

Q3 2019 sales

October 17th, 2019



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KEY HIGHLIGHTS

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Q3 Highlights: Sales growth for the 12th consecutive quarter

- Same-day sales growth of +0.9% in Q3 19 or +1.9% excluding turnaround measures in Germany and Spain
 - Lower industrial demand especially in the US and Germany
 - Sales growth supported by North America, key European countries and China
- As expected, lower growth than Q2 19 also explained by a more challenging base effect in Q3 on a two-year basis
- Q3 19 sales growth despite unfavorable copper contribution of -0.3% vs +0.3% in Q3 18

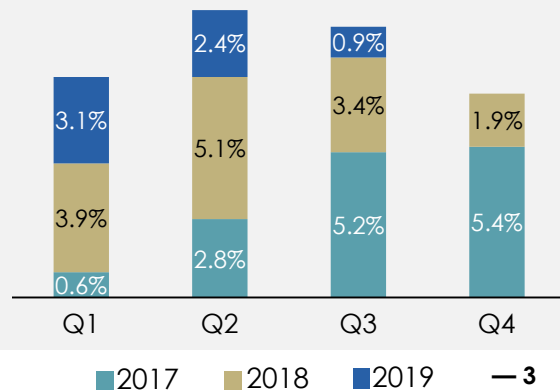
Sales

3,422 € million

Same-day sales growth

0.9%

Same-day sales growth in 2017-2019



A large white number 2 is overlaid on a photograph of a wind farm. The wind turbines are silhouetted against a bright sunset sky with orange and yellow hues. The turbines are arranged in a line across a grassy hillside.

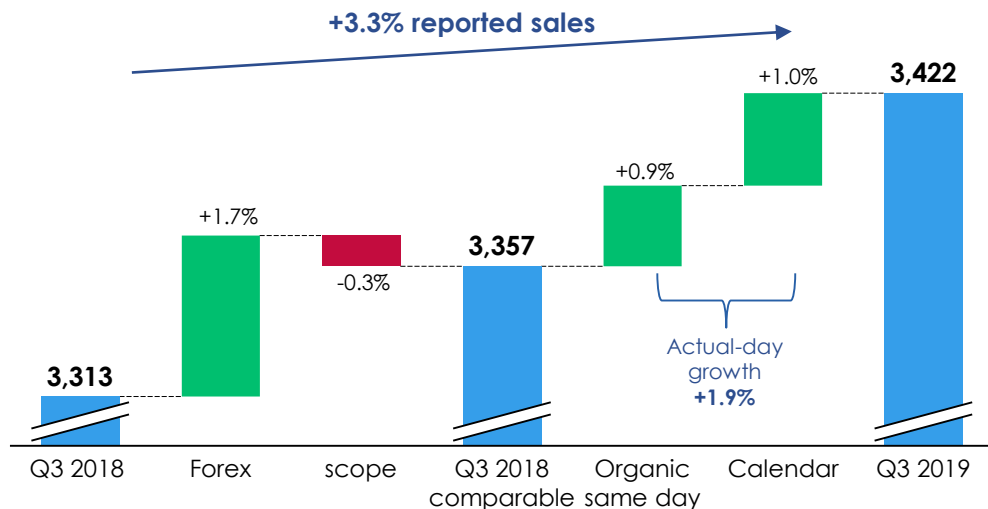
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SALES REVIEW



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Q3 19 sales: Up +0.9% on a same-day basis and +3.3% on a reported basis



12 quarters of sales growth on a constant & same-day basis despite an increasingly challenging comparable base over the year and a negative contribution from copper over the last 4 quarters

