Rexel

a world of energy

Second-quarter sales & H1 2023 results

Paris, July 28, 2023

First-half 2023 financial report was authorized for issue by the Board of Directors held on July 27, 2023

01

Key highlights

H1 2023: A strong start to the year

€9.8bn

Reported sales

+8.1%

Same-day sales growth
o/w 6.2% in Q2

7.2%

Adjusted Ebita margin (%)
vs 7.9%[1] including 87bps of non-recurring items in H1 22

€242m

FCF before Interest and tax

1.26x

Indebtedness ratio[2]

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

H1 23: Sales supported by solid volumes and positive selling price

- **Solid volumes in key geographies**
  - Continued growth in volumes: +3.3% in Q2 after +4.1% in Q1.
  - Electrification trends (22% of our sales) contributing strongly - especially in Europe - growing c. 5x times faster than the rest of the traditional ED business in H1 - Softness in some end-markets with limited exposure.
  - Market share gains in many key countries, capitalizing on our services offering

- **Positive selling price in the first half, with lower Q2 23 contribution compared to Q1 23, as anticipated**
  - Price increases in most product categories, largely related to opex inflation passed on by our suppliers
  - Deflation in some well-identified product categories (steel conduits in North America and some Industrial Automation products in China), with limited impact thanks to our action plans
  - Additional selling price increase on non-cable products expected in H2.

H1 23: Sustained high profitability & upgraded guidance

- **Strong profitability: adj. Ebita margin at 7.2%**
  - Crossing the “above 7% level”, excluding one-off effect
  - +16bps improvement vs record high H1 2022 restated for one-offs
  - Capitalizing on implementation of Power Up 2025 strategic plan: price/digital/cost efficiency, focus on most attractive categories & geographies
- **Upgraded guidance**
  - Sales growth guidance in the upper end of the initial range
  - Adjusted Ebita guidance raised from 6.3%-6.7% to 6.6%-6.9%
  - Fully in line with Power Up 2025 goals, despite more challenging macro environment
- **Disciplined capital allocation**
  - Acquisition of Wasco, increasing Rexel’s exposure to the high growth heat pump market in the Netherlands
  - Continued share buyback program: 1.7% accretion since launch

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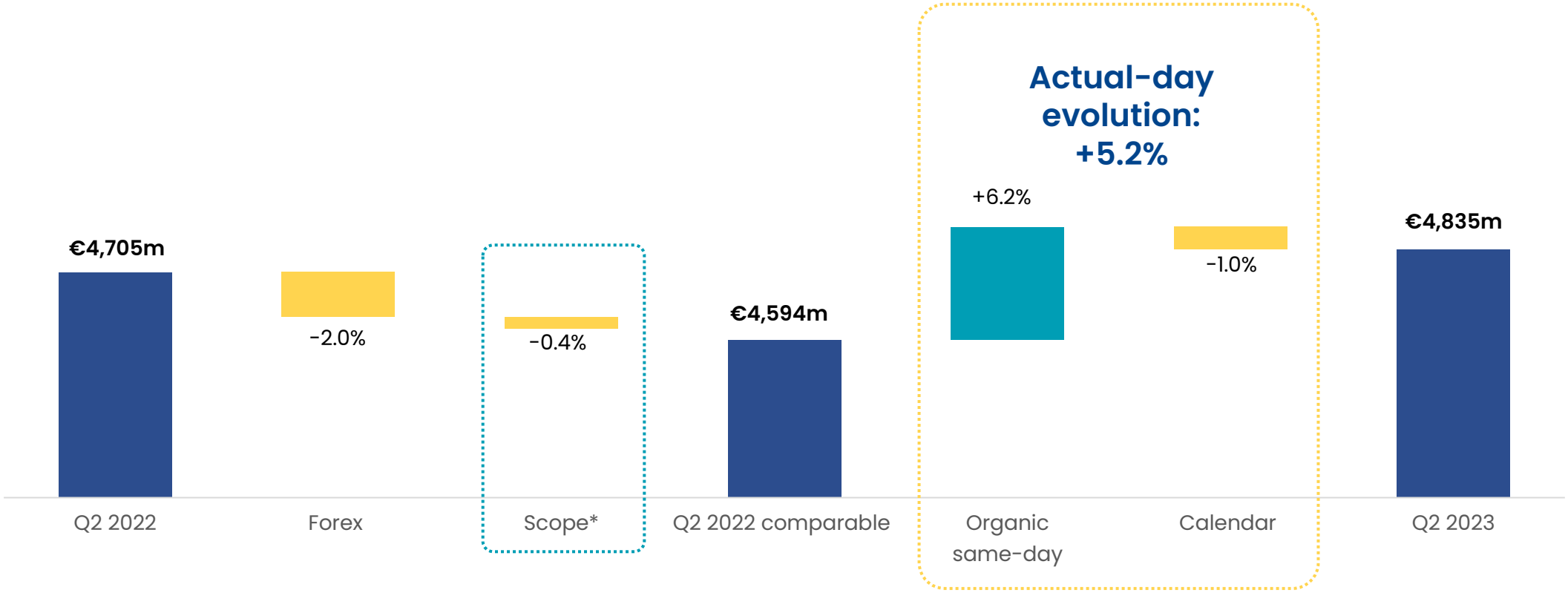
02

