

# Q1 2019 sales

April 30<sup>th</sup>, 2019



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Consolidated financial statements as of March 31, 2019 were authorized for issue by the Board of Directors held on April 29<sup>th</sup>, 2019.



# KEY HIGHLIGHTS

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# Q1 Highlights: Sales growth for the 10<sup>th</sup> consecutive quarter

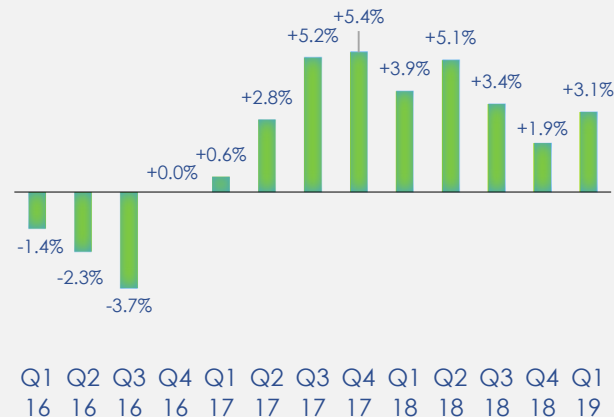
- Same-day sales growth of +3.1% in Q1 19 or +5.1% excluding asset disposals and turnaround measures:
  - -1.7% impact from transformation in Germany and Spain
  - -0.3% impact from disposal of our Rockwell business in Australia
- Strong Q1 19 performance despite unfavorable copper contribution of -0.5% vs +0.8% in Q1 18
- Sales growth supported by North America, key European countries and China

Sales

**3,315** € million

Same day sales growth

**3.1%**



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# Our “Perform” initiatives support our sales growth in Q1

- All pillars of our strategic plan contributing to sales growth:
  - More Customers/more SKUs & improved service level
    - Increasing focus on customer satisfaction with NPS implementation in Europe
    - Customer gains in most geographies
    - Market share gains in France, US, Canada, the Nordics
  - Enhancing industrial value proposition
    - Acquisition of competencies / dedicated sales force
    - Strong industrial pillars in all 3 geographies
      - North America with US & Canada
      - Europe with Germany & France
      - APAC with China
  - Increased contribution from self-help growth drivers
    - Positive momentum in countries that went through turnaround recently, such as Germany & Spain.
    - Ramp-up in sales from US branches opened in 2017 and 2018
    - Gexpro (GE IS) on recovery path

Net Promoter Score in Europe

**In 8** countries

Customer gains in France & US

**+ c 2400**    **+ c 2700**

## Successful initiatives in our “**Transform**” strategy to enhance customer experience and productivity

- Digital revenue up 13.8% in Q1, now representing 17.2% of sales, including 24.8% of sales in Europe (up 290bps)
- Tools introduced to improve business operations
  - Track-and-trace in Europe
  - Email to EDI
- Acceleration of the transformation with analytical tools deployment:
  - First rollout of predictive tools in France, Belgium, the Netherlands and Austria
  - Deployment on newly-launched Cloud-based CRM in France