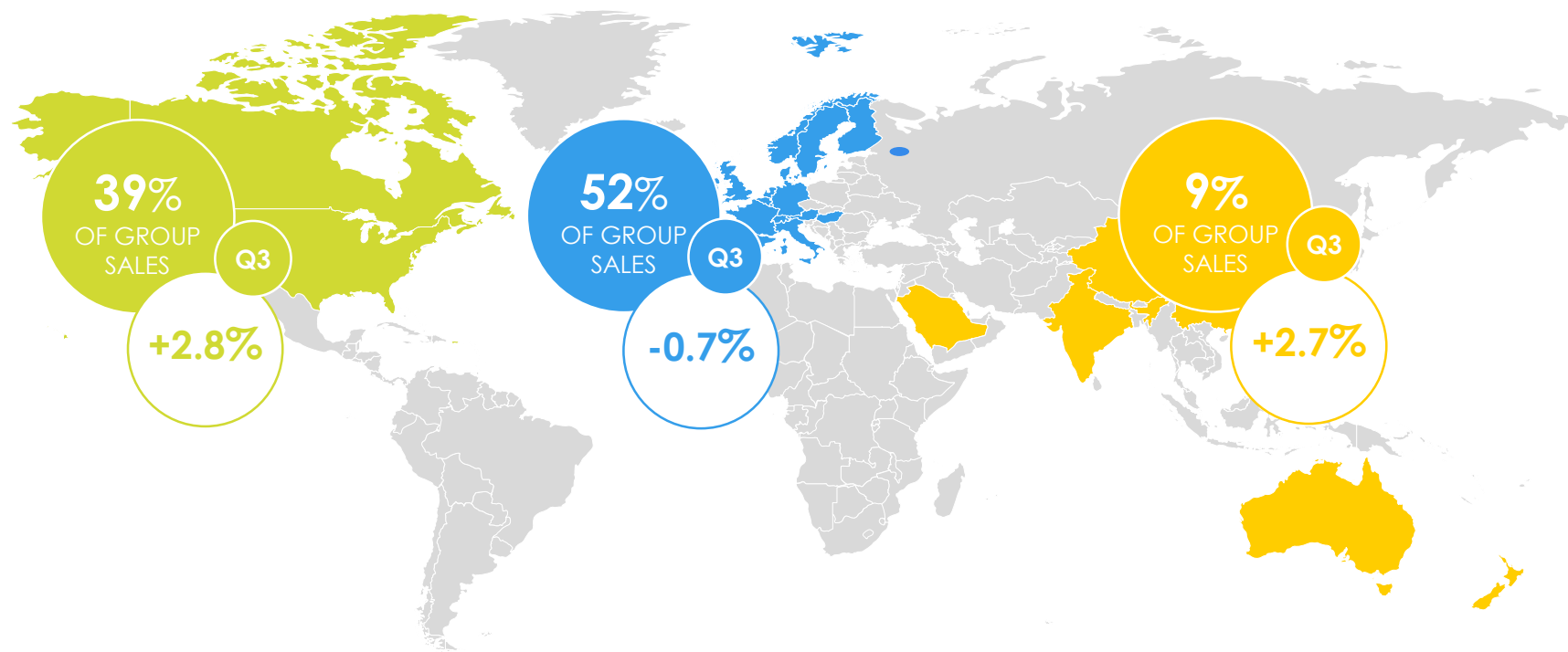
Copper cable price contribution

FY 2017	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
+1.2%	+0.8%	+0.7%	+0.3%	-0.3%	-0.5%	-0.2%	-0.3%

FY 2018 : +0.4%

H1 2019 : -0.3%

Same-day sales growth of 0.9% in Q3, supported by North America, France, Benelux, Sweden and China. First signs of industrial slowdown