Q2 & H1 2023 Group financial review

Reported sales up +2.8% in Q2 23

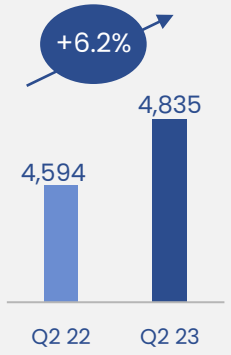


* Net effect between acquisitions (Horizon, Buckles-Smith & Trilec) and disposals (Norway & Spain)

Proven resilience in all geographies

Same-day sales growth by geography

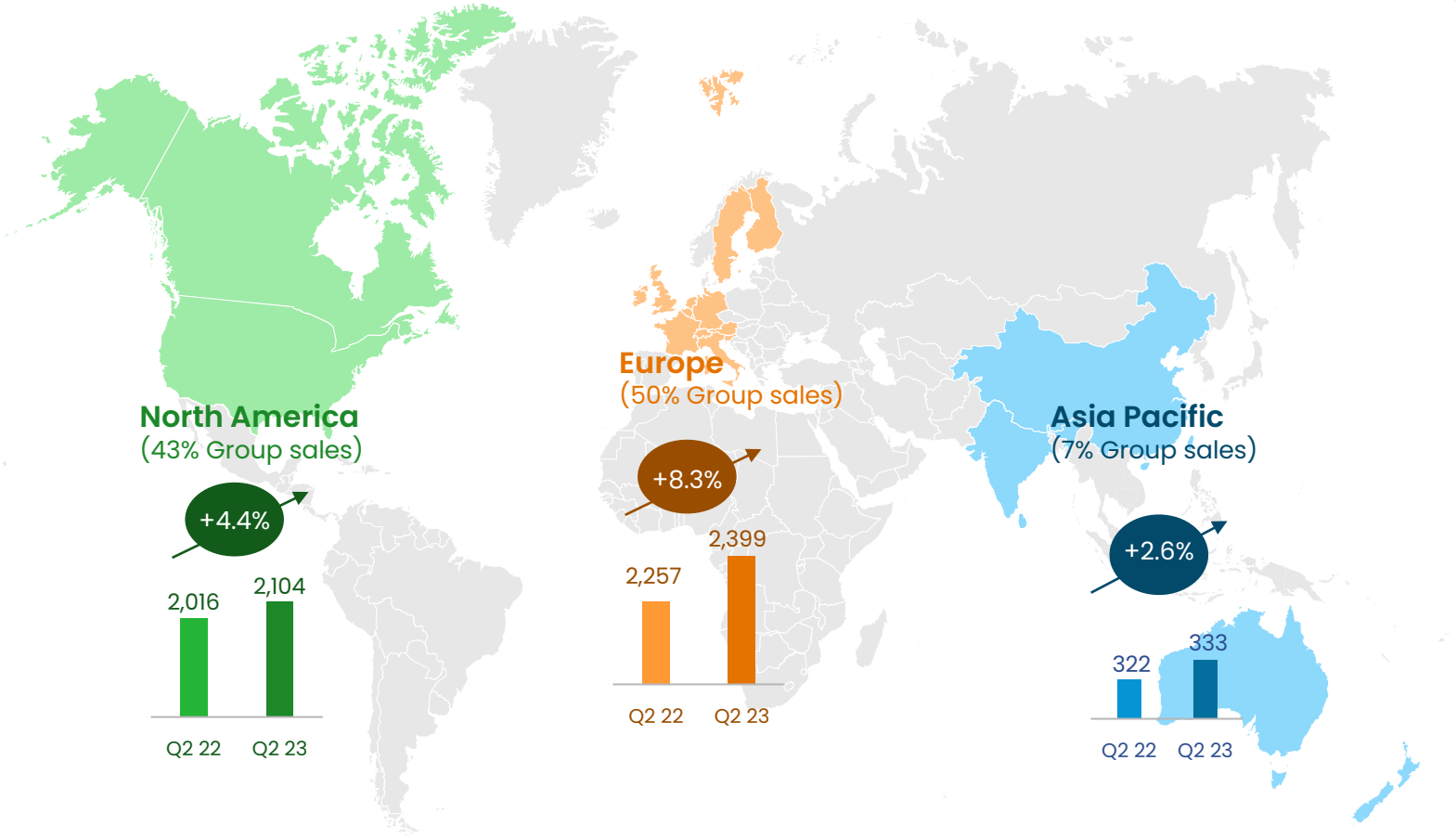
Group



Volume : +3.3%

Selling price: +2.8%

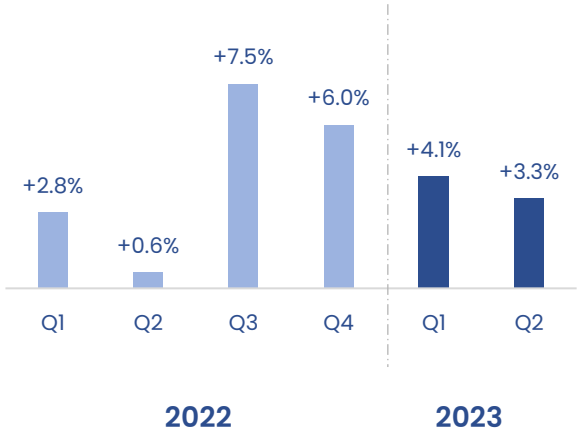
Non-cable:+4.7% **Cable: -1.8%**



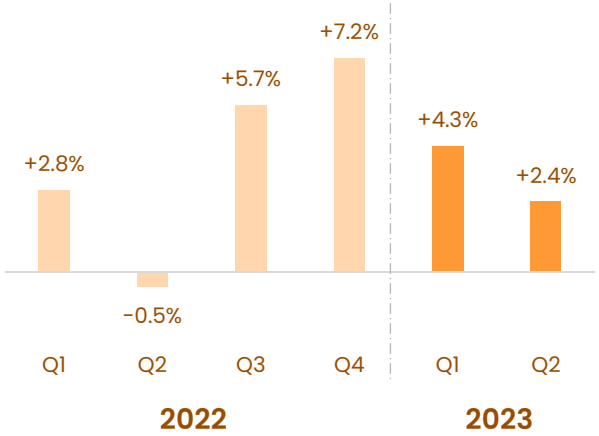
NB: Q2 22 sales in €m are presented on a comparable basis

