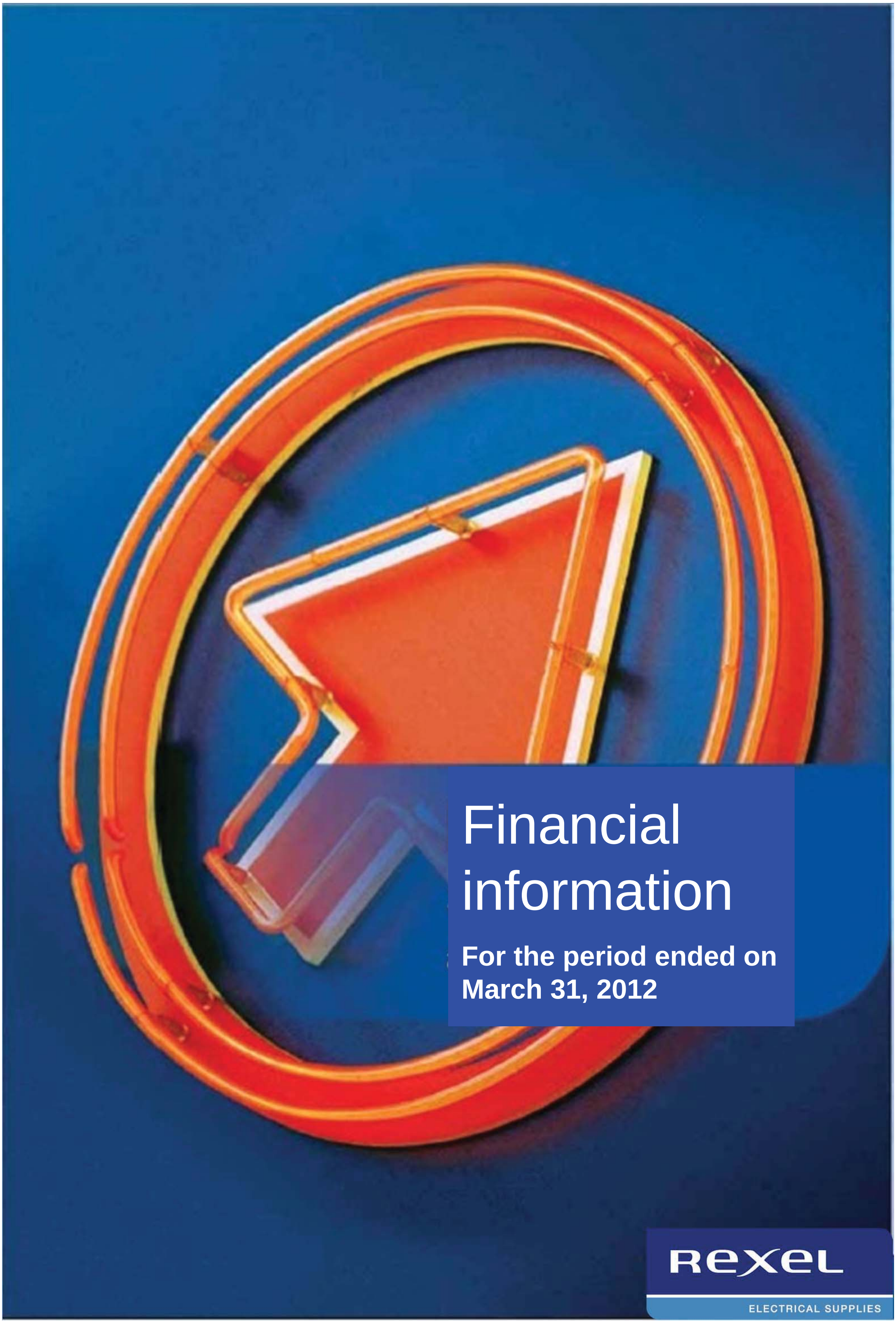

# Financial information

**For the period ended on March 31, 2012**

REXEL
ELECTRICAL SUPPLIES

Société Anonyme with Management and Supervisory Boards
with share capital of €1,344,208,475
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# Financial information for the period ended on March 31, 2012


I. Activity report……………………...…………………………………………….page 2

II. Condensed consolidated interim financial statements *(unaudited)*………...page 18

# I. Activity report

This document is a free translation into English of the activity report for the period ended March 31, 2012 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended March 31, 2012, the French version will prevail.

# 1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as "the Group" or "Rexel").

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

## 1.1 | Financial position of the Group

### *1.1.1 | Group Overview*

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America, this last segment is now presented separately. The "Other operations" segment mainly includes unallocated corporate overhead expenses, the other businesses managed at Group level and previously reported in this segment are now reported under the Europe segment. This geographic segmentation is based on the Group's financial reporting structure.

