

Q3 sales 2020

October 29th, 2020

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KEY HIGHLIGHTS

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Delivering on our priorities while adapting to an evolving situation

- **Guaranteeing safe and healthy working conditions for our employees and customers**
- **Ensuring business and process continuity**
 - Branch/DC network fully operational to serve our customers
 - Permanent adaptation to political decisions related to health situation and increasing restrictions in various countries such as Australia, New Zealand, UK, France, Spain, Belgium
 - Robust digital tools supporting increasing web transactions and new ways of working (home office, video conferencing...)
- **Preserving customer base intact :**
 - Broadly stable number of active customers despite Covid-19 crisis
 - Providing best-in-class customer service despite sanitary constraints
- **Focusing on inventory management and receivables collection**
- **Driving our digital transformation**

Q3 Highlights: Strategic decisions translating into robust performance

- Same-day sales evolution of -4.2% in Q3 20, sharply improving from -17.7% in Q2 20 :
 - Europe stabilized sales with positive trends in our most profitable countries
 - Asia Pacific posted organic growth, notably driven by good underlying internal demand in China
 - North America continued to lag other geographies, down 12.8%, with very contrasted situation between regions

Sales

3,158 € million

Same-day sales growth evolution

-4.2%

Strategic roadmap reinforced by the Covid-19 crisis :
Focus on customer service, digitalization and cash generation

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Best-in-class customer service in a volatile environment