Europe: Positive momentum in most key countries, slowdown in UK and industry

Sales

1780.8

€ million

Constant

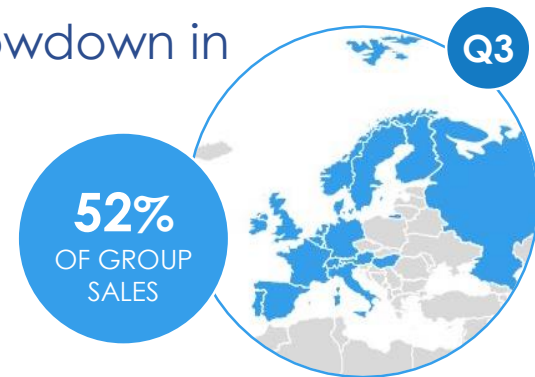
-0.7%

& same-day

- +1.0% same-day sales growth in Europe, excluding branch closures in Germany & Spain
- Sales in France were up 3.3%, with continuing good momentum in commercial and residential markets, while industrial is growing at a slower pace. Continuous focus on digital transformation: Digital sales represent 17.3% of sales in Q3 (up c. 30% vs Q3 18), with accelerated adoption of analytical tools.
- Positive momentum in Benelux, Sweden and Switzerland
- In Germany, same-day sales are down 17.2%, or -4.6% restated for the closure of 17 branches in Q3 2018, mainly due to deterioration in the industrial end-market. Solid fundamentals reestablished post-reorganization of our C&I business.
- UK sales dropped by 10.6%, as a result of market deterioration, customer selectivity and branch closures (-1.5% impact – 28 branch closures of which 13 in 2019).
 - London (-18%) and Central area (-12%) are the most affected
 - Further restructuring measures under consideration in an uncertain business environment

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	WEIGHT	Q3 19 vs. Q3 18 ¹
France	37%	+3.3%
Scandinavia O.w. Sweden	13% 7%	+1.1% +5.5%
UK	10%	-10.6%
Benelux	10%	+9.6%
Germany	9%	-17.2%
Switzerland	7%	+2.2%

North America: Slowdown in US industrial business; continued momentum in Canada.

Sales
1,335.2
€ million

Constant
+2.8%
& same-day

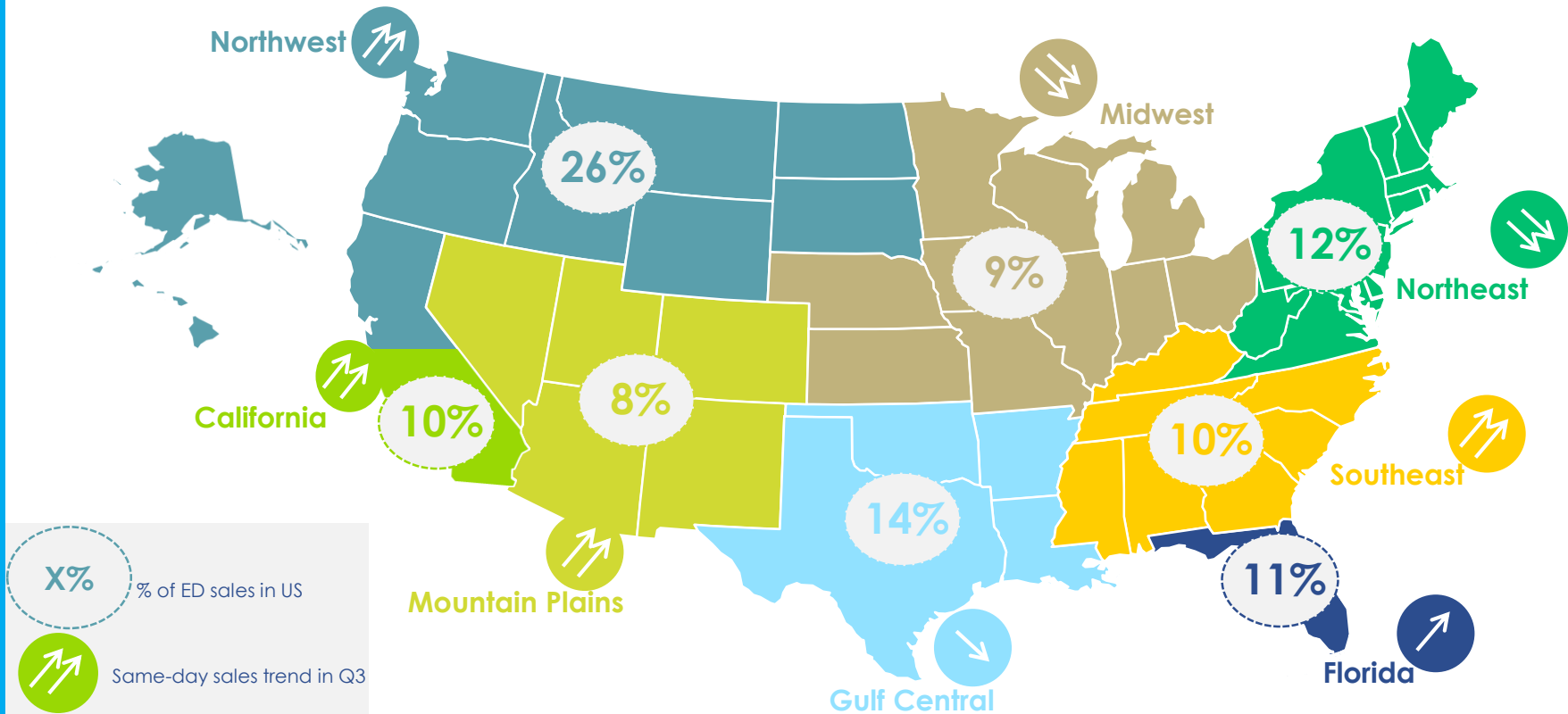
	WEIGHT	Q3 19 vs. Q3 18 ¹
USA	78%	+1.8%
Canada	22%	+6.3%