Volumes boosted by North America in the quarter

Rexel Group

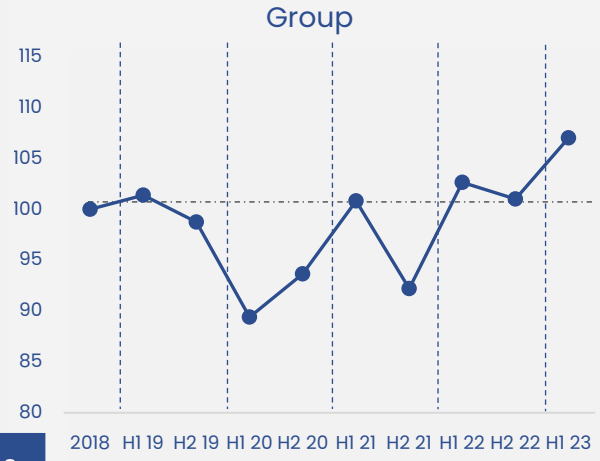


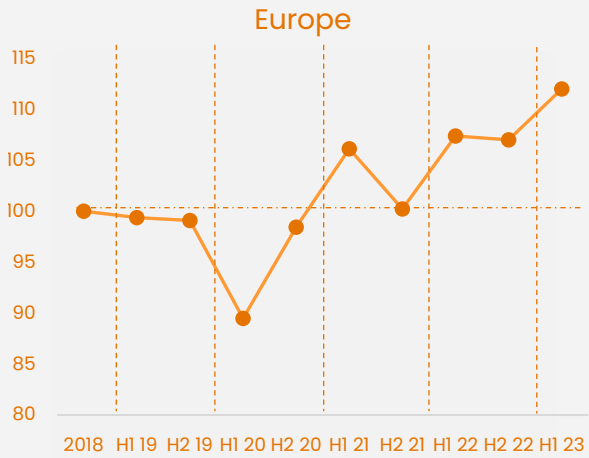
Europe

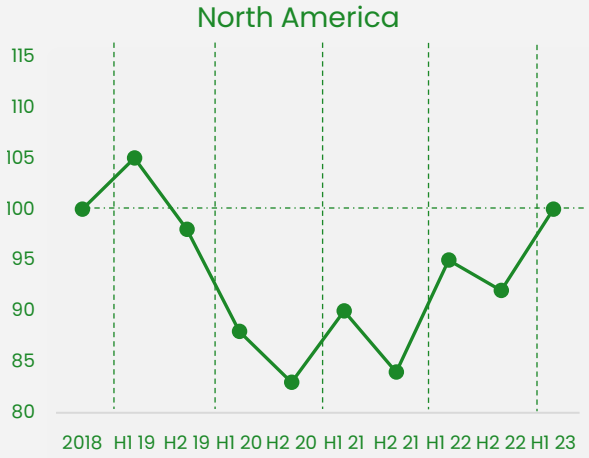


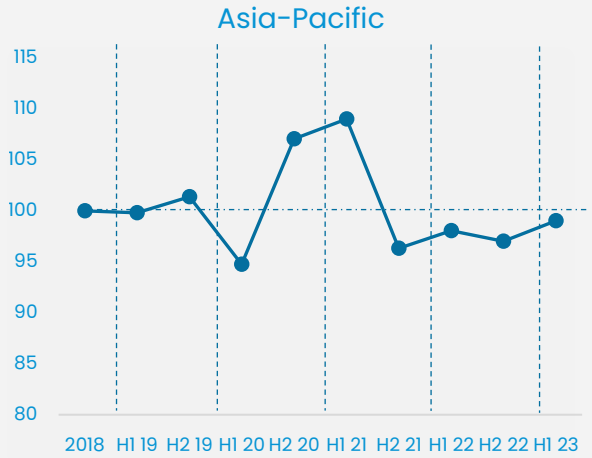
North America

Volume evolution by half-year since 2018 (base 100)



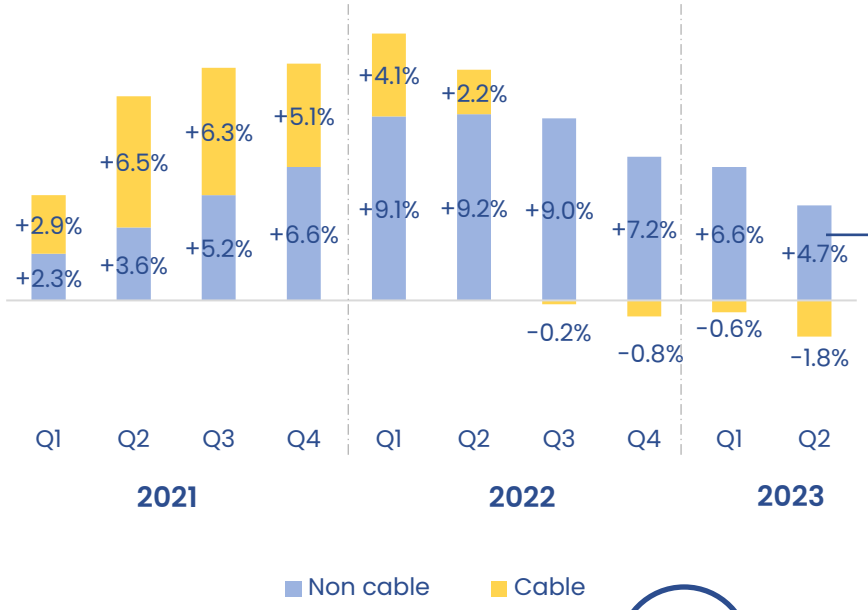






Non-cable selling prices up mid-single digit

Price increases on non-cable & cable (yoy var.)



- Europe : +6.6%
- North America : +3.4%

+2.8% selling price contribution to sales

Positive non-cable pricing contribution in Q2 ; slowing sequentially from anticipated lower carryover effect

Negative cable contribution on lower copper prices mostly in the US

Europe
Capturing sustainable electrification trends

+8.3%

Q2 2023 SD sales growth

Our performance

- **By country:**
  - Strong growth recorded in France, Benelux and the DACH region
  - Market share gains in France and Germany
- **By product:**
  - Solar/EV/HVAC up 31% to reach 20% of sales
  - c. 510bps contribution to Q2 23 same-day sales growth, representing more than 60% of the same-day sales growth in Europe
- **By end-market:**
  - Well balanced trend in Residential, Commercial & Industrial segments
  - Residential segment supported by electrification and “halo effect” offsetting deteriorating demand in traditional ED market
- **Smooth integration of recently-acquired companies :**
  - Trilec in Belgium with synergies representing 5.5% of acquired sales, above initial expectations