Digital penetration

**17.2%** up 180bps

**France**

Connected customers

% digital

**c. +10 k**

**+440 bps**

European sales using Track & Trace

**45%** end Q1

**70%** end 2019



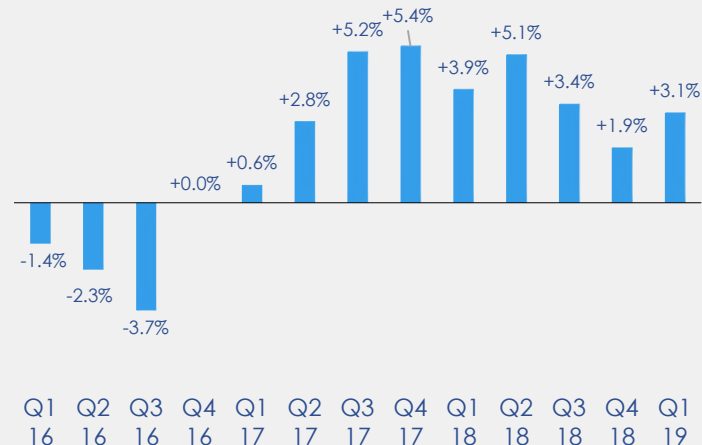
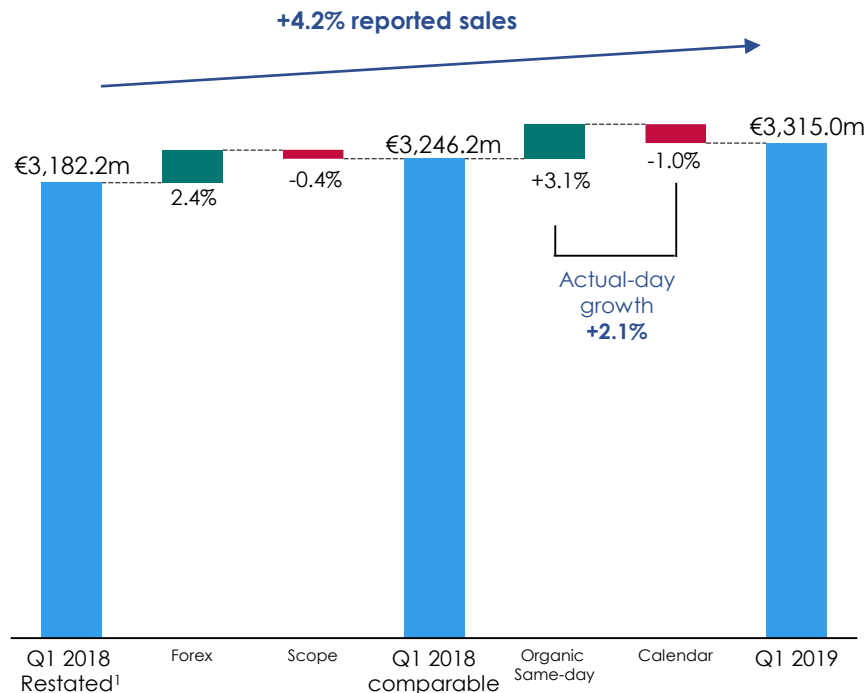
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# SALES REVIEW & OTHER KEY TOPICS

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Q1 19 sales : Up +3.1% on a same-day basis  
and +4.2% on a reported basis