In the first quarter of 2012, the Group recorded consolidated sales of €3,227.0 million, of which €1,844.2 million were generated in Europe (57% of sales), €988.4 million in North America (31% of sales), €321.5 million in Asia-Pacific (10% of sales) and €72.9 million in Latin America (2% of sales).

Europe (57% of Group sales) consists of France (which accounts for 34% of Group sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

North America (31% of Group sales) consists of the United States and Canada. The United States accounts for 68% of Group sales in this zone, and Canada for 32%.

Asia-Pacific (10% of Group sales) consists of Australia, New Zealand, China and India, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for 60% of Group sales in this region and New Zealand for 10%.

Latin America (2% of Group sales) consists of Brazil, Chile and Peru. Brazil accounts for 57% of Group sales in this region.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the four geographic segments, as well as for the Other operations segment.

### *1.1.2 | Seasonality*

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are lower in the first and third quarters, because of increased working capital requirements in those periods, while they are relatively higher in the second and fourth quarters.

### *1.1.3 | Impact of changes in copper price*

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 17% 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 suppliers' commercial policies and competitive environment of markets in which the Group operates. Changes in copper price have an estimated “recurring” and “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 the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

- 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 such inventory has been reconstituted (direct effect on gross profit). In practice, 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, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group’s total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

### *1.1.4 | Comparability of the Group’s operating results*

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group’s consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group’s reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group’s consolidated results presented below, financial information is also restated to give effect to following adjustments.

**Excluding the effects of acquisitions and disposals**

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

**Excluding the effects of exchange rate fluctuations**

Fluctuations in currency rates against the euro affect the value of the Group’s sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year’s exchange rates.

**Excluding the non-recurring effect related to changes in copper price**

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as “adjusted” throughout this activity report.

**Excluding the effects of different numbers of working days in each period on sales**

The Group’s sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the

Group neutralizes this effect by proportionally adjusting the comparative sales number to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- On a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;

- On a constant and same number of working days basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and

- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" to monitor its performance. EBITA is not an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

| | Quarter ended March 31 | |
|---|---|---|
| *(in millions of euros)* | 2012 | 2011 |
| **Operating income before other income and other expenses** | **179.7** | **155.0** |
| Changes in scope effects | | 0.8 |
| Foreign exchange effects | | 3.4 |
| Non-recurring effect related to copper | (6.1) | (13.3) |
| Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions | 2.6 | 4.7 |
| **Adjusted EBITA on a constant basis** | **176.1** | **150.6** |

## 1.2 | Comparison of financial results at March 31, 2012 and 2011

### *1.2.1 | Rexel Group's consolidated financial results*

The following table sets out Rexel's consolidated income statement for first quarters of 2012 and 2011, in millions of euros and as a percentage of sales.

| **REPORTED** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **3,227.0** | **3,004.9** | **7.4%** |
| Gross profit | 809.5 | 761.3 | 6.3% |
| Distribution and administrative expenses(1) | (627.2) | (601.6) | 4.3% |
| EBITA | **182.3** | **159.7** | **14.2%** |
| Amortization(2) | (2.6) | (4.7) | (44.7)% |
| Operating income before other income and expenses | **179.7** | **155.0** | **15.9%** |
| Other income and expenses | (5.2) | (3.9) | 34.1% |
| Operating income | 174.5 | 151.1 | 15.5% |
| Financial expenses | (47.0) | (41.6) | 13.1% |
| Share of income from associates | (0.3) | (0.9) | (61.6)% |
| Income taxes | (37.3) | (22.1) | 68.6% |
| Net income | 89.9 | 86.5 | 4.0% |
| *as a % of sales* | 2.8% | 2.9% | |
| (1) Of which depreciation | (17.4) | (18.4) | (5.2)% |

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

| **CONSTANT BASIS ADJUSTED FINANCIAL DATA** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **3,227.0** | **3,094.6** | **4.3%** |
| *Same number of working days* | | | *1.7%* |
| Gross profit | 803.2 | 763.3 | 5.2% |
| *as a % of sales* | *24.9%* | *24.7%* | |
| Distribution and administrative expenses | (627.1) | (612.7) | 2.3% |
| *as a % of sales* | *(19.4)%* | *(19.8)%* | |
| **EBITA** | **176.1** | **150.6** | **17.0%** |
| ***as a % of sales*** | ***5.5%*** | ***4.9%*** | |

**Sales**

In the first quarter of 2012, Rexel's consolidated sales grew by 7.4% to €3,227.0 million.