New supplier e-learning courses added in the UK to the Rexel Academy

+785 modules
vs 35 available in March 2020

Improving NPS in France ⁽¹⁾

+12 points
In July 2020 vs end-2019

Stock availability back to pre-crisis level

97.5 %
in Europe in September 20

CRM adoption in the US

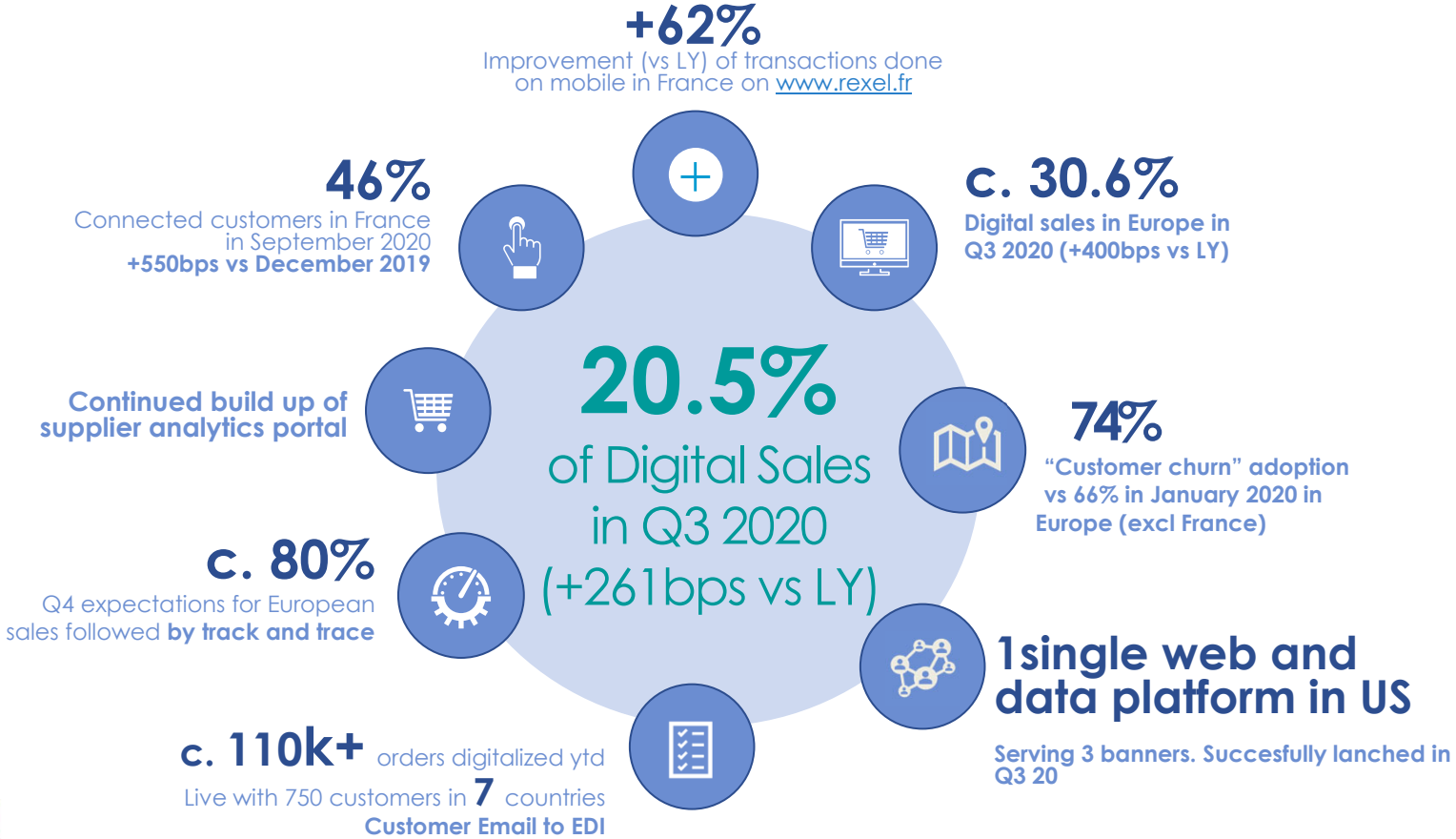
96%
for outside sales vs 76% late 2019

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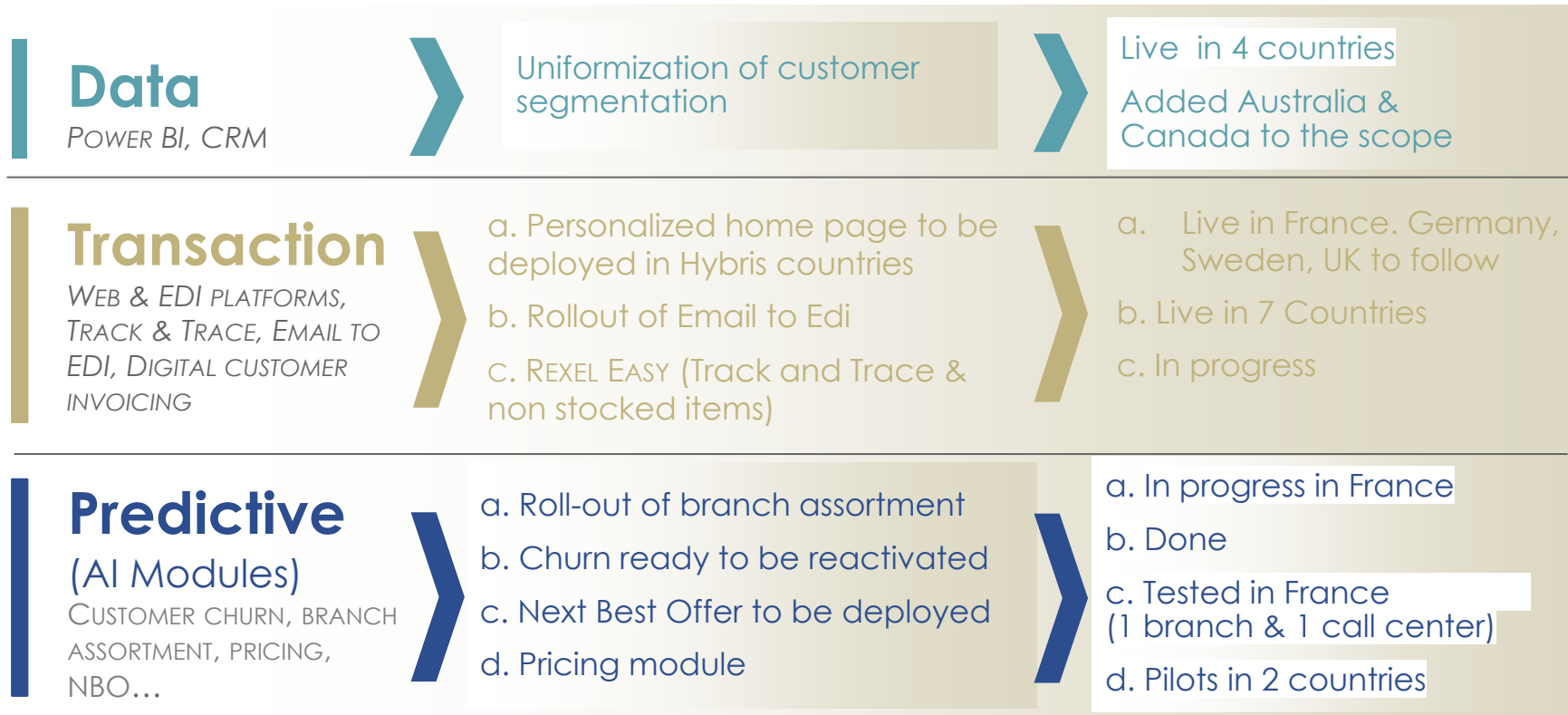
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¹ In the 3 regions that had implemented the 360° review

Acceleration of our digital adoption



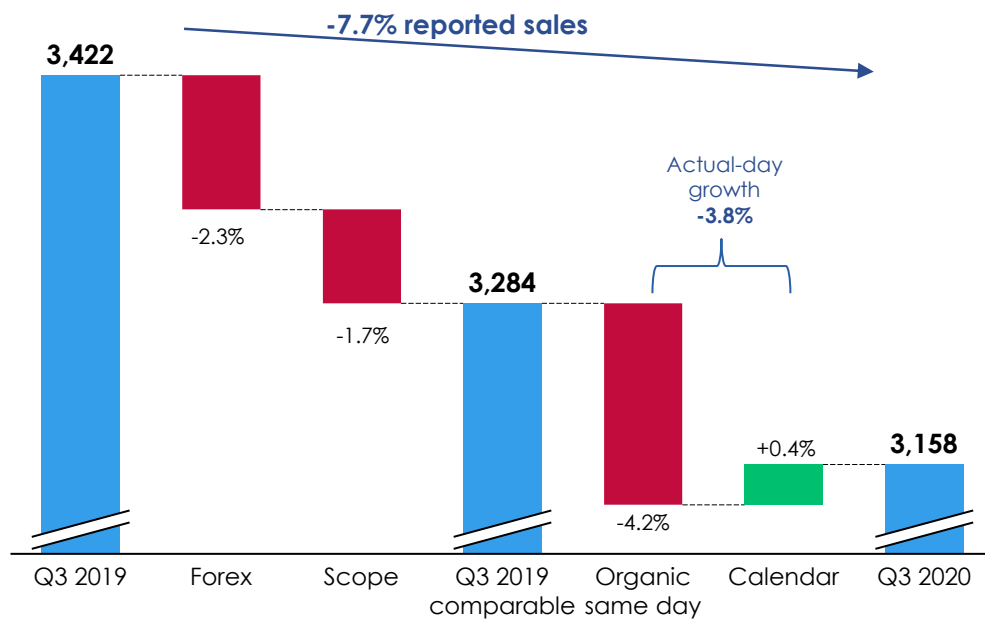
Action plan in place to make step changes in our digital transformation