North America
Capturing mega trends and improving backlog execution

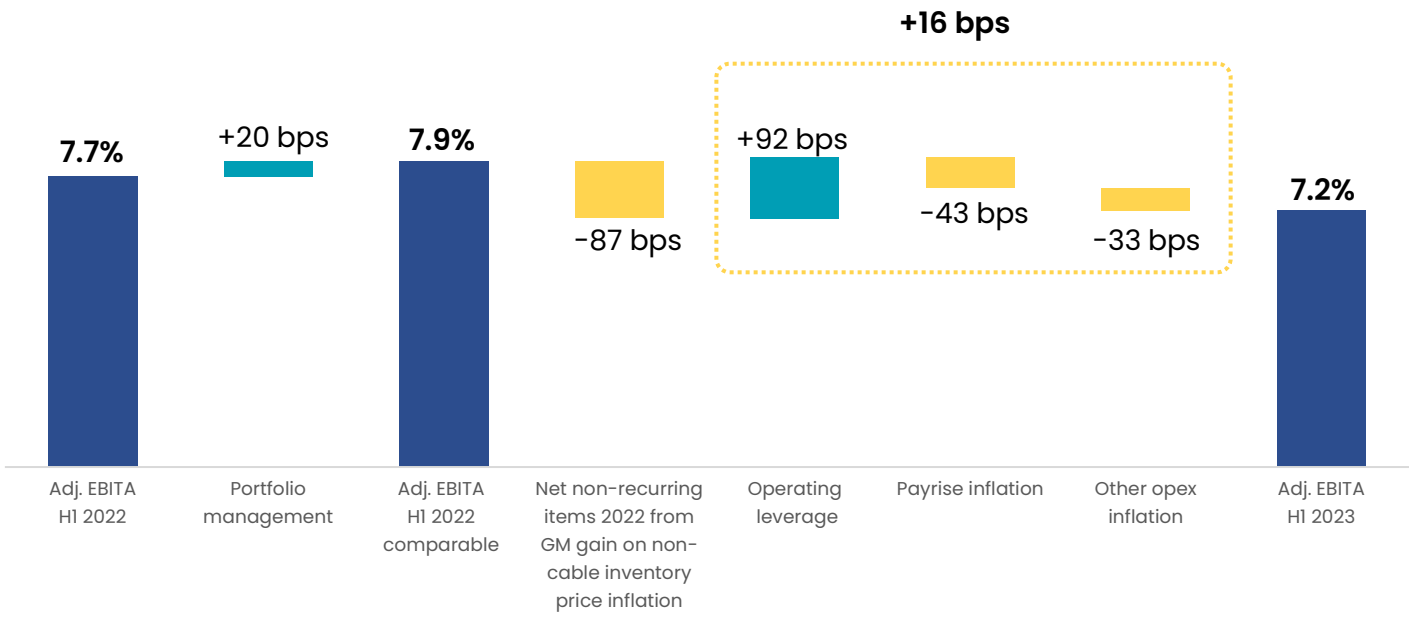
+4.4%

Q2 2023 SD sales growth

Our performance

- **United States:**
  - **By market :** Seizing robust industrial demand driven by production reshoring and O&G segment offsetting negative trends in residential. Strong resilience of our commercial activity thanks to the very diversified portfolio and the solid backlog
  - **By region :** Gaining market share in California & Gulf central offsetting lower demand in Northwest and Northeast
  - **By business :** Improving backlog execution, driving growth in project activity
- **Canada:**
  - Performance driven by industrial activities and specifically Petrochemical and mining
- **Backlog in the US remains at high level with good execution**
  - Backlog representing 3 months of sales
  - Good backlog execution in the quarter, on improved product availability
  - Backlog up 3.6% compared to end of Q2 22 and 2.8% below end of Q1 23
- **Smooth integration of recent acquisitions:**
  - Mayer, Buckles-Smith & Horizon in the US and LTL in Canada

Adjusted Ebita margin up 16bps, excluding non-recurring items



All geographies contributing to the adjusted Ebita improvement

Europe

Adj. EBITA margin: 7.9% up +10bps
excluding non-recurring items

- Positive volume & internal actions on
  - Product mix
  - Suppliers' initiative
  - Cost control initiatives
- More than offsetting opex inflation

North America

Adj. EBITA margin: 7.6% up +13 bps
excluding non-recurring items

- Positive volume & internal actions on
  - Active pricing management
  - Capacity to extract high level of synergies on acquisition
  - Inventory management
  - Productivity gains
- More than offsetting opex inflation and investment in people