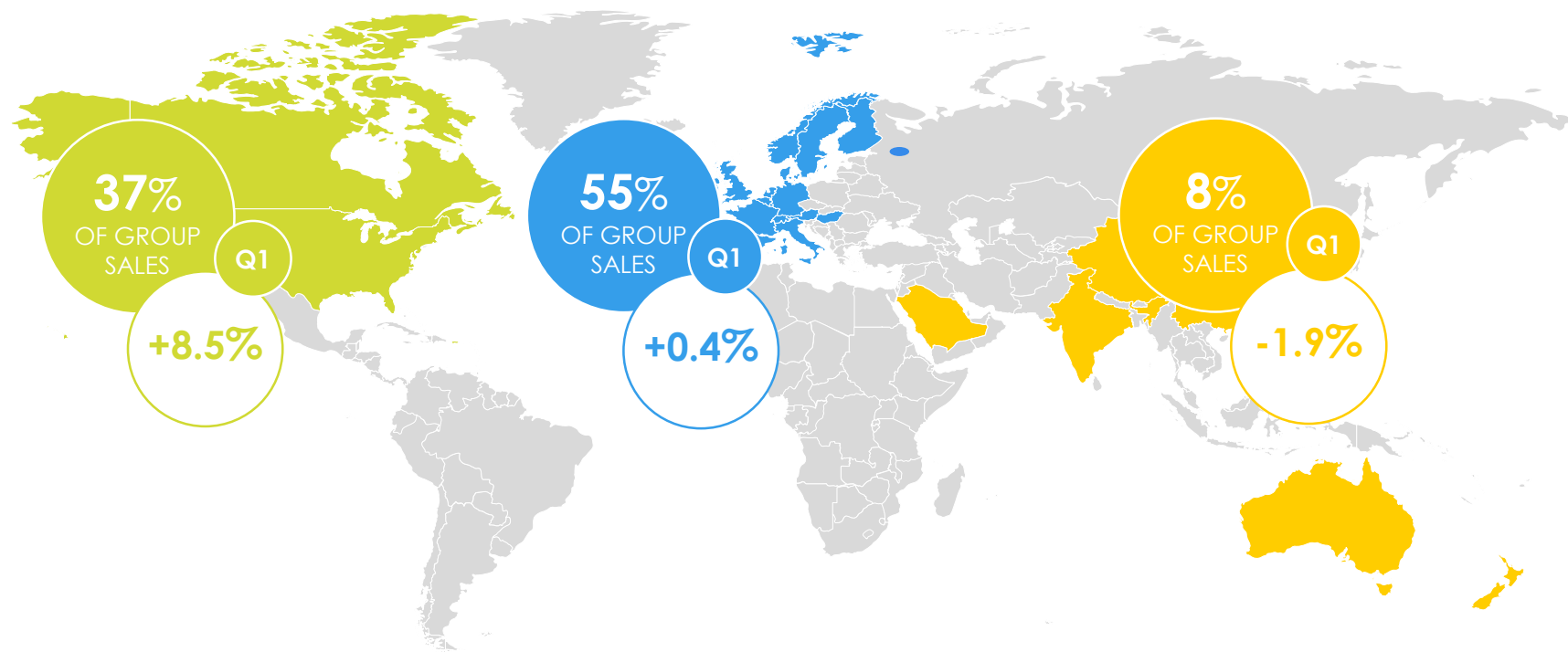


- 10 quarters of sales growth on a constant & same-day basis despite an increasingly challenging comparable base over the year and a lower contribution from copper

Copper cable price contribution					
FY 2017	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
+1.2%	+0.8%	+0.7%	+0.3%	-0.3%	-0.5%

**FY 2018 : +0.4%**

Same-day sales growth of 3.1% in Q1, supported by North America, key European countries and China





## Europe: Good momentum in most key countries, positive impact of turnaround measures

Sales

1,814.0

€ million

Constant

+0.4%

& same-day

- Excluding branch closures in Germany & Spain, same-day sales growth in Europe stands at a solid 3.4%
- Sales in France were up 2.7%, supported by market share gains and good momentum in our projects and specialty businesses
- Positive trends in most key countries including Benelux, Scandinavia, Austria
- In Germany, the new organization with an industrial focus is fully operational and gaining momentum. Same-day sales were down 19.9%. Restated for the closure of 17 branches in Q3 2018, business is up 3.6%, with positive momentum in C&I and industrial markets, notably utilities, chemical and manufacturing
- UK sales dropped 7.5%, as a result of customer selectivity (-6.3% impact) and branch closures (-3.0% impact – 30 branch closures of which 13 in 2019)



	WEIGHT	Q1 19 vs. Q1 18 <sup>1</sup>
France	38%	+2.7%
Scandinavia	13%	+6.8%
UK	11%	-7.5%
Benelux	10%	+13.3%
Germany	9%	-19.9%
Switzerland	6%	+4.2%

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# North America: Continued strong growth, driven by improved service level