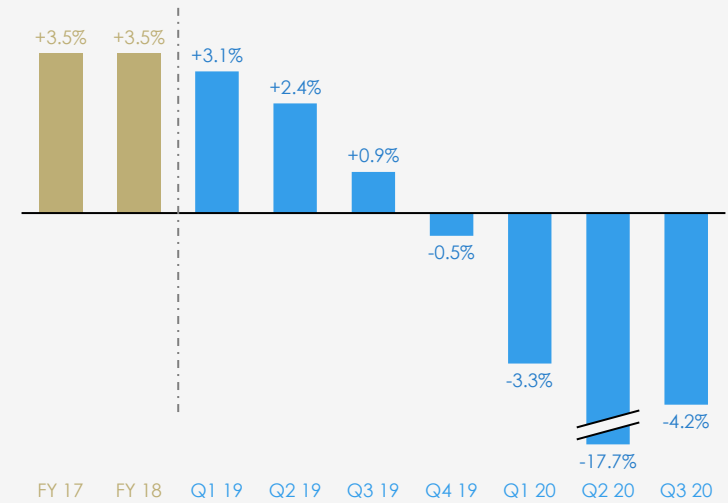


SALES REVIEW

Q3 20 sales: Down -4.2% on a same-day basis and -7.7% on a reported basis



2017-2020 same-day sales evolution by quarter



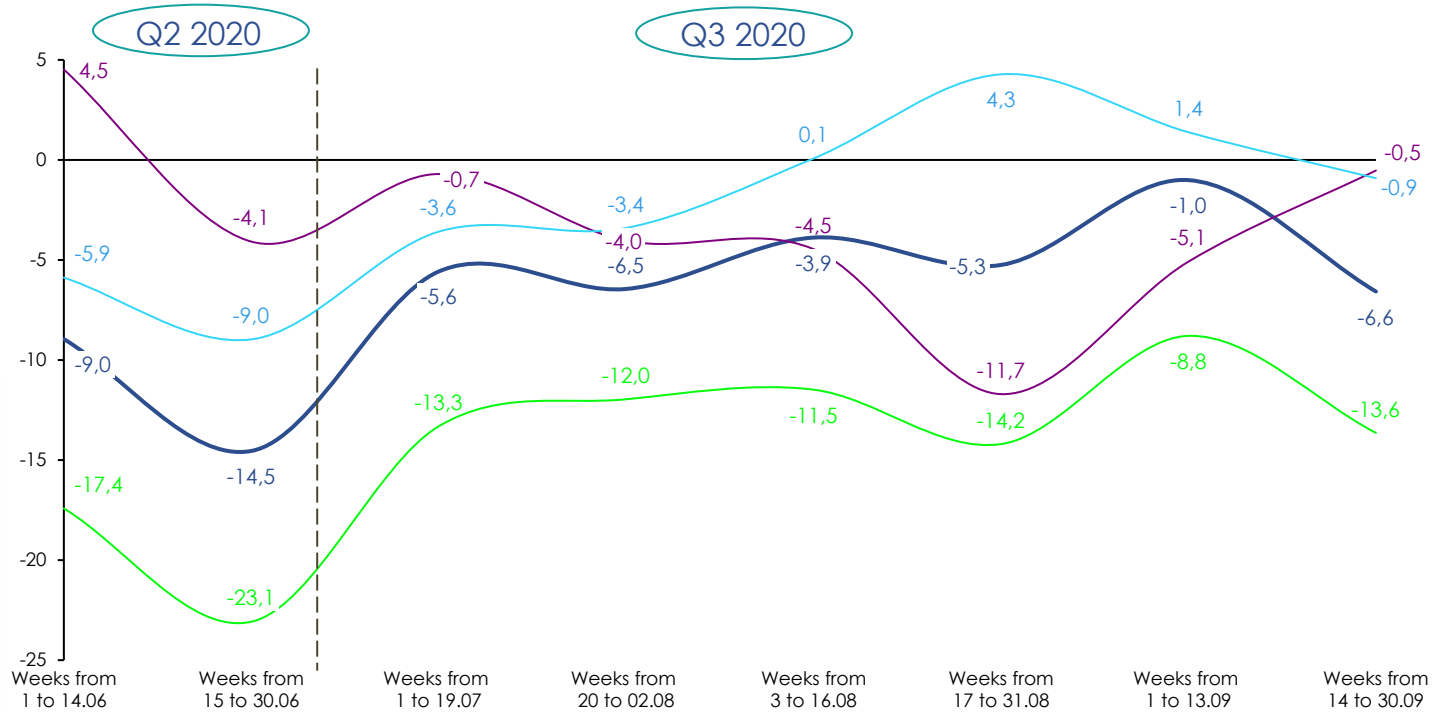
Copper cable price contribution

FY 2017	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
+1.4%	+0.4%	-0.5%	-0.2%	-0.3%	-0.3%	-0.4%	-0.7%	+0.5%

