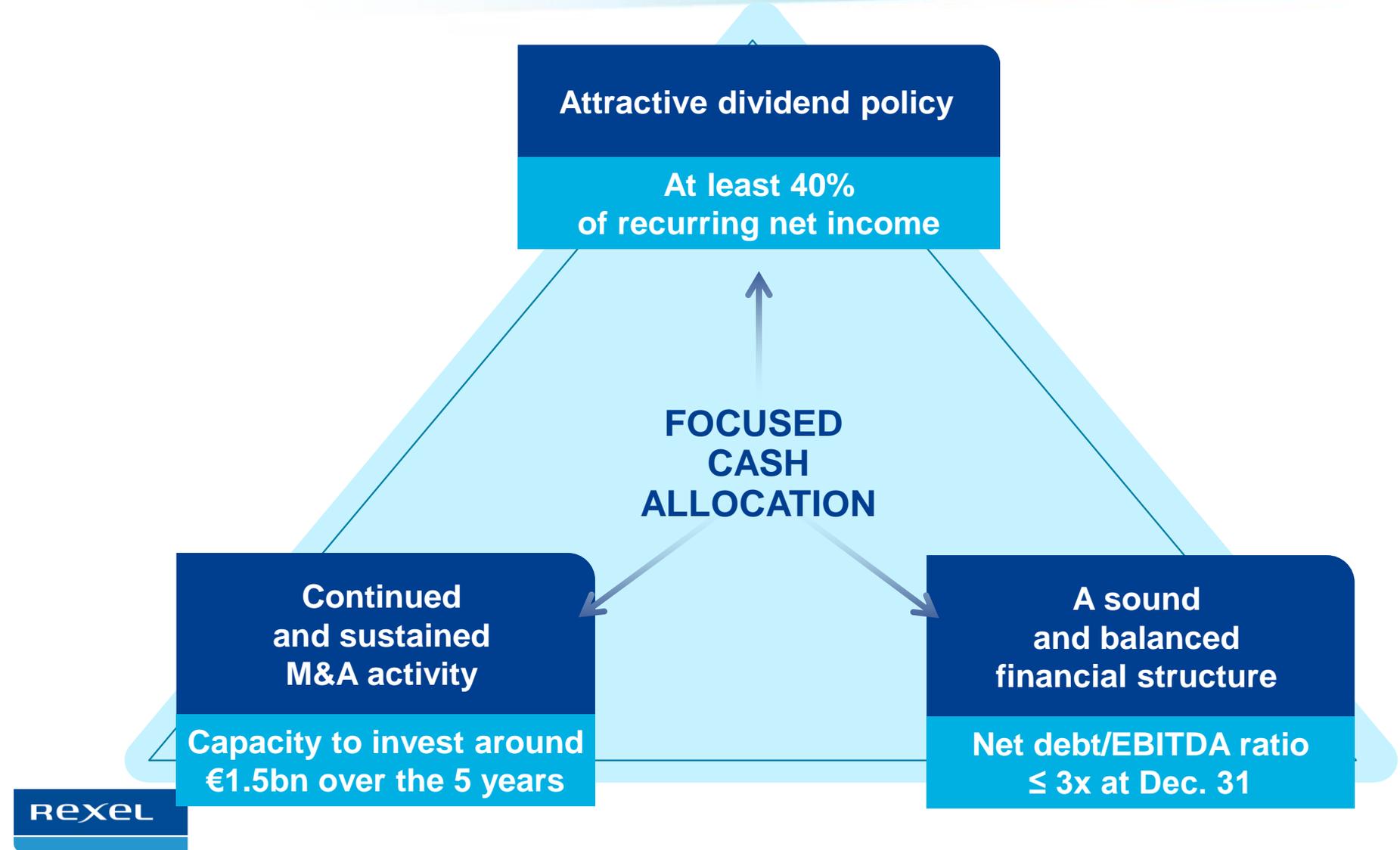
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# Rexel 2020: Driving long-term value creation