The effect of acquisitions, net of disposals, amounted to €17.9 million and resulted from :

- Acquisitions amounting to €46.4 million, including Zhongheng in China, AD Electronics in India, Eurodis in France, Wilts Electrical Wholesale in the United Kingdom, Liteco in Canada, V&F Tecnologia in Peru and Delamano in Brazil; and

- Divestments amounting to €28.5 million, related to the disposal of the non-core ACE business (Agencies/Consumer Electronics), in 2011.

The first quarter of 2012 recorded a positive currency impact of €71.8 million, mainly due to the strengthening of the American dollar and Australian dollar against the euro. On a constant and same number of working days basis, growth stood at 1.7%, coming from Europe at 0.5%, North America at 4.9%, Asia-Pacific at -1.5% and Latin America at 8.4%. Excluding the negative effect of 1.1 percentage points due to the lower copper-based cable prices compared to the first quarter of 2011, sales were up 2.8%.

On a constant and actual number of working days basis, sales growth stood at 4.3% as the calendar impact was positive at 2.6 percentage points.

| | | Q1 |
|---|---|---|
| Growth on a constant basis and same number of working days | | 1.7% |
| Number of working days effect | | 2.6% |
| Growth on a constant basis and actual number of working days | (a) | *4.3%* |
| Changes in scope effect | | 0.6% |
| Foreign exchange effect | | 2.4% |
| *Total scope and currency effects* | (b) | *3.0%* |
| Effective growth (a) x (b) (1) | | 7.4% |

(1) Organic growth compounded by the scope and currency effects

**Gross profit**

In the first quarter of 2012, gross profit amounted to €809.5 million, an increase of 6.3% as compared to 2011, on a reported basis. On a constant basis, adjusted gross profit increased by 5.2% and adjusted gross margin increased by 20 basis points to 24.9% of sales, mainly coming from both pricing initiatives and better purchasing conditions.

**Distribution & administrative expenses**

In the first quarter of 2012, on a constant basis, adjusted distribution and administrative expenses increased by 2.3%, as compared to a 4.3% increase in sales. Personnel costs increased by 3.3% and other external expenditures by 3.7% due to higher transportation costs; whereas lease and maintenance expenses declined by 2.8%, reflecting the effect of the 82 branch closures, mainly in the United Kingdom, the United States and New Zealand. At March 31, 2012, the number of employees totaled 28,704 (on a full time equivalent basis), a 0.4% decrease compared to March 31, 2011.

**EBITA**

In the first quarter of 2012, EBITA stood at €182.3 million, an increase of 14.2% from the first quarter of 2011, on a reported basis. On a constant basis, adjusted EBITA increased by 17.0% and adjusted EBITA margin improved by 60 basis points to 5.5%. This improvement resulted from higher sales and gross margin along with tight control over distribution and administrative expenses.

**Other income and expenses**

In the first quarter of 2012, other income and expenses represented a net expense of €5.2 million, consisting mainly of €3.8 million restructuring costs (€2.8 million in the first quarter of 2011) and €1.0 million of acquisition costs arising from completed and proposed transactions (€1.4 million acquisition costs in the first quarter of 2011).

**Net Financial income / (expenses)**

In the first quarter of 2012, net financial expenses stood at €47.0 million, as compared to €41.6 million in the first quarter of 2011. The effective interest rate was 7.9% in the first quarter of 2012 compared to 6.7% in the first quarter of 2011. The increase reflected the additional cost due to the refinancing of the senior credit facilities by the €500 million Senior notes issued in May 2011, with higher nominal interest rate.

**Share of profit/(loss) of associates**

In the first quarter of 2012, the share of profit of associates was a loss of €0.3 million, related to DPI (US consumer electronics retail distributor), compared to a loss of €0.8 million in the first quarter of 2011.

**Tax expense**

The effective tax rate was 29.2% in the first quarter of 2012, compared to 20.2% in the first quarter of 2011. In the first quarter of 2011, the tax rate benefited from the recognition of prior years' UK tax losses.

**Net income**

Net income amounted to €89.9 million in the first quarter of 2012, an increase of 4.0% as compared to €86.5 million in the first quarter of 2011. This increase, lower as compared to the 15.5% increase in operating income, resulted from the rise in the income tax expense.