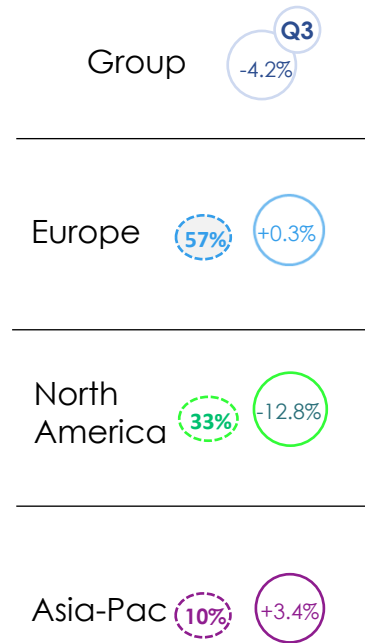
FY 2019 : -0.3%

9m 2020 : -0.2%

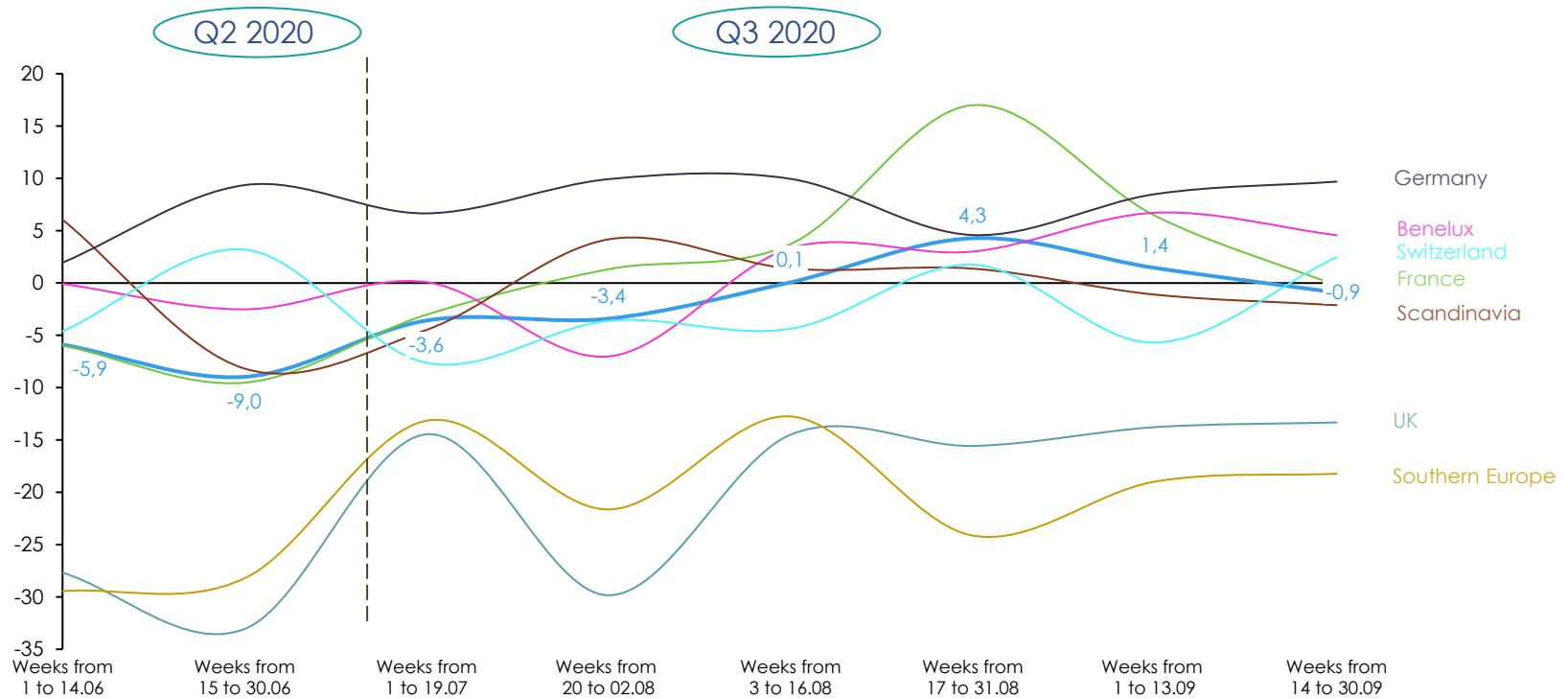
Gradual recovery since Q2; North America still lagging



Q3 20 SAME-DAY SALES GROWTH



Europe: Recovery in Q3 for a large majority of our countries



Europe: Sales improvement versus Q2 driven by our most profitable countries

Sales

1,793.8

€ million

Constant

+0.3%

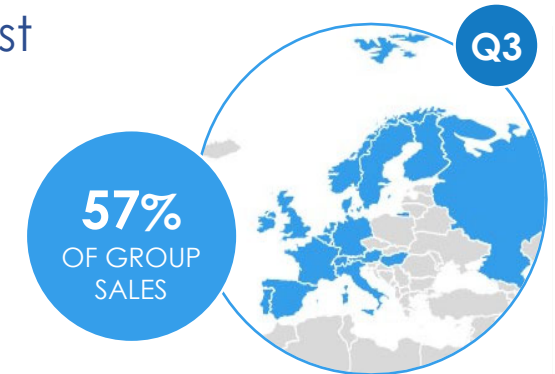
& same-day

- Sales in France were up 3.9%, leveraging high level of business continuity & service and strong demand in Residential & HVAC businesses.
- Scandinavia benefited from positive performance in Norway (+3.2%) with price increase to compensate the impact of the Norwegian Krone's devaluation on imported products. Sweden (-4.0%) was impacted by lower demand from medium & large contractors
- Benelux : Belgium largely benefiting from the PV market, while Netherlands was flat (-0.2%) with positive residential market offsetting lower renewable Energy
- In Germany, sales benefited from a positive trend in our proximity business and also from less negative demand in automotive
- In the UK, sales dropped by 17.0%, mainly as a result of a difficult commercial project market while proximity is progressing well (Denmans banner up 3.6%)

- Ongoing repositioning on proximity market with a focus on our digital offering deployment