Asia-Pacific

Adj. EBITA margin: 2.3% up +101 bps
excluding non-recurring items

- Improved credit control leading to reduced bad debt

Robust earnings in H1 23

€m	H1 2022	H1 2023	Change
Sales	**9,083**	**9,763**	**+7.5%**
Adjusted EBITA[1] (comparable base)	**714**	**702**	**-1.7%**
% Adj Ebita margin	7.9%	7.2%	-72bps
Currency/Scope	(10)	Na	
Non-recurring copper effect	5	(7)	
Reported EBITA	**709**	**696**	**-1.9%**
Amortization resulting from PPA	(6)	(11)	
Other income and expense	(19)	(25)	
Operating income	**684**	**660**	**-3.5%**
Net financial expenses	(52)	(76)	
Profit before tax	**632**	**584**	**-7.5%**
Income tax	(172)	(156)	
Tax Rate	27.2%	26.7%	
Net income	**460**	**428**	**-6.8%**
Recurring net income[2]	**471**	**455**	**-3.4%**

+16bps restated for non-recurring items from inventory price inflation on non-cable products, net of higher performance-linked bonuses in 2022

Other income and expense notably includes
- €(13.5)million from capital losses on disposal
- €(7.0) million from acquisition costs
- €(4.2) million of restructuring

Net Financial expenses notably include:
- €(49.0)million from financial costs vs €(30.2)m in H1 2022 reflecting higher interest rates
- €(26.7)million from interest on lease liabilities

Effective tax rate stood at 26.7% in H1 23

H1 2022 benefited from all-time-high inflation tailwind on non-cable products; embedded in recurring net income

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. See details in appendix 3 in the Press release

Stable indebtedness ratio amid active capital allocation

€m	H1 2022	H1 2023
EBITDA after Lease (EBITDAaL)	**750**	**731**
Change in trade working capital	(369)	(254)
TWC as % of sales	***15.2%***	***15.1%***
Change in non-trade working capital	(85)	(148)
Net capital expenditure	(55)	(74)
Gross capex as % of sales	***0.6%***	***0.6%***
Other operating revenues & costs	(9)	(13)
Free cash-flow before I&T	**232**	**242**
Free cash-flow conversion	***30.9%***	***33.1%***
Net interest paid	(24)	(44)
Income tax paid	(161)	(184)
Free cash flow after I&T	**46**	**14**
Net financial investment	8	(65)
Dividend	(230)	(362)
Share buyback	(6)	(42)
Effect of currency exchanges rates & Other	(78)	12
Net change in cash / (debt)	**(260)**	**(443)**
Net financial Debt at the end of the period	**1,811**	**1,902**
Indebtedness ratio	**1.26x**	**1.26x**

Stable WCR /sales level

Notably cash-out of 2022 performance linked bonuses & commissions

Capex stood at 0.6% of sales, similar to H1 2022

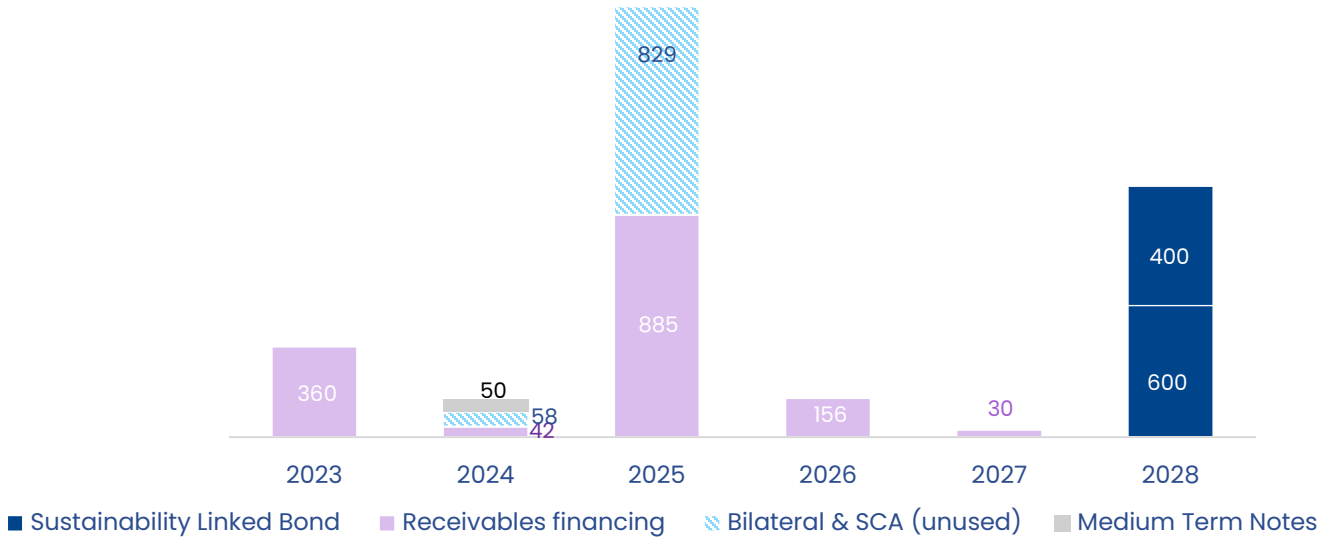
Net effect between acquisitions and disposals