### 1.2.2 | Europe (57% of Group sales)

| REPORTED | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **1,844.2** | **1,786.9** | **3.2%** |
| Gross profit | 511.3 | 491.7 | 4.0% |
| Distribution and administrative expenses | (374.0) | (366.0) | 2.2% |
| EBITA | **137.3** | **125.8** | **9.1%** |
| *as a % of sales* | *7.4%* | *7.0%* | |

| CONSTANT BASIS ADJUSTED FINANCIAL DATA | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **1,844.2** | **1,810.1** | **1.9%** |
| *Same number of working days* | | | *0.5%* |
| Gross profit | 505.6 | 487.8 | 3.6% |
| *as a % of sales* | *27.4%* | *27.0%* | |
| Distribution and administrative expenses | (373.8) | (370.9) | 0.8% |
| *as a % of sales* | *(20.3)%* | *(20.5)%* | |
| **EBITA** | **131.7** | **117.0** | **12.6%** |
| ***as a % of sales*** | ***7.1%*** | ***6.5%*** | |

In the first quarter of 2012, sales in Europe amounted to €1,844.2 million, an increase of 3.2% from the first quarter of 2011, on a reported basis. Acquisitions accounted for €10.4 million and related to Eurodis in France and Wilts Electrical Wholesale in the United Kingdom. Favorable exchange rate variations accounted for €12.7 million, due to the appreciation of the Swiss franc and the British Pound against the euro. On a constant and same number of working days basis, sales increased by 0.5% from the first quarter of 2011, reflecting a contrasted situation between Southern European countries which face tough macro-economic conditions and other European countries which posted a 2.0% growth.

In France, sales amounted to €631.7 million in the first quarter of 2012, up 0.1% from the first quarter of 2011 on a constant and same number of working days basis, reflecting a relative slowdown compared to the previous quarter. The Group believes that it gained market share during this period.

In the United Kingdom, sales amounted to €262.3 million in the first quarter of 2012, an increase of 2.5% from the first quarter of 2011 on a constant and same number of working days basis, including the unfavorable impact of branch closures (454 branches at the end of March 31, 2011 vs 442 at the end of March 2012) and the boost of photovoltaic sales. Excluding both effects, growth stood at 0.9% from the first quarter of 2011 on a constant and same number of working days basis.

In Germany, sales amounted to €214.0 million in the first quarter of 2012, an increase by 4.3% from the first quarter of 2011 on a constant and same number of working days basis, driven by strong photovoltaic sales. Excluding photovoltaic, sales were up 0.9% from the first quarter of 2011 on a constant and same number of working days basis.

In Scandinavia sales amounted to €229.3 million in the first quarter of 2012, a rise of 6.0% from the first quarter of 2011 on a constant and same number of working days basis. This increase in sales was driven by utilities. A 4.4% increase in sales was recorded in the operations in Finland whereas the operations in Sweden and Norway posted respectively a 6.1% and 7.1% increase in sales.

In Benelux, sales amounted to €159.9 million in the first quarter of 2012. A 19.6% increase was recorded in the operations in Belgium driven by an increase of photovoltaic sales (+2.5% excluding photovoltaic sales), whereas the operations in The Netherlands posted a 6.2% decline from the first quarter of 2011 on a constant basis and same number of working days, as a consequence of difficult market conditions and company reorganization process underway.

In Southern Europe, sales amounted to €89.2 million in the first quarter of 2012 (5% of sales in Europe), decreasing by 22.6% from the first quarter of 2011 on a constant and same number of working days basis, largely due to the deterioration of the macro-economic environment in Spain and Italy, with a 28.6% and 20.3% decrease, respectively.

In the first quarter of 2012, Europe recorded a gross profit of €511.3 million, an increase of 4.0% from the first quarter of 2011, on a reported basis. On a constant basis, adjusted gross profit increased by 3.6% and adjusted gross margin was 27.4% of sales, an improvement of 40 basis points from the first quarter of 2011, mainly due to better purchasing terms.

On a constant basis, adjusted distribution and administrative expenses slightly increased by 0.8% in the first quarter of 2012 as compared to a 1.9% increase in sales. Personnel costs decreased by 0.7% as compared to the first quarter of 2011. Workforce in Europe included 16,748 employees, a 1.3% decrease compared to March 31, 2011. Lease and maintenance expenses decreased by 3.2% as compared to the first quarter of 2011 due to the rationalization of the branch network (27 branch closures). Other external expenditures increased by 4.7% as compared to the first quarter of 2011, mainly due to higher transportation costs.

In the first quarter of 2012, EBITA amounted to €137.3 million, a 9.1% increase from the first quarter of 2011, on a reported basis. On a constant basis, adjusted EBITA increased by 12.6% while the adjusted EBITA margin increased by 60 basis points to 7.1% of sales.