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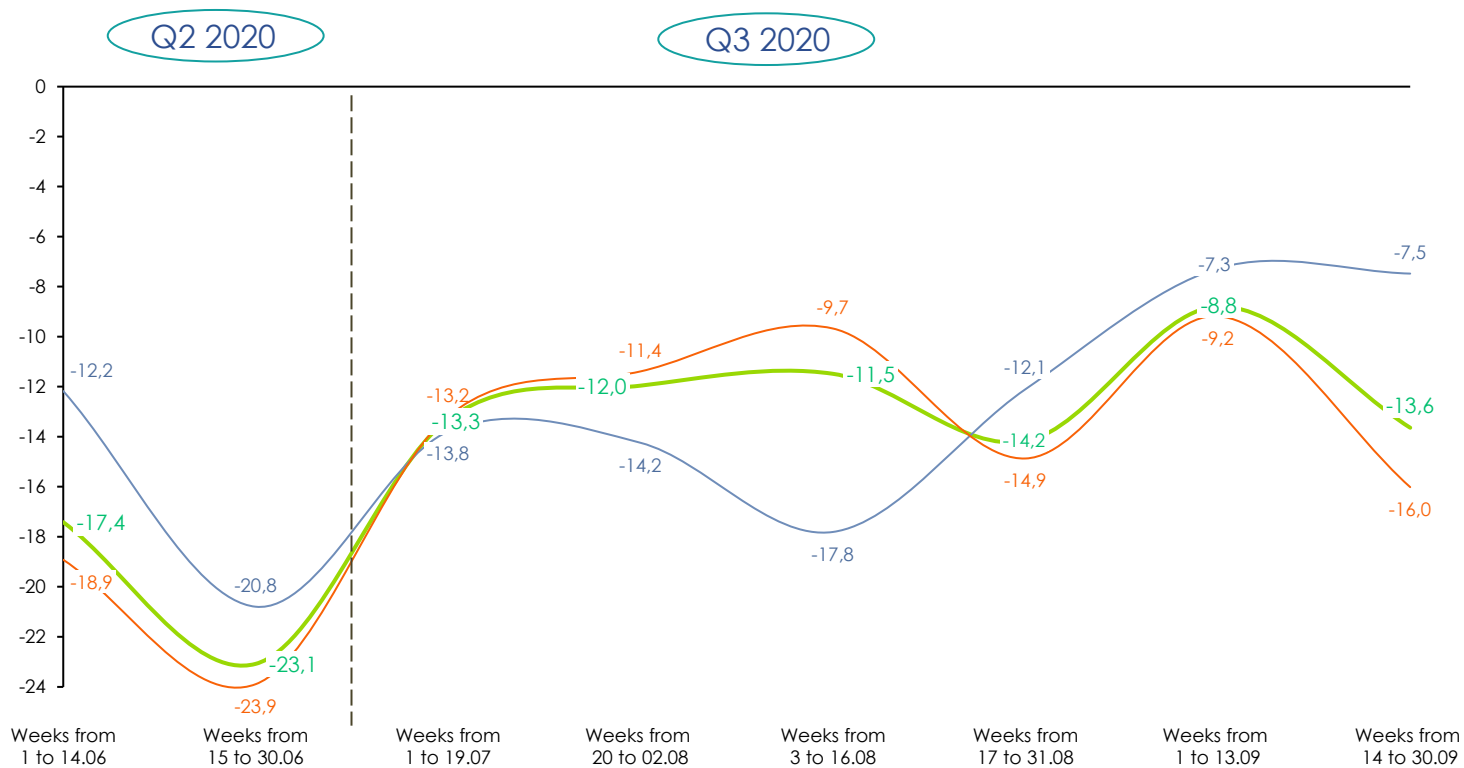
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	WEIGHT	Q3 20 vs. Q3 19 ¹	Q2 20 vs. Q2 19 ¹
	38%	+3.9%	-25.2%
	13%	+0.7%	+2.3%
	10%	+2.3%	-8.1%
	10%	+9.4%	+3.9%
	8%	-17.0%	-41.7%
	7%	-2.8%	-6.2%
	4%	-14.8%	-34.4%

¹ Same-day change — 12

North America :Very contrasting situation by region and market



SAME-DAY SALES GROWTH

North America **Q3** -12.8%

77% **Q3** -12.9%

23% **Q3** -12.3%



— North America
— Canada
— USA

x% of North American sales

North America : Demonstrating agility in a very volatile environment



US: Uneven recovery path by region

- **Strong resilience in 4 regions ... :**

- California: Resilient performance in Commercial and Food & Beverage
- Northwest: Benefiting from our strong positioning in the proximity business
- Mountain Plains: Market share gains in Arizona & Albuquerque & Vegas following sales force investment, offsetting lower activity in Oil & Gas, automation (Colorado & Wyoming) and entertainment businesses
- Florida: Good resilience driven by residential and our exposure to the “space” industry

- **... Offsetting more challenging situations in other locations :**

- Midwest: Impacted by low demand in automotive, metals, export-driven agribusiness
- Northeast: Still impacted by Covid-19 situation and by our post-reorganization business selectivity
- Southeast: Impacted by low level of commercial EPC business
- Gulf Central: Impacted by drop in demand in Oil & Gas