39%
OF GROUP
SALES



- **USA: Lower same-day sales growth on slowdown of industrial business, mainly due to trade war, business selectivity and base effect**
 - Industrial business down in low single digits, mainly due to low OEM activity, partly offset by maintenance business
 - Business selectivity especially in large projects in order to protect profitability
 - Residential up in mid single digits in a broadly flat market, thanks to investments in branches and in sales reps, contributing to Q3 19 same-day sales growth of circa +1.5%
 - Lower growth than Q2 19 also explained by a more challenging base effect
- **Canada: Continued momentum**
 - Fueled by commercial projects and cable
 - Good demand from industry end-users and in proximity business (harmonization of our core offer plan across the country)
 - Momentum expected to continue thanks to solid backlog

Contrasting performance in the US



Asia-Pacific: Supported by projects in a more challenging environment

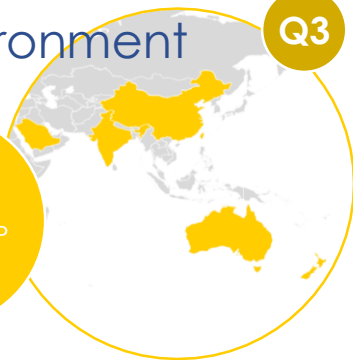
Q3

Sales
306.2
€ million

Constant
+2.7%
& same-day

	WEIGHT	Q3 19 vs. Q3 18 ¹
Pacific	52%	+1.2%
Asia	48%	+4.4%

9%
OF GROUP
SALES



- **Pacific up 1.2% in Q3 19**

- Sales were up 1.5% in Australia with the industrial segment driving growth (MRO, mining and infrastructure), offsetting the slowdown in residential and commercial markets

- **Asia up 4.4% in Q3 19**

- Sales grew 7.6% in China, mainly driven by a large project (19.6 million euros) whose contribution slowed vs Q1 and Q2. Underlying business is down in mid single digits with the industrial business impacted by the trade dispute
- India is up 19.9% on strong industrial demand
- Middle East is down 38.2%, impacted by a large project that benefited Q3 2018 (+6 million euros)