€1.20 dividend per share paid in May

€50m buyback completed ytd mid-July

Balanced financing between Sustainability-Linked Bonds and receivables financing

Gross debt maturity breakdown as of June 30, 2023



S&P Rating at BB+

Moody's rating at Ba1

Stable outlook

Account receivables securitization:

Monthly loading mechanism

c. €1.3bn

Liquidity as of June 30, 2023

3.39% (+138bps yoy)

H1 2023 average effective interest rate on gross debt

03

Power Up 2025

One year in

Delivering on our strategy

Mid-term ambitions		2022 achievements	H1 2023 achievements
CAGR 2022-2025 same-day sales	c.4%-7% on average	14.1%	**8.1%**
Adj. EBITA margin in 2025	6.5%-7%	7.3%[1]	**7.2%**
Free cash flow conversion ratio over 2022-25	>60% (each year)	61.4%	**On track**

1. Including 66 bps of non-recurring items

Executing on our Power Up 2025 operational action plans…

"Electrifying solutions that make a sustainable future possible"

POWER UP 2025

Excellence | **Differentiation**

Mid-term ambitions		2022 achievements	H1 2023 achievements
Digital	40% in 2025	24%[1] of sales	**28% of sales**
Supply Chain	c. x3 the number of automated DC	**6**[2] automated DC	**7** automated DC
Electrification	c. x2 the pace of our traditional ED business	Above 2x	**c. 5x**

1. Restated for the disposal of Norway in 2023 (25% on a reported basis)
2. Excluding the automatized DC in Norway that had been disposed

… and implementing our Power Up 2025 capital allocation

Mid-term ambitions		2022 achievements	H1 2023 achievements
Share buyback	c. €400m	17% completed	**30% completed**
Divestments in 2022-25	€200m - €500m of sales	c. €200m completed	**c. €480m completed**
Acquisitions in 2022-25	up to €2bn of sales	c. €250m completed	**c. €1bn* completed**

* Including Wasco acquisition

Ongoing acquisition of Wasco, an HVAC leader in the Netherlands

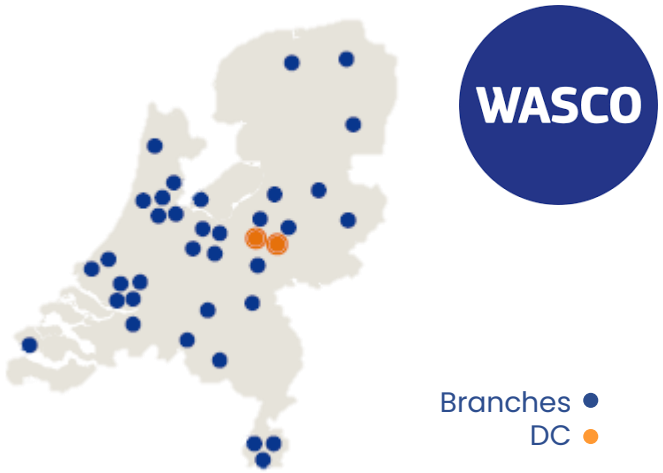
Leader in HVAC business

€550m
of sales

Attractive multiple

Value creation
in year 2

Strong local footprint



Robust organic sales growth since 2014

c. +10%
CAGR 2014-2022

High digital sales penetration

57%

Positive momentum in energy transition supported by Dutch government regulatory framework

Gas boiler ban to drive heat pump adoption in the Netherlands

New build opportunities

100%

Full electric heat pump since 2018

900 k units

Supply/demand gap from population increase in 2022

Renovation opportunities

100%

Homes with an **"A" energy rating** by 2050 versus 23% currently

7 million

Gas boilers to be replaced by hybrid/electric heat pumps from 2026

Source: Strategy consultancy analysis

04

Outlook and 2023 guidance

2023 outlook
Entering H2 23 with good momentum

- Solid demand in most end-markets, with a high level of accumulated backlog remaining to be served
- Confirmation of positive trends in electrification, driven by government policies and stimulus plans
- Some contained pockets of weakness (new residential, office buildings) with limited exposure overall
- Price contribution slowing down as expected, in a globally inflationary environment
- Successful ongoing effect of Power Up 25 action plans
- Strong focus on digital, operational efficiency and cost control