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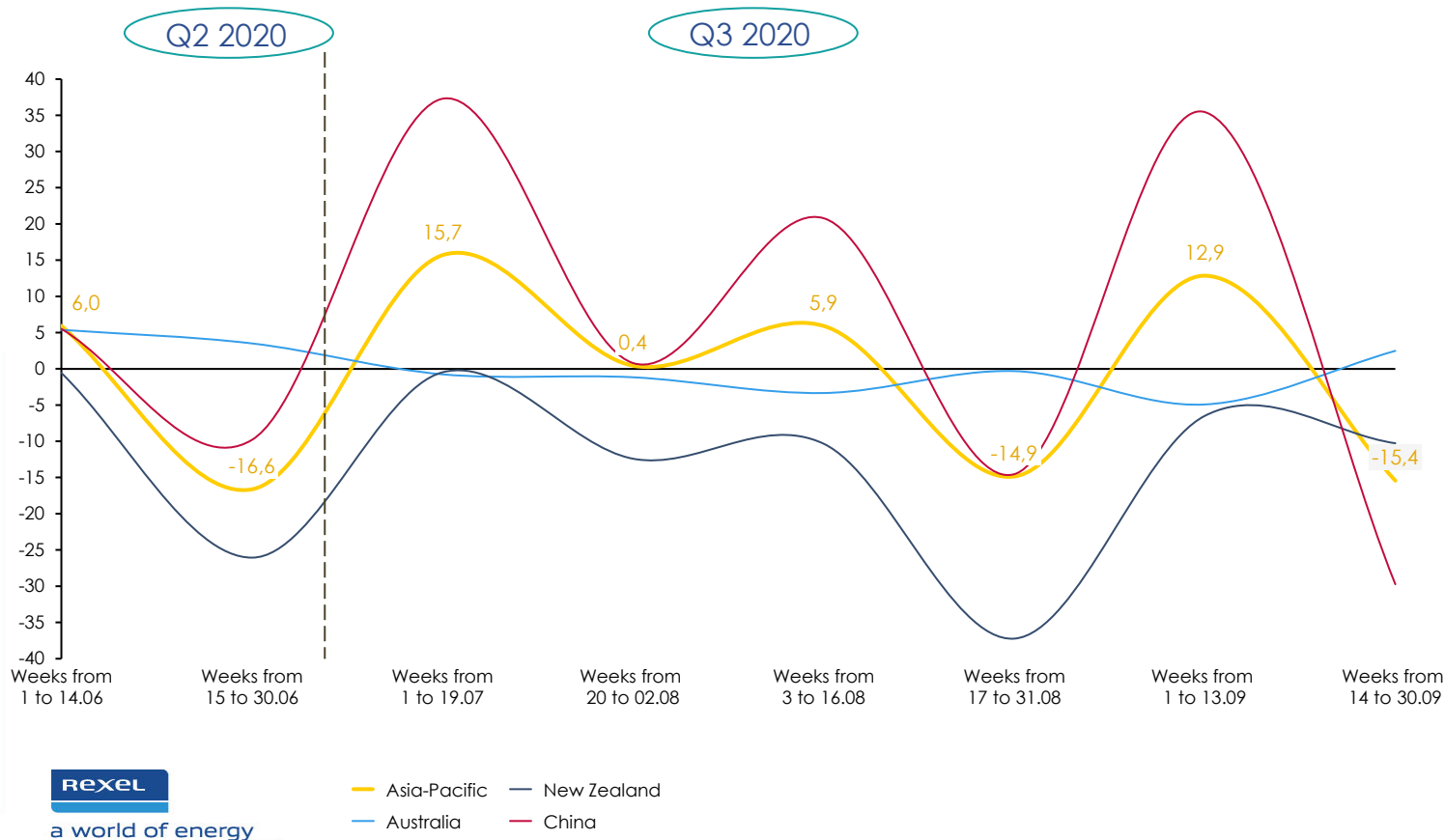
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SAME-DAY SALES GROWTH

	WEIGHT ¹	Q3 20 vs. Q3 19	Q2 20 vs. Q2 19
California	12%	+0.6%	-10.2%
Northwest	29%	0.0%	-10.0%
Mountain Plains	9%	-0.4%	-17.3%
Florida	12%	-1.9%	-7.3%
Midwest	8%	-18.0%	-24.2%
Northeast	6%	-18.9%	-33.2%
Southeast	14%	-19.5%	-23.1%
Gulf Central	10%	-36.8%	-41.1%

¹ x% of US ED Sales

Asia-Pacific: Further improvement in China while Pacific has faced partial lockdown



SAME-DAY SALES GROWTH

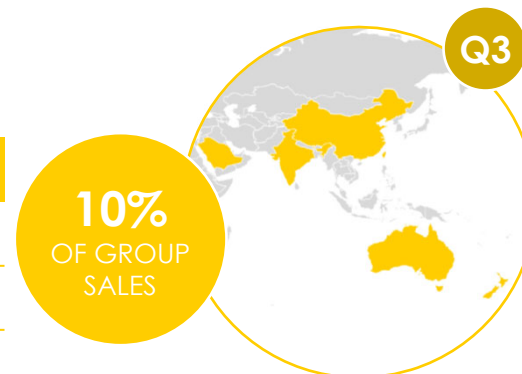
Asia-Pacific	+3.4%
Australia	-1.2%
China	+11.2%
New Zealand	-10.7%

Asia-Pacific: Strong recovery in Asia

Sales
310.1
 € million

Constant
+3.4%
 & same-day

	WEIGHT	Q3 20 vs. Q3 19 ¹	Q2 20 vs. Q2 19 ¹
Pacific	50%	-3.0%	-6.7%
Asia	50%	+10.6%	+5.6%



- **Pacific:**

- Good resilience in Australia (-1.2% in Q3 20), with proximity business offsetting partial lockdown in Victoria state (Melbourne; impact -0.5%) and the loss of 2 industrial contracts (impact -3.9%)
- Down 10.7% in New Zealand, impacted by a weak market before elections and partial lockdown in Auckland in Q3 20 (impact -2.7%)

- **Asia:**

- Sales grew by 11.2% in China, mainly driven by our value added in the growing automation segment and by government spending in infrastructure and automation
- India and Middle East (14% of Asia): Recovery in India while virus remains active (+5.4% following -55% in Q2 20). Middle East up 9.6%.