### *1.2.3 | North America (31% of Group sales)*

| **REPORTED** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **988.4** | **854.3** | **15.7%** |
| Gross profit | 210.6 | 182.3 | 15.5% |
| Distribution and administrative expenses | (167.7) | (155.2) | 8.0% |
| EBITA | **42.9** | **27.1** | **58.2%** |
| *as a % of sales* | *4.3%* | *3.2%* | |

| **CONSTANT BASIS ADJUSTED FINANCIAL DATA** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **988.4** | **897.7** | **10.1%** |
| *Same number of working days* | | | *4.9%* |
| Gross profit | 210.3 | 189.1 | 11.2% |
| *as a % of sales* | *21.3%* | *21.1%* | |
| Distribution and administrative expenses | (167.7) | (163.1) | 2.8% |
| *as a % of sales* | *(17.0)%* | *(18.2)%* | |
| **EBITA** | **42.6** | **26.0** | **63.9%** |
| ***as a % of sales*** | ***4.3%*** | ***2.9%*** | |

In the first quarter of 2012, sales in North America amounted to €988.4 million, up 15.7% compared to the first quarter of 2011, on a reported basis. The acquisition of Liteco, in Canada, accounted for €10.9 million. Favorable exchange rate variations accounted for €32.5 million, due to the appreciation of both US and Canadian dollar against the euro during the period. On a constant and same number of working days basis, sales increased by 4.9% in the first quarter of 2012 compared to the first quarter of 2011.

In the United States, sales amounted to €670.3 million in the first quarter of 2012, an increase of 5.0% from the first quarter of 2011 on a constant and same number of working days basis. This growth was driven by the industrial end-market, mainly in the energy and lighting segments.

In Canada, sales amounted to €318.1 million in the first quarter of 2012, up by 4.6% from the first quarter of 2011 on a constant and same number of working days basis. Sales were strong in the industrial end-market, particularly in mining and oil & gas. The Group believes that it outperformed the market during this period.

In the first quarter of 2012, gross profit amounted to €210.6 million, an increase of 15.5% from the first quarter of 2011, on a reported basis. On a constant basis, adjusted gross profit increased by 11.2% and adjusted gross margin improved by 20 basis points compared with the first quarter of 2011 to 21.3% of sales. This increase results mainly from pricing initiatives.

Compared to the 10.1% increase in sales on a constant basis, adjusted distribution and administrative expenses increased only by 2.8% in the first quarter of 2012. Personnel costs increased by 8.0% from the first quarter of 2011, as a result of higher working days in the first quarter of 2012. The workforce was 7,367 employees as of March 31, 2012 and remained stable compared to March 31, 2011. Lease expenses decreased by 4.9% in the first quarter of 2012 as compared to the first quarter of 2011, reflecting the benefits of the reorganization of the branch network in 2011 (32 branch closures).

In the first quarter of 2012, EBITA rose to €42.9 million, an increase of 58.2% from the first quarter of 2011, on a reported basis. On a constant basis, adjusted EBITA rose by 63.9% from the first quarter of 2011 and the adjusted EBITA margin increased by 140 basis points to 4.3% of sales.

### *1.2.4 | Asia-Pacific (10% of Group sales)*

| **REPORTED** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **321.5** | **284.1** | **13.2%** |
| Gross profit | 70.6 | 64.2 | 9.9% |
| Distribution and administrative expenses | (56.4) | (48.8) | 15.5% |
| EBITA | **14.2** | **15.4** | **(8.0)%** |
| *as a % of sales* | *4.4%* | *5.4%* | |

| **CONSTANT BASIS ADJUSTED FINANCIAL DATA** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **321.5** | **320.7** | **0.3%** |
| *Same number of working days* | | | *(1.5)%* |
| Gross profit | 70.3 | 71.6 | (1.8)% |
| *as a % of sales* | *21.9%* | *22.3%* | |
| Distribution and administrative expenses | (56.4) | (55.9) | 0.9% |
| *as a % of sales* | *(17.5)%* | *(17.4)%* | |
| **EBITA** | **13.9** | **15.8** | **(11.6)%** |
| ***as a % of sales*** | ***4.3%*** | ***4.9%*** | |

In the first quarter of 2012, sales in Asia-Pacific amounted to €321.5 million, up 13.2% from the first quarter of 2011, on a reported basis. The acquisitions of Chinese and Indian entities contributed for €10.3 million to the increase, with a further €26.3 million from favorable exchange rate effects, primarily due to the appreciation of the Australian dollar against the euro. On a constant and same number of working days basis, sales decreased by 1.5% in the first quarter of 2012.

Australia recorded a 4.6% decrease in sales to €193.4 million from the first quarter of 2011, on a constant and same number of working days basis, macro-economic conditions remaining difficult except in the mining industry.

New Zealand recorded sales of €31.9 million in the first quarter of 2012, a decrease of 7.8% on a constant and same number of working days basis, from the first quarter of 2011. Sales have been affected by the 14 branch closures at the end of 2011, by the poor macro-economic environment and by the successive earthquakes in Christchurch that delay reconstruction work.

In China, sales amounted to €79.7 million in the first quarter of 2012, up 14.2% from the first quarter of 2011, on a constant and same number of working days basis, mainly driven by industrial automation segment and projects.