2023 guidance upgraded

Upper end
of initial guidance

Same-day growth

Initial guidance: 2%-6%

6.6% - 6.9%

Adjusted EBITA margin[1]

Initial guidance: 6.3%-6.7%

> 60%

Free cash flow conversion[2]

Current guidance: unchanged

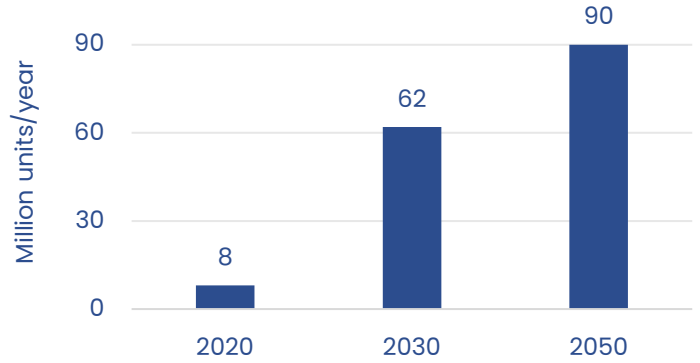
1. Excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cable prices.
2. FCF Before Interest and Tax / EBITDAaL ; EBITDAaL: Earnings Before Interest, Taxes, Depreciation and Amortization after Leases

05

Appendix

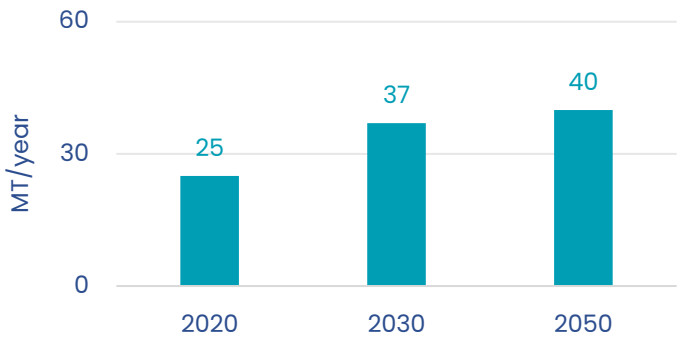
Sustainable energy transition trends to support future growth

Numbers of Electric cars to be increased by 10 in 2050



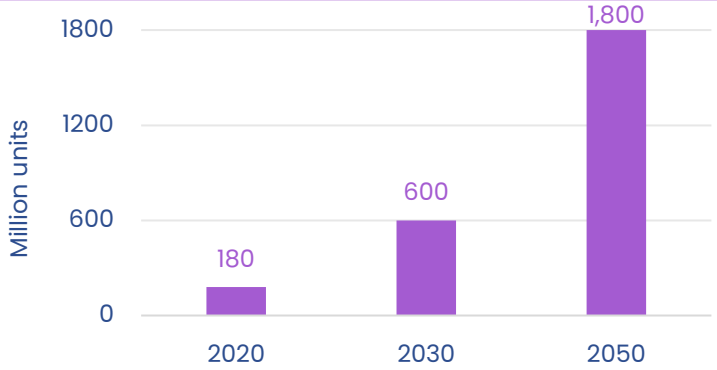
Source: IAE – Global deployment of selected clean energy technologies in the NZE Scenario

Increasing use of copper to support inflation



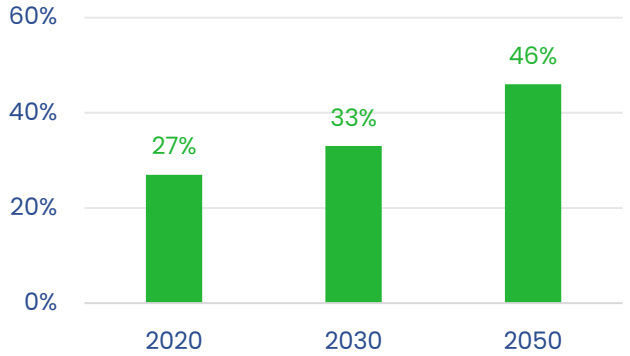
Source: IAE – Total global material demand by type in the NZE Scenario

Numbers of heat pumps to be multiplied by 10 in 2050



Source: IAE – Electrification

Electricity to represent almost 50% of the consumption mix in 2050



Source: IAE – « Announced pledge scenario for Building & Industry segments

Disclaimer

The Group is exposed to fluctuations in copper prices in connection with its distribution of cable products. Cables accounted for approximately 19% 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, 2023 under number D.23-0078. 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, 2023 under number D.23-0078, as well as the financial statements and consolidated result and activity report for the 2022 fiscal year which may be obtained from Rexel's website (www.rexel.com).