Sales  
**1,233.4**  
€ million

Constant  
**+8.5%**  
& same-day

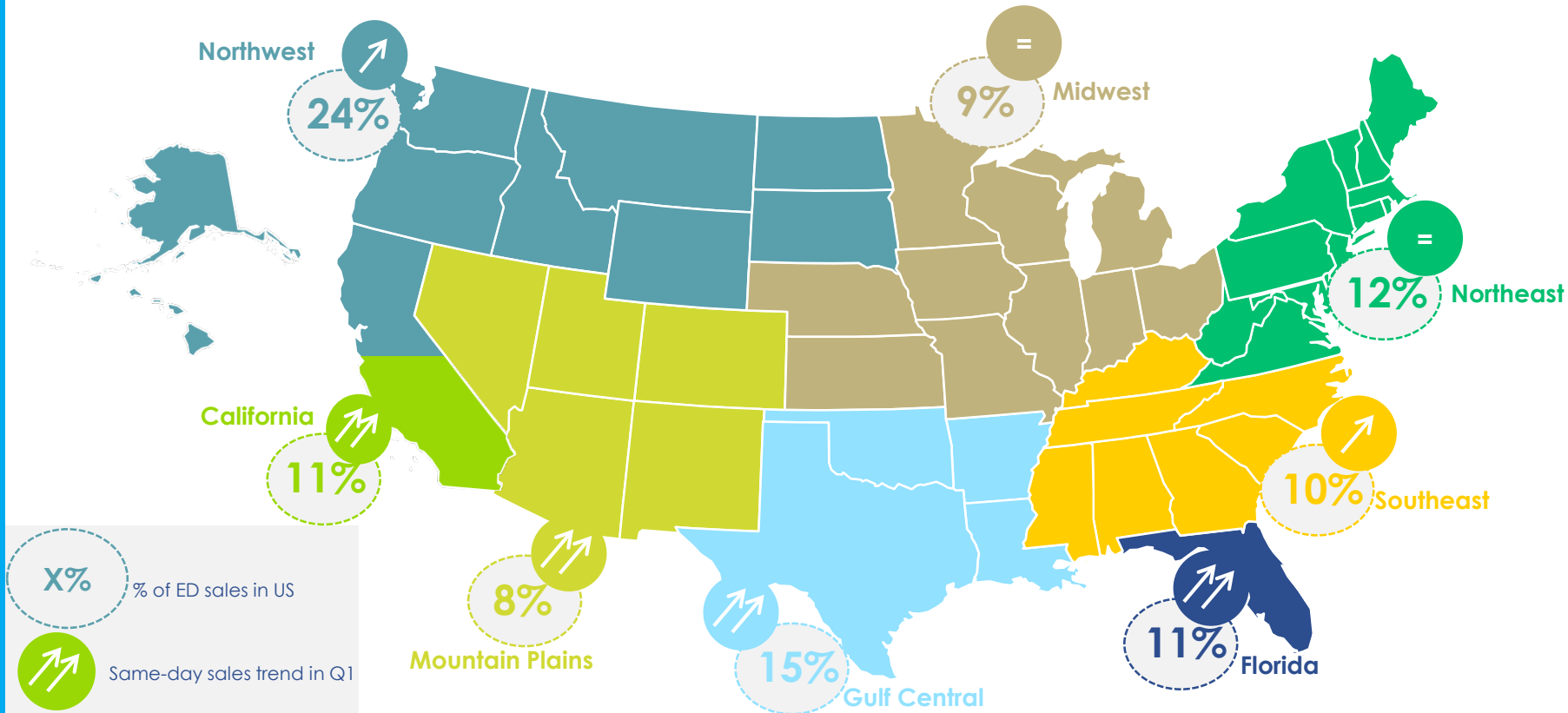
	WEIGHT	Q1 19 vs. Q1 18 <sup>1</sup>
USA	80%	+9.8%
Canada	20%	+3.4%

**37%**  
OF GROUP  
SALES



- **USA: Sales grew in high single digits for the third consecutive quarter, confirming our ability to capture market growth and gain market share in specific regions**
  - Initiatives and new business approach continue to drive market outperformance
    - All 3 end-markets (Residential, commercial & industrial) progressing in a range of high single digits to double digits
    - c. 2,700 additional active customers in the last 12 months
  - Investment in sales reps, branch openings and refresh of existing branches
    - 52 new branches/counters since 2017, including 4 in Q1 2019 in Florida, Georgia, Colorado and Texas
    - Branch openings: Contribution to Q1 19 sales growth of +1.1%
    - 27% of the existing network has been refreshed since 2016.
- **Canada :**
  - Driven by commercial and industrial end-market, notably mining potash (1.3% contribution)
  - Solid backlog fueled by transportation and commercial infrastructure projects