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1 Same-day change



OUTLOOK

We anticipate Free cash flow conversion of around 60% in FY 2019

(€m)	2018	Post IFRS 16 2018
EBITDA	700.5	897.3
Lease payment	-	(211.8)
EBITDA after Lease (EBITDAaL)	700.5	685.5
Restructuring	(67.3)	(62.2)
Change in working capital	(161.8)	(159.9)
Net capital expenditure	(93.8)	(90.6)
Other operating revenues & costs	(20.6)	(21.5)
Free cash-flow before I&T	357.0	351.3
FCF (before I&T) conversion (% EBITDAaL)	51.0%	51.2%
Net interest paid	(85.3)	(84.3)
Income tax paid	(80.7)	(80.7)
Free cash-flow after I&T	191.0	186.3
Net debt	2,030.4	2,014.7
Covenant ratio (as defined in RCFA)	2.67x	2.71x

€(15)m following reclassification in EBITDAaL of Finance lease rental payments and onerous lease payments

€(5.7)m:

- Reclassification in FCF of finance leases
- Low impact from IFRS16 on FCF

€(15.7)m: Finance lease obligations excluded from net debt under IFRS16

FCF conversion ratio is based on EBITDA after lease payments (EBITDAaL)

2019 Outlook confirmed

- **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**¹
 - a further improvement of the **indebtedness ratio** (net debt-to-EBITDA ²)

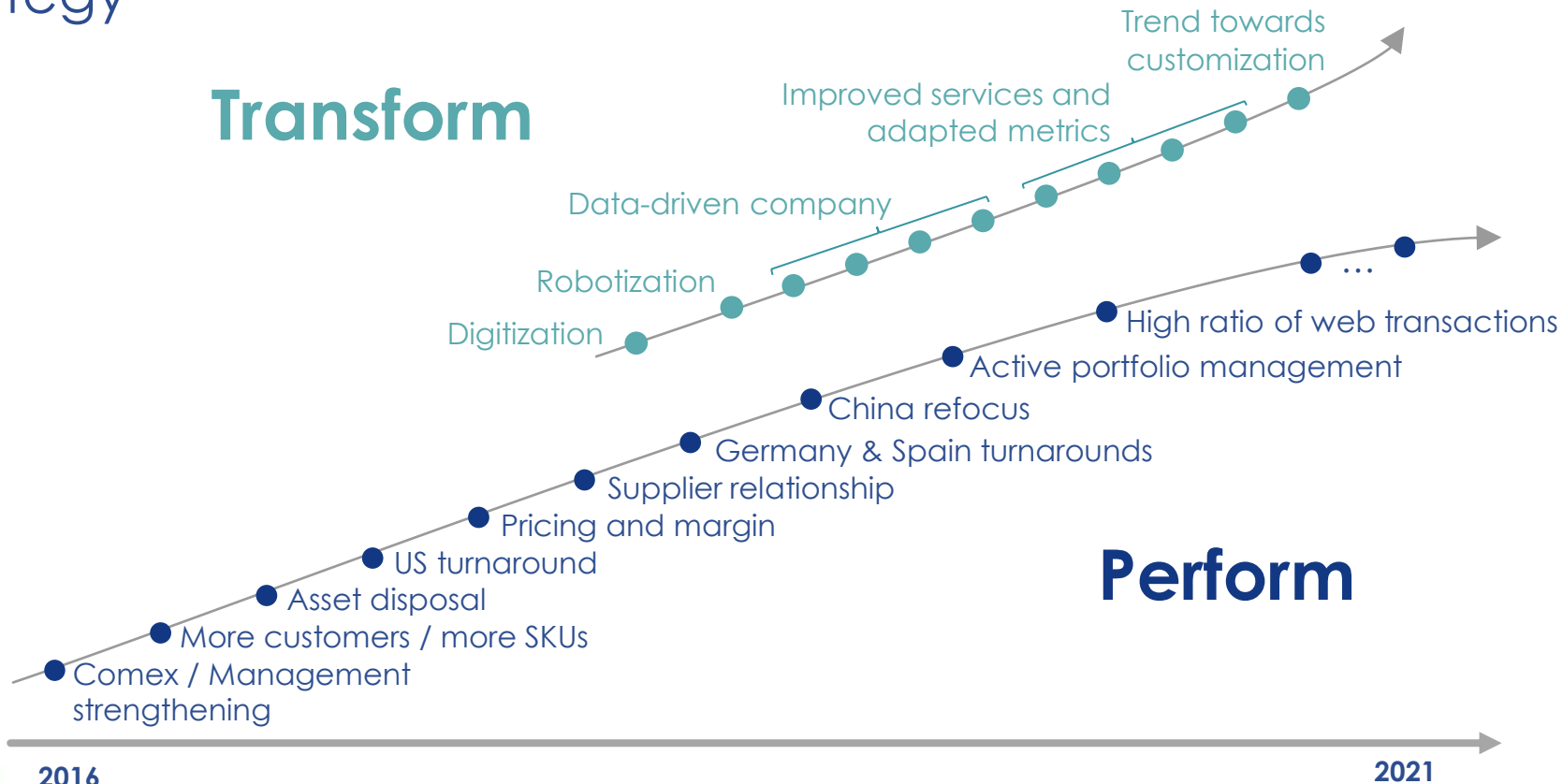
NB: The estimated impacts per quarter of (i) calendar effects by geography, (ii) changes in the consolidation scope and (iii) currency fluctuations (based on assumptions of average rates over the rest of the year for the Group's main currencies) are detailed in appendix 2.