Profitability and cash management

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Relying on numerous levers to navigate all possible scenarios

- Gross margin focus with selectivity and improving level of service
- Temporary unemployment measures reactivated in some geographies
- Natural turnover of c. 10% of group employees, hiring freeze policy
- Up to €30m restructuring budget to be spent in 2020
- Travel & other expenses drastically reduced
- Selectivity in "opex investment"; no compromise on digital & customer service

Resilient cash flow generation remains our key focus

- Healthy receivables collection with improving DSO compared to September 2019 and similar situation to June 2020
- Inventory management permanently adapted to the business environment with improving DOI compared to June 2020 and September 2019

- Rexel Group long-term rating confirmed in crisis environment
 - ➔ *BB by S&P & Ba2 by Moody's*
- Rexel Group short-term rating
 - ➔ *B by S&P*
 - ➔ *Withdrawal of Moody's rating after change in commercial policy*

Robust FCF generation
expected in FY 2020

— Days Sales Outstanding (DSO)

50.6 days

53.5 days in September 2019

— Days Of Inventory (DOI)

56.9 days

58.5 days in September 2019



Looking ahead

Navigating between short-term clouds and medium-term drivers



- Acting as “One company” offering reactivity and responsiveness
- New opportunities in Residential, Datacom, Food & Beverage, Wastewater treatment...
- Green deal with increasing focus on energy efficiency solutions
- Onshoring of industrial activity in US and in Europe to increase control over production
- High level of backlog in construction



- Industries impacted until vaccine: Aerospace, Entertainment, Leisure/Hotel/Office buildings
- Second wave / School closures with direct impact on activity / Partial lockdown and new restrictions
- Remaining uncertainties in the UK post-Brexit
- Political uncertainties in the US



Shape of recovery remains uncertain but medium-term growth drivers remain attractive



Appendix

Appendix 1 : Segment reporting – Constant and adjusted basis¹

GROUP

Constant and adjusted basis (€m)	Q3 2019	Q3 2020	Change	YTD 2019	YTD 2020	Change
Sales	3,283.5	3,157.8	-3.8%	10,033.2	9,203.5	-8.3%
<i>on a constant basis and same days</i>			-4.2%			-8.5%

EUROPE

Constant and adjusted basis (€m)	Q3 2019	Q3 2020	Change	YTD 2019	YTD 2020	Change
Sales	1,777.6	1,793.8	+0.9%	5,418.2	5,125.1	-5.4%
<i>on a constant basis and same days</i>			+0.3%			-6.0%
France	661.8	687.0	+3.8%	2,050.3	1,868.4	-8.9%
<i>on a constant basis and same days</i>			+3.9%			-9.4%
United Kingdom	180.0	151.8	-15.7%	557.2	448.9	-19.4%
<i>on a constant basis and same days</i>			-17.0%			-20.3%
Germany	162.0	178.7	+10.3%	481.2	511.6	+6.3%
<i>on a constant basis and same days</i>			+9.4%			+5.7%
Scandinavia	228.1	229.5	+0.6%	686.2	716.3	+4.4%
<i>on a constant basis and same days</i>			+0.7%			+3.8%

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.

Appendix 1 : Segment reporting – Constant and adjusted basis¹

NORTH AMERICA

Constant and adjusted basis (€m)	Q3 2019	Q3 2020	Change	YTD 2019	YTD 2020	Change
Sales	1,208.1	1,053.9	-12.8%	3,762.9	3,236.7	-14.0%
<i>on a constant basis and same days</i>			-12.8%			-13.7%
United States	934.9	814.3	-12.9%	2,966.2	2,531.7	-14.6%
<i>on a constant basis and same days</i>			-12.9%			-14.2%
Canada	273.2	239.6	-12.3%	796.6	705.0	-11.5%
<i>on a constant basis and same days</i>			-12.3%			-12.0%

ASIA-PACIFIC

Constant and adjusted basis (€m)	Q3 2019	Q3 2020	Change	YTD 2019	YTD 2020	Change
Sales	297.7	310.1	+4.2%	852.2	841.6	-1.2%
<i>on a constant basis and same days</i>			+3.4%			-1.5%
China	118.4	134.4	+13.5%	351.0	356.9	+1.7%
<i>on a constant basis and same days</i>			+11.2%			+1.5%
Australia	127.6	126.2	-1.1%	355.3	358.9	+1.0%
<i>on a constant basis and same days</i>			-1.2%			+0.1%
New Zealand	30.7	27.4	-10.7%	83.8	71.3	-14.8%
<i>on a constant basis and same days</i>			-10.7%			-15.3%

Appendix 2 : Calendar, scope and currency effects on sales

Based on the assumption of the following average exchange rates:

1 €	=	1.14	USD
1 €	=	1.53	CAD
1 €	=	1.66	AUD
1 €	=	0.89	GBP

and based on acquisitions/divestments to date, 2019 sales should take into account the following estimated impacts to be comparable to 2020 :