In the first quarter of 2012, gross profit increased by 9.9% to €70.6 million, on a reported basis. On a constant basis, adjusted gross profit decreased by 1.8% from the first quarter of 2011 and adjusted gross margin was 21.9% of sales, a decrease of 40 basis points from the first quarter of 2011, as a result of unfavorable project mix.

On a constant basis, adjusted distribution and administrative expenses increased by 0.9% from the first quarter of 2011, while sales increased by 0.3%. Personnel costs increased by 0.7%, whereas the workforce remains stable compared to March 31, 2011, to 2,915 employees at March 31, 2012.

In the first quarter of 2012, EBITA amounted to €14.2 million, a 8.0% decrease as compared to the first quarter of 2011, on a reported basis. On a constant basis, adjusted EBITA decreased by 11.6% from the first quarter of 2011. Adjusted EBITA margin decreased by 60 basis points to 4.3% of sales.

### *1.2.5 | Latin America (2% of Group sales)*

| **REPORTED** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **72,9** | **51,1** | **42,8%** |
| Gross profit | 16,6 | 11,4 | 46,4% |
| Distribution and administrative expenses | (15,5) | (9,6) | 61,2% |
| EBITA | **1,2** | **1,8** | **(34,1)%** |
| *as a % of sales* | *1,6%* | *3,5%* | |

| **CONSTANT BASIS ADJUSTED FINANCIAL DATA** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **72,9** | **66,1** | **10,3%** |
| *Same number of working days* | | | *8,4%* |
| Gross profit | 16,6 | 14,2 | 17,3% |
| *as a % of sales* | *22,8%* | *21,4%* | |
| Distribution and administrative expenses | (15,5) | (13,0) | 18,9% |
| *as a % of sales* | *(21,2)%* | *(19,7)%* | |
| **EBITA** | **1,2** | **1,2** | **0,0%** |
| ***as a % of sales*** | ***1,6%*** | ***1,7%*** | |

In the first quarter of 2012, sales in Latin America amounted to €72.9 million, up 42.8% from the first quarter of 2011. The acquisitions of Peruvian and Brazilian entities contributed €14.8 million to the additional sales. On a constant and same number of working days basis, sales increased by 8.4% in the first quarter of 2012, of which 5.5% increase was reported in Brazil (57% of sales in this segment), 11.8% increase in Chile (38% of sales in this segment) and 17.9% increase in Peru (5% of sales in this segment).

In the first quarter of 2012, gross profit amounted to €16.6 million, an increase of 46.4% from the first quarter of 2011, on a reported basis. On a constant basis the adjusted gross profit increased by 17.3% from the first quarter of 2011 and adjusted gross margin was 22.8% of sales, an increase of 140 basis points from the first quarter of 2011, as a result of pricing initiatives.

On a constant basis, adjusted distribution and administrative expenses increased by 18.9% from the first quarter of 2011, while sales increased by 10.3%. Personnel costs increased by 25.4% mainly due to inflation and incentive implemented following the acquisition of Brazilian entities. In addition, the workforce increased by 8.2% compared to March 31, 2011, to 1,474 employees at March 31, 2012.

In the first quarter of 2012, EBITA amounted to €1.2 million, a 34.1% decrease compared to the first quarter of 2011, on a reported basis. On a constant basis, adjusted EBITA remains stable compared to the first quarter of 2011. Adjusted EBITA margin decreased by 10 basis points to 1.6% of sales.

### *1.2.6 | Other operations*

| **REPORTED** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| Sales | **-** | **28.5** | **n.a.** |
| Gross profit | 0.4 | 11.7 | (96.6)% |
| Distribution and administrative expenses | (13.7) | (22.1) | (37.9)% |
| EBITA | **(13.3)** | **(10.4)** | **28.5%** |
| *as a % of sales* | *n.a.* | *(36.4)%* | |

| **CONSTANT BASIS ADJUSTED FINANCIAL DATA** | Quarter ended March 31 | | |
|---|---|---|---|
| *(in millions of euros)* | 2012 | 2011 | Change in % |
| **Sales** | **-** | **-** | **-** |
| *Same number of working days* | | | - |
| Gross profit | 0.4 | 0.6 | (31.6)% |
| *as a % of sales* | *n.a.* | *n.a.* | |
| Distribution and administrative expenses | (13.7) | (9.9) | 38.3% |
| *as a % of sales* | *n.a.* | *n.a.* | |
| **EBITA** | **(13.3)** | **(9.3)** | **42.7%** |
| ***as a % of sales*** | ***n.a.*** | ***n.a.*** | |

This segment mostly includes unallocated corporate overhead expenses. In the first quarter of 2011, sales related to the ACE businesses, which were divested in 2011, and stood at €28.5 million.