¹ excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cable prices. At comparable scope and 2018 average currency conditions, we estimate an impact of +€1 million on our 2019 adjusted EBITA

² As calculated under the Senior Credit Agreement terms

Rexel is in the second phase of its Perform&Transform strategy

Transform





APPENDIX

Appendix 1 : Segment reporting – Constant and adjusted basis¹

GROUP

Constant and adjusted basis (€m)	Q3 2018	Q3 2019	Change	YTD 2018	YTD 2019	Change
Sales	3,357.4	3,422.2	+1.9%	10,027.8	10,221.7	+1.9%
<i>on a constant basis and same days</i>			+0.9%			+2.1%

EUROPE

Constant and adjusted basis (€m)	Q3 2018	Q3 2019	Change	YTD 2018	YTD 2019	Change
Sales	1,765.4	1,780.8	+0.9%	5,446.3	5,425.7	-0.4%
<i>on a constant basis and same days</i>			-0.7%			-0.4%
France	629.3	661.8	+5.2%	1,992.8	2,050.3	+2.9%
<i>on a constant basis and same days</i>			+3.3%			+2.9%
United Kingdom	202.1	180.6	-10.6%	615.2	558.2	-9.3%
<i>on a constant basis and same days</i>			-10.6%			-8.8%
Germany	193.0	162.0	-16.1%	597.3	481.2	-19.4%
<i>on a constant basis and same days</i>			-17.2%			-19.6%
Scandinavia	222.4	228.7	+2.8%	679.7	701.1	+3.2%
<i>on a constant basis and same days</i>			+1.1%			+3.2%

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 2018	Q3 2019	Change	YTD 2018	YTD 2019	Change
Sales	1,295.4	1,335.2	+3.1%	3,715.6	3,918.9	+5.5%
<i>on a constant basis and same days</i>			+2.8%			+5.9%
United States	1,027.0	1,045.7	+1.8%	2,945.6	3,107.2	+5.5%
<i>on a constant basis and same days</i>			+1.8%			+6.1%
Canada	268.3	289.5	+7.9%	770.1	811.7	+5.4%
<i>on a constant basis and same days</i>			+6.3%			+5.4%

ASIA-PACIFIC

Constant and adjusted basis (€m)	Q3 2018	Q3 2019	Change	YTD 2018	YTD 2019	Change
Sales	296.6	306.2	+3.2%	865.9	877.0	+1.3%
<i>on a constant basis and same days</i>			+2.7%			+1.4%
China	114.8	122.8	+7.0%	330.0	357.9	+8.4%
<i>on a constant basis and same days</i>			+7.6%			+8.6%
Australia	125.0	128.8	+3.1%	373.2	367.5	-1.5%
<i>on a constant basis and same days</i>			+1.5%			-1.6%
New Zealand	31.3	31.7	+1.1%	86.7	87.2	+0.6%
<i>on a constant basis and same days</i>			-0.4%			+0.6%