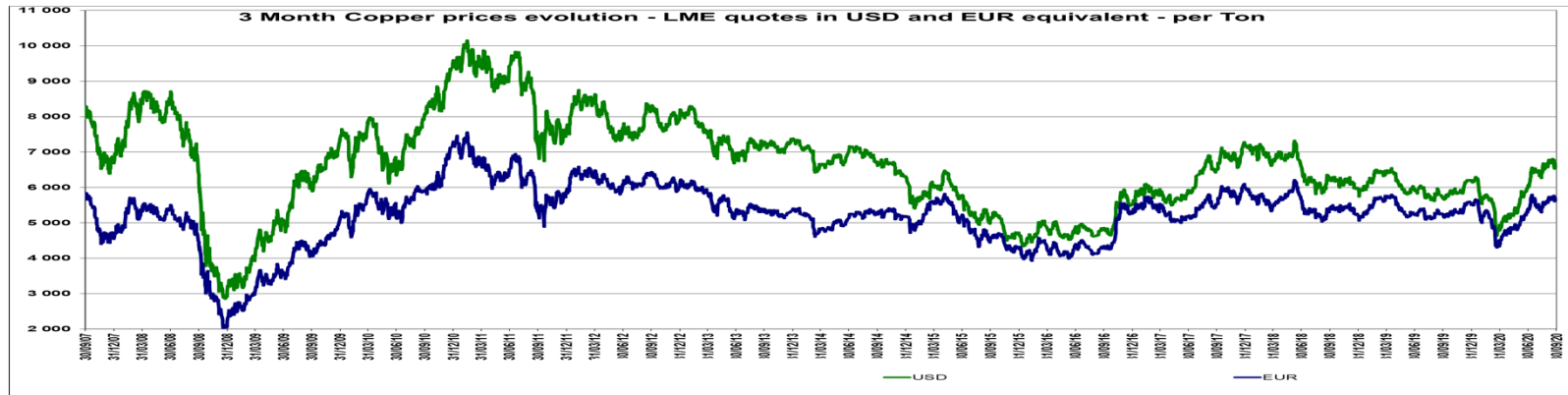
	Q1 actual	Q2 actual	Q3 actual	Q4e	FYe
Scope effect at Group level	(20.5)	(65.0)	(58.7)	(55.1)	(201.0)
<i>as% of 2019 sales</i>	<i>-0.6%</i>	<i>-1.9%</i>	<i>-1.7%</i>	<i>-1.6%</i>	<i>-1.5%</i>
Currency effect at Group level	29.8	6.0	(80.0)	(83.4)	(127.7)
<i>as% of 2019 sales</i>	<i>0.9%</i>	<i>0.2%</i>	<i>-2.3%</i>	<i>-2.4%</i>	<i>-0.9%</i>
Calendar effect at Group level	0.3%	0.0%	0.4%	1.6%	0.6%
Europe	1.2%	0.1%	0.6%	1.3%	0.8%
USA	-1.5%	0.0%	0.0%	3.4%	0.4%
Canada	1.6%	0.0%	0.0%	0.0%	0.4%
North America	-0.9%	0.0%	0.0%	2.6%	0.4%
Asia	-1.5%	-0.7%	1.7%	-1.2%	-0.5%
Pacific	1.6%	1.0%	0.0%	-0.2%	0.6%
Asia-Pacific	-0.1%	0.2%	0.8%	-0.7%	0.1%

Appendix 3 : Analysis of change in revenues (€m)

Q3	North			Group
	Europe	America	Asia-Pacific	
Reported sales 2019	1,780.8	1,335.2	306.2	3,422.2
+/- Net currency effect	0.0%	-5.4%	-2.8%	-2.3%
+/- Net scope effect	-0.2%	-4.1%	0.0%	-1.7%
= Comparable sales 2019	1,777.6	1,208.1	297.7	3,283.5
+/- Actual-day organic growth, of which:	0.9%	-12.8%	4.2%	-3.8%
<i>Constant-same day excl. copper</i>	0.2%	-13.8%	2.9%	-4.7%
<i>Copper effect</i>	0.1%	1.0%	0.5%	0.5%
Constant-same day incl. copper	0.3%	-12.8%	3.4%	-4.2%
Calendar effect	0.6%	0.0%	0.8%	0.4%
= Reported sales 2020	1,793.8	1,053.9	310.1	3,157.8
YoY change	0.7%	-21.1%	1.3%	-7.7%

YTD	North			Group
	Europe	America	Asia-Pacific	
Reported sales 2019	5,425.7	3,918.9	877.0	10,221.7
+/- Net currency effect	0.0%	-0.5%	-2.8%	-0.4%
+/- Net scope effect	-0.1%	-3.5%	0.0%	-1.4%
= Comparable sales 2019	5,418.2	3,762.9	852.2	10,033.2
+/- Actual-day organic growth, of which:	-5.4%	-14.0%	-1.2%	-8.3%
<i>Constant-same day excl. copper</i>	-5.7%	-13.5%	-1.9%	-8.3%
<i>Copper effect</i>	-0.3%	-0.2%	0.4%	-0.2%
Constant-same day incl. copper	-6.0%	-13.7%	-1.5%	-8.5%
Calendar effect	0.6%	-0.3%	0.3%	0.2%
= Reported sales 2020	5,125.1	3,236.7	841.6	9,203.5
YoY change	-5.5%	-17.4%	-4.0%	-10.0%

Appendix 4 : Historical copper price evolution



USD/t	Q1	Q2	Q3	Q4	FY
2018	6,997	6,907	6,139	6,158	6,544
2019	6,219	6,129	5,829	5,916	6,020
2020	5,651	5,389	6,513		
2018 vs. 2017	+20%	+21%	-4%	-10%	+6%
2019 vs. 2018	-11%	-11%	-5%	-4%	-8%
2020 vs. 2019	-9%	-12%	+12%		

€/t	Q1	Q2	Q3	Q4	FY
2018	5,693	5,797	5,279	5,395	5,538
2019	5,476	5,454	5,243	5,343	5,377
2020	5,124	4,889	5,574		
2018 vs. 2017	+4%	+12%	-3%	-7%	+1%
2019 vs. 2018	-4%	-6%	-1%	-1%	-3%
2020 vs. 2019	-6%	-10%	+6%		

Financial Calendar

February 11, 2021
Fourth-quarter and
full-year 2020 results

April 22, 2021
First-quarter 2021 sales

April 22, 2021
Annual shareholders' meeting

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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 consolidated financial statements and activity report for the 2019 fiscal year which may be obtained from Rexel's website (www.rexel.com).