On a constant basis, EBITA decreased by €4.0 million as compared to the first quarter of 2011, mainly due to higher performance based compensation charge.

## 1.3 | Outlook

Rexel's performance in the first quarter confirms that the Group is on track to achieve its full-year targets:

- Organic growth (excluding the impact of copper) should outperform the weighted average GDP growth of the regions in which the Group operates,
- Adjusted EBITA margin should reach at least the 5.7% level achieved in 2011,
- Free cash-flow before interest and tax should reach around €600 million.

Rexel confirms its medium-term strategic priorities:

- Grow through organic initiatives and acquisitions to strengthen its leading market positions,
- Enhance its profitability and optimize capital employed to achieve an EBITA margin of close to 6.5% and a return on capital employed close to 14% in 2013,
- Generate solid free cash-flow.

# 2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

## 2.1 | Cash flow at March 31, 2012 and the first quarter of 2011

| *(in millions of euros)* | | Quarter ended March 31 2012 | 2011 | Change |
|---|---|---|---|---|
| **Operating cash flow (1)** | | **185.2** | **163.1** | **22.1** |
| Interest | (a) | (42.3) | (33.2) | (9.1) |
| Taxes | (a) | (36.5) | (23.5) | (13.0) |
| Change in w orking capital requirements | | (105.3) | (201.2) | 95.9 |
| **Net cash flow from operating activities** | **(b)** | **1.1** | **(94.8)** | **95.9** |
| **Net cash flow from investing activities** | | **(90.6)** | **(56.4)** | **(34.2)** |
| *Including operating capital expenditures (2)* | *(c)* | *(17.4)* | *(7.1)* | *(10.3)* |
| **Net cash flow from financing activities** | | **306.4** | **71.1** | **235.3** |
| **Net cash flow** | | **216.9** | **(80.1)** | **297.0** |
| **Free cash flow** | | | | |
| **Free cash flow:** | | | | |
| **- before interest and taxes (b) – (a) + (c)** | | **62.5** | **(45.2)** | **107.7** |
| **- after interest and taxes (b) + (c)** | | **(16.3)** | **(101.9)** | **85.6** |
| **WCR as a % of sales (3) at:** | | **March 31, 2012** | **March 31, 2011** | |
| Reported basis | | 10.4% | 11.3% | |
| Constant basis | | 10.9% | 11.8% | |

(1) Before interest, taxes and change in working capital requirements.

(2) Net of disposals.

(3) Working capital requirements, end of period, divided by last 12-month sales.

### *2.1.1 | Cash flow from operating activities*

Rexel's net cash flow from operating activities amounted to an inflow of €1.1 million in the first quarter of 2012 compared to €94.8 million outflow in the first quarter of 2011.

**Operating cash flow**

Operating cash flow before interest, income tax and changes in working capital requirements increased from €163.1 million in the first quarter of 2011 to €185.2 million in the first quarter of 2012. This increase was mainly due to the EBITA growth of €22.5 million from €159.7 million in the first quarter of 2011 to €182.2 million in the first quarter of 2012.

**Interest and taxes**

Interest paid in the first quarter of 2012 totaled €42.3 million compared with €33.2 million in the first quarter of 2011 due to an higher average debt and the increase of the effective interest rate at 7.9% in the first quarter of 2012 compared to 6.7% in the first quarter of 2011 as a result of the refinancing of the senior credit facilities by the €500 million senior notes issued in May.

In the first quarter of 2012, €36.5 million was paid in income tax compared to €23.5 million paid in the first quarter of 2011, mainly from higher taxable income resulting from the current trading.

**Change in working capital requirements**

Changes in working capital requirements amounted to a net outflow of €105.3 million in the first quarter of 2012 compared with an outflow of €201.2 million in the same period of the first quarter of 2011. The decrease in working capital requirements mainly due to better cash collection, resulting in reduction by one day of the number of days of sales outstanding in accounts receivable as of March 31, 2012 as compared to March 31, 2011.

As a percentage of sales over the last 12 months, working capital requirements amounted to 10.9% as of March 31, 2012, on a constant basis, compared to 11.8% as of March 31, 2011.