## Strong momentum in most regions in the US

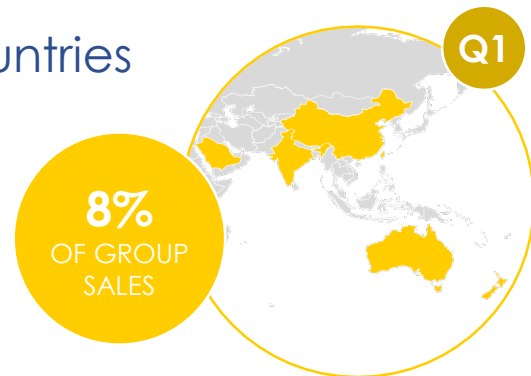


## Asia-Pacific: Good underlying performance in all countries

Sales  
**267.7**  
€ million

Constant  
**-1.9%**  
& same-day

	WEIGHT	Q1 19 vs. Q1 18 <sup>1</sup>
Pacific	53%	-4.8%
Asia	47%	+1.5%



- **Asia-Pacific is up 1.9% in Q1 19, restated for the impact of the disposal of our Rockwell automation business in Australia in April 2018**
- **Pacific:**
  - Sales were down 5.9% in Australia or +2.7% excluding asset disposal. Industrial business remains positive; residential and commercial sectors show signs of slowdown, notably affected by tougher lending conditions. Resources reallocated to industrial business as well as public spending.
- **Asia:**
  - Sales grew by 8.2% in China despite strong base effect. Positive momentum in industrial automation products and solutions, with a refocusing on promising markets.
  - A large contract in the Middle East benefited Q1 18 sales for €7m, implying a challenging base effect in Q1 19 (-6.6% contribution to Asia or -2.8% contribution to APAC)

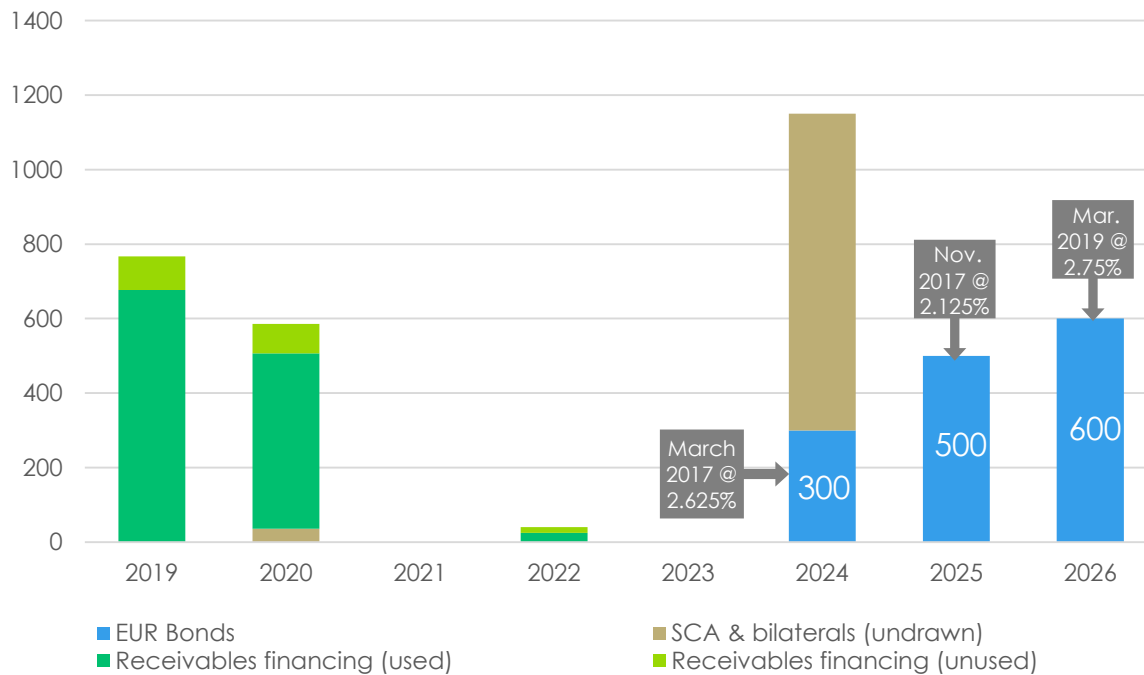
# Product mix : Q1 sales growth mostly driven by key categories

	Product Group	% of sales	Price	Volume	Services
	Building Installation	25%			Esabora, Energieasyconnect Data management Supply chain services
	Lighting	19%			Audit Energy efficiency solution Supply chain services
	Industrial Automation	15%			Industry 4.0 to manage energy efficiency  Maintenance management tools (e.g. Canada)  End to end industrial solutions Machine to machine
	Cable (Copper related)	15%			Cable cut Deep product offering

# Successful refinancing operation of our 2023 bond

## Maturity extension & financing optimization

### Debt maturity breakdown at March 31, 2019



€600m at 2.75%

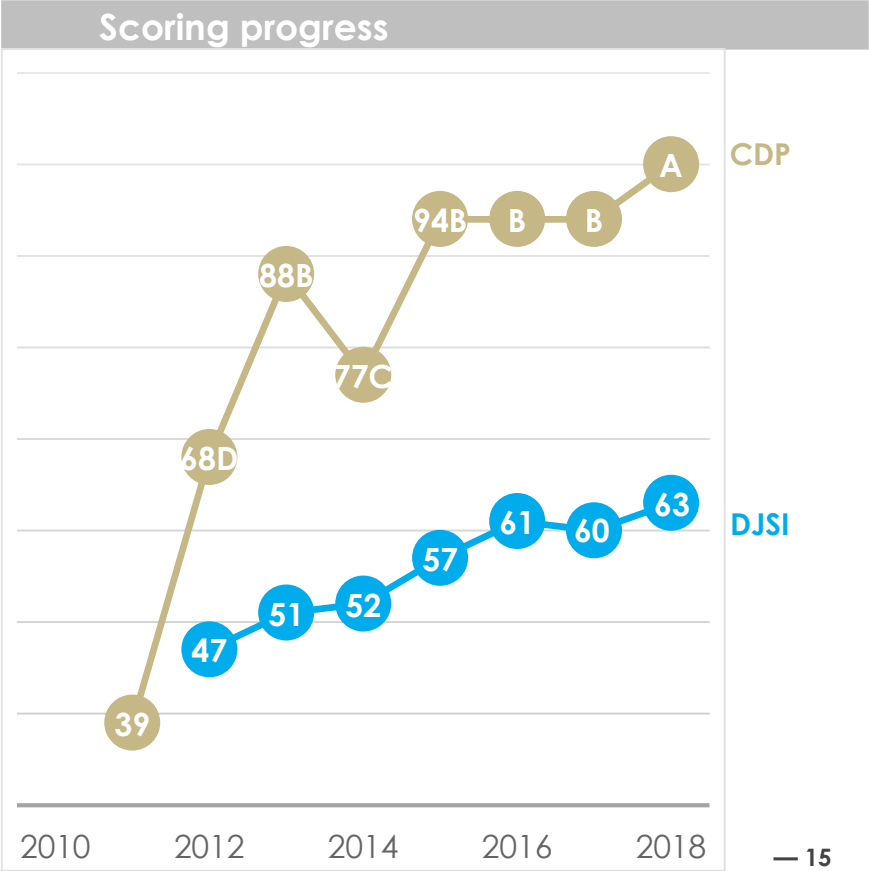
issued with a June 2026 maturity

No debt repayment  
before June 2024

c.4.0 years

Maturity of average debt  
extended by +0.5 years following  
bond issue

# ESG initiatives contributed to our sustainability ranking



# Management evolution to strengthen operational capabilities



Patrick Berard  
CEO

## GROUP FUNCTIONS



Laurent Delabarre  
Group Chief Financial Officer



Frank Waldmann  
Group Human  
Resources Director

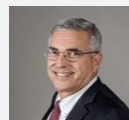


Sébastien Thierry  
General Secretary and  
Secretary of the Board of  
Directors



Nathalie Wright  
Group Digital and  
IT Transformation Director

## BUSINESS OPERATIONS



Jeff Baker  
CEO Rexel USA



Pierre Benoît  
CEO UK, Ireland,  
Benelux & Netherlands



Roger Little  
CEO Rexel Canada



Eric Gauthier  
CEO Rexel  
Asia-Pacific



Nathalie Wright  
CEO Nordics



# 2019 Outlook

- **Consistent with our medium-term ambition and assuming no material changes in the macroeconomic environment, we target for 2019**, at comparable scope of consolidation and exchange rates:
  - 2% to 4% **same-day sales growth**, excluding an estimated unfavorable impact of 1% from branch closures in Germany and Spain
  - a 5% to 7% increase in **adjusted EBITA**<sup>1</sup>
  - a further improvement of the **indebtedness ratio** (net debt-to-EBITDA <sup>2</sup>)

*NB: The estimated impacts per quarter of (i) calendar effects by geography, (ii) changes in the consolidation scope and (iii) currency fluctuations (based on assumptions of average rates over the rest of the year for the Group's main currencies) are detailed in appendix 2.*



# APPENDIX



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# Appendix 1 : Segment reporting – Constant and adjusted basis<sup>1</sup>

## GROUP

Constant and adjusted basis (€m)	Q1 2018	Q1 2019	Change
<b>Sales</b>	3,246.2	<b>3,315.0</b>	<b>+2.1%</b>
<i>on a constant basis and same days</i>			<b>+3.1%</b>

## EUROPE

Constant and adjusted basis (€m)	Q1 2018	Q1 2019	Change
<b>Sales</b>	1,821.9	<b>1,814.0</b>	<b>-0.4%</b>
<i>on a constant basis and same days</i>			<b>+0.4%</b>
France	683.5	<b>691.1</b>	<b>+1.1%</b>
<i>on a constant basis and same days</i>			<b>+2.7%</b>
United Kingdom	213.3	<b>197.3</b>	<b>-7.5%</b>
<i>on a constant basis and same days</i>			<b>-7.5%</b>
Germany	203.9	<b>163.4</b>	<b>-19.9%</b>
<i>on a constant basis and same days</i>			<b>-19.9%</b>
Scandinavia	215.8	<b>231.4</b>	<b>+7.2%</b>
<i>on a constant basis and same days</i>			<b>+6.8%</b>

<sup>1</sup> 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 basis<sup>1</sup>

## NORTH AMERICA

Constant and adjusted basis (€m)	Q1 2018	Q1 2019	Change
<b>Sales</b>	1,151.5	1,233.4	+7.1%
<i>on a constant basis and same days</i>			+8.5%
United States	915.7	989.7	+8.1%
<i>on a constant basis and same days</i>			+9.8%
Canada	235.8	243.7	+3.4%
<i>on a constant basis and same days</i>			+3.4%

## ASIA-PACIFIC

Constant and adjusted basis (€m)	Q1 2018	Q1 2019	Change
<b>Sales</b>	272.8	267.7	-1.9%
<i>on a constant basis and same days</i>			-1.9%
China	99.2	107.4	+8.2%
<i>on a constant basis and same days</i>			+8.2%
Australia	122.5	115.6	-5.6%
<i>on a constant basis and same days</i>			-5.9%
New Zealand	25.7	25.9	+0.5%
<i>on a constant basis and same days</i>			+0.5%

<sup>1</sup> 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 2 : Calendar, scope and currency effects on sales

Based on the assumption of the following average exchange rates:

1 €	=	1.13	USD
1 €	=	1.51	CAD
1 €	=	1.58	AUD
1 €	=	0.87	GBP

and based on acquisitions/divestments to date, 2018 sales should take into account the following estimated impacts to be comparable to 2019 :

	Q1 actual	Q2e	Q3e	Q4e	FYe
<b>Scope effect at Group level</b>	<b>(12.1)</b>	<b>(11.5)</b>	<b>(10.9)</b>	<b>(15.7)</b>	<b>(50.2)</b>
<i>as% of 2018 sales</i>	<i>-0.4%</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>-0.4%</i>	<i>-0.4%</i>
<b>Currency effect at Group level</b>	<b>76.1</b>	<b>65.0</b>	<b>47.0</b>	<b>22.7</b>	<b>210.8</b>
<i>as% of 2018 sales</i>	<i>2.4%</i>	<i>1.9%</i>	<i>1.4%</i>	<i>0.6%</i>	<i>1.6%</i>
<b>Calendar effect at Group level</b>	<b>-1.0%</b>	<b>-0.6%</b>	<b>1.0%</b>	<b>0.3%</b>	<b>0.0%</b>
Europe	-0.8%	-0.6%	1.6%	-0.3%	-0.1%
USA	-1.7%	-0.1%	0.0%	1.6%	0.0%
Canada	0.0%	-1.6%	1.6%	0.0%	0.0%
North America	-1.4%	-0.4%	0.3%	1.2%	0.0%
Asia	-0.2%	-0.4%	-0.5%	0.6%	-0.1%
Pacific	0.2%	-1.7%	1.6%	0.1%	0.0%
Asia-Pacific	0.0%	-1.1%	0.6%	0.4%	0.0%

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

Q1	Europe	North America	Asia-Pacific	Group
<b>Reported sales 2018</b>	<b>1,822.4</b>	<b>1,075.7</b>	<b>284.1</b>	<b>3,182.2</b>
+/- Net currency effect	0.0%	7.1%	0.3%	2.4%
+/- Net scope effect	0.0%	0.0%	-4.3%	-0.4%
<b>= Comparable sales 2018</b>	<b>1,821.9</b>	<b>1,151.5</b>	<b>272.8</b>	<b>3,246.2</b>
<b>+/- Actual-day organic growth, of which:</b>	<b>-0.4%</b>	<b>7.1%</b>	<b>-1.9%</b>	<b>2.1%</b>
<i>Constant-same day excl. copper</i>	0.9%	9.1%	-2.3%	3.5%
<i>Copper effect</i>	-0.5%	-0.7%	0.3%	-0.5%
<b>Constant-same day incl. copper</b>	<b>0.4%</b>	<b>8.5%</b>	<b>-1.9%</b>	<b>3.1%</b>
Calendar effect	-0.8%	-1.4%	0.0%	-1.0%
<b>= Reported sales 2019</b>	<b>1,814.0</b>	<b>1,233.4</b>	<b>267.7</b>	<b>3,315.0</b>
YoY change	-0.5%	14.7%	-5.8%	4.2%

## Appendix 4 : Historical copper price evolution



USD/t	Q1	Q2	Q3	Q4	FY
2017	5,855	5,692	6,384	6,856	6,200
2018	6,997	6,907	6,139	6,158	6,544
<b>2019</b>	<b>6,219</b>				
2017 vs. 2016	+25%	+20%	+33%	+30%	+27%
2018 vs. 2017	+20%	+21%	-4%	-10%	+6%
<b>2019 vs. 2018</b>	<b>-11%</b>				

€/t	Q1	Q2	Q3	Q4	FY
2017	5,498	5,168	5,434	5,823	5,483
2018	5,693	5,797	5,279	5,395	5,538
<b>2019</b>	<b>5,476</b>				
2017 vs. 2016	+30%	+23%	+27%	+19%	+24%
2018 vs. 2017	+4%	+12%	-3%	-7%	+1%
<b>2019 vs. 2018</b>	<b>-4%</b>				

## Financial Calendar

May 23, 2019

Annual Shareholders' Meeting

July 30, 2019

Second-quarter and  
first half 2019 results

## Contacts

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# Disclaimer

The Group is exposed to fluctuations in copper prices in connection with its distribution of cable products. Cables accounted for approximately 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 April 3, 2019 under number D.19-0264. 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.

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