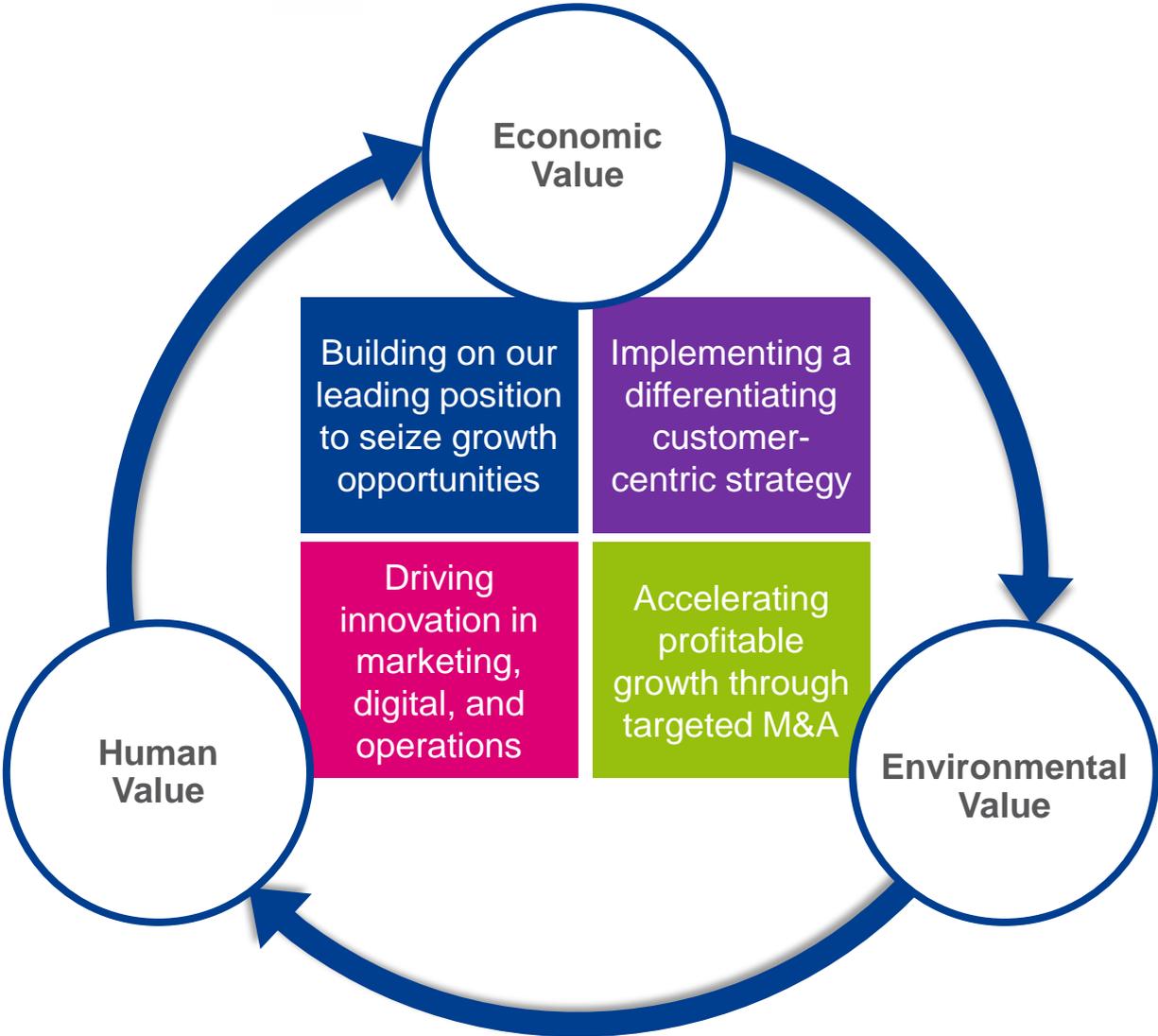
# Rexel 2020: Balancing financial strength, sustained M&A, and an attractive dividend policy



# Rexel 2020: Leveraging the power of Rexel across the globe

Human Resources Platform	Marketing, Digital and Operations	Sustainable Development & Communication	Strategy, M&A and Business Transformation	Financial Resources Platform
GLOBAL CONTRACTS WITH STRATEGIC SUPPLIERS			Top 15 suppliers >45% of sales 30+ global contracts Portfolio of innovation initiatives	
INTERNATIONAL KEY ACCOUNTS AND PROJECTS			CAGR 2011-2015 Sales IKA +2.5%, IPG +23.0% €850m Euro sales in 2015	
HIGH GROWTH BUSINESS CATEGORIES			CAGR 2011-2015 Sales Energy Efficiency +14.7% Building Automation +12.2% > €1.2bn sales in 2015	
GLOBAL DIGITAL PLATFORM			Global centers of competence Global application portfolio & technology platforms	
GLOBAL IT ARCHITECTURE			Global performance contracts with strategic vendors Global IT architecture & infrastructure	

# Rexel 2020: Focused roadmap towards value creation



a world of energy *“Triple Play” based on four business imperatives*

# Financial Calendar and contacts

## Financial Calendar

- **April 29, 2016**  
First-quarter 2016 results
- **May 25, 2016**  
Annual Shareholder Meeting

## Contacts

- **Investors & Analysts**

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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 14% 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:*

- 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;*
- the non-recurring effect related to the change in copper-based cables 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 Document de Référence registered with the French Autorité des Marchés Financiers (AMF) on March 25, 2015 under number D.15-0201. 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 Document de Référence registered with the AMF on March 25, 2015 under number D.15-0201, as well as the consolidated financial statements and activity report for the 2015 fiscal year, which may be obtained from Rexel's website ([www.rexel.com](http://www.rexel.com)).*

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