### *2.1.2 | Cash flow from investing activities*

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €90.6 million outflow in the first quarter of 2012, as compared to an outflow of €56.4 million in the first quarter of 2011.

| *(in millions of euros)* | Quarter ended March 31 | |
|---|---|---|
| | 2012 | 2011 |
| Acquisitions of operating fixed assets | (15.1) | (18.4) |
| Gain/(loss) on disposal of operating fixed assets | 0.6 | 13.0 |
| Net change in debts and receivables on fixed assets | (2.9) | (1.7) |
| Net cash flow from operating investing activities | (17.4) | (7.1) |
| Acquisition of subsidiaries, net of cash acquired | (72.5) | (48.3) |
| Gain/(loss) on disposal of financial fixed assets | - | - |
| Dividends received from equity associates | 2.0 | 0.3 |
| Net cash flow from financial investing activities | (70.5) | (48.0) |
| Net change in long-term investments | (2.7) | (1.3) |
| **Net cash flow from investing activities** | **(90.6)** | **(56.4)** |

**Acquisitions and disposals of operating fixed assets**

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €17.4 million in the first quarter of 2012, compared to €7.1 million outflow in the first quarter of 2011.

In the first quarter of 2012, gross capital expenditures amounted to €15.1 million, i.e. 0.5% of sales for the period, of which €5.1 million related to IT systems, €5.2 million to branch acquisition and renovation, €3.4 million to logistics and €1.4 million to other investments. Disposals of fixed assets in the first quarter of 2012 amounted to €0.7 million. Net changes in the related payables and receivables amounted to €2.9 million, accounting for an increase in net capital expenditures for the period.

In the first quarter of 2011, gross capital expenditures amounted to €18.4 million, i.e. 0.6% of sales for the period, of which €6.4 million related to IT systems, €6.9 million to the renovation of existing branches and the opening of new branches, €4,0 million to logistics and €1.1 million to other investments. Disposals of fixed assets in the first quarter of 2011 amounted to €13 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €1.7 million, accounting for an increase in net capital expenditures for the period.

**Financial investments**

Financial investments amounted to a net outflow of €70.5 million in the first quarter of 2012 compared to a net outflow of €48.0 million in the first quarter of 2011.

In the first quarter of 2012, the acquisitions net of cash of acquired entities resulted was an outflow of €72.5 million. These investments mainly include Etil in Brazil, Liteco in Canada, and Wilts in the United Kingdom.

In the first quarter of 2011, outflows with respect to the acquisition of financial assets concern the price of acquisitions net of cash acquired from external growth operations. The overall impact on cash flow of these external growth transactions was an outflow of €48.3 million. These investments relate to Nortel Suprimentos Industriais, Yantra Automation Private Ltd and Wuhan Rockcenter Automation. Furthermore, the integration on January 1, 2011, of Grossauer Elektro Handels translated into €8.7 million in proceeds related to the release of said company’s existing cash on the date of the first consolidation.

### 2.1.3 | *Cash flow from financing activities*

Cash flow from financing activities included mainly changes in indebtedness.

In the first quarter of 2012, cash flow from financing activities reflected additional net outflows of €306.4 million, resulting principally from:

- a decrease of €135.1 million in assigned receivables with respect to securitization programs,
- the issuance of Senior notes in March 2012 for €291.4 million net of transaction costs,
- increase in credit lines amounting to €148.3 million, primarily consisting of the issue of commercial paper (for an €37.0 million increase in commercial paper), and
- net disposals of treasury shares of €2.6 million.

In the first quarter of 2011, financing activities accounted to additional net inflows of €71.1 million. Outflows comprised:

- a decrease in securitization programs of €85.5 million;
- a decrease in the senior credit Facilities of €19.3 million;

By contrast, inflows comprised:

- other variations in credit lines amounting to €165.9 million, primarily consisting of the issue of commercial paper;
- finance lease transactions for €6 million;
- capital increase of €2.7 million; and
- net disposals of treasury shares of €1.2 million.

## 2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At March 31, 2012, Rexel's consolidated net debt amounted to €2,170.8 million, consisting of the following items:

| | March 31, 2012 | | | December 31, 2011 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Current | Non-current | Total | Current | Non-current | Total |
| Senior notes | - | 1,484.7 | 1,484.7 | - | 1,181.4 | 1,181.4 |
| Credit facility | - | 30.6 | 30.6 | - | 30.6 | 30.6 |
| Securitization | 105.1 | 834.5 | 939.6 | 105.9 | 973.5 | 1,079.4 |
| Bank loans | 43.7 | 16.3 | 60.0 | 39.7 | 8.1 | 47.8 |
| Commercial paper | 141.8 | - | 141.8 | 104.8 | - | 104.8 |
| Bank overdrafts and other credit facilities | 168.0 | - | 168.0 | 86.0 | - | 86.0 |
| Finance lease obligations | 6.9 | 21.9 | 28.8 | 6.8 | 22.9 | 29.7 |
| Accrued interest (1) | 26.2 | - | 26.2 | 10.0 | - | 10.0 |
| Less transaction costs | (20.8) | (36.3) | (57.1) | (19.8) | (33.9) | (53.7) |
| **Total financial debt and accrued interest** | **470.8** | **2,351.7** | **2,822.