Appendix 2 : Calendar, scope and currency effects on sales

Based on the assumption of the following average exchange rates:

1 €	=	1.12	USD
1 €	=	1.49	CAD
1 €	=	1.61	AUD
1 €	=	0.89	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	Q2 actual	Q3 actual	Q4e	FYe
Scope effect at Group level	(12.1)	(11.2)	(10.4)	(14.5)	(48.3)
<i>as% of 2018 sales</i>	-0.4%	-0.3%	-0.3%	-0.4%	-0.4%
Currency effect at Group level	76.1	61.9	54.7	40.3	233.0
<i>as% of 2018 sales</i>	2.4%	1.8%	1.7%	1.2%	1.7%
Calendar effect at Group level	-1.0%	-0.6%	1.0%	0.3%	0.0%
Europe	-0.8%	-0.6%	1.5%	-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%	1.5%	0.1%	0.0%
Asia-Pacific	0.0%	-1.1%	0.6%	0.4%	0.0%

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

Q3	Europe	North America	Asia-Pacific	Group
Reported sales 2018	1,766.8	1,239.9	306.4	3,313.0
+/- Net currency effect	-0.1%	4.5%	0.2%	1.7%
+/- Net scope effect	0.0%	0.0%	-3.4%	-0.3%
= Comparable sales 2018	1,765.4	1,295.4	296.6	3,357.4
+/- Actual-day organic growth, of which:	0.9%	3.1%	3.2%	1.9%
<i>Constant-same day excl. copper</i>	-0.3%	3.6%	2.6%	1.4%
<i>Copper effect</i>	-0.4%	-0.8%	0.1%	-0.5%
Constant-same day incl. copper	-0.7%	2.8%	2.7%	0.9%
<i>Calendar effect</i>	1.6%	0.3%	0.5%	1.0%
= Reported sales 2019	1,780.8	1,335.2	306.2	3,422.2
YoY change	0.8%	7.7%	-0.1%	3.3%

9m	Europe	North America	Asia-Pacific	Group
Reported sales 2018	5,447.8	3,520.5	900.5	9,868.8
+/- Net currency effect	0.0%	5.5%	-0.1%	2.0%
+/- Net scope effect	0.0%	0.0%	-3.7%	-0.3%
= Comparable sales 2018	5,446.3	3,715.6	865.9	10,027.8
+/- Actual-day organic growth, of which:	-0.4%	5.5%	1.3%	1.9%
<i>Constant-same day excl. copper</i>	-0.1%	6.6%	1.1%	2.5%
<i>Copper effect</i>	-0.3%	-0.7%	0.3%	-0.4%
Constant-same day incl. copper	-0.4%	5.9%	1.4%	2.1%
<i>Calendar effect</i>	0.1%	-0.4%	-0.1%	-0.2%
= Reported sales 2019	5,425.7	3,918.9	877.0	10,221.7
YoY change	-0.4%	11.3%	-2.6%	3.6%

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
2019	6,219	6,129	5,829		
2017 vs. 2016	+25%	+20%	+33%	+30%	+27%
2018 vs. 2017	+20%	+21%	-4%	-10%	+6%
2019 vs. 2018	-11%	-11%	-5%		

€/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
2019	5,476	5,454	5,243		
2017 vs. 2016	+30%	+23%	+27%	+19%	+24%
2018 vs. 2017	+4%	+12%	-3%	-7%	+1%
2019 vs. 2018	-4%	-6%	-1%		

Financial Calendar

February 13, 2020
Full-year 2019 results

April 21, 2020
First quarter 2020 sales

April 21, 2020
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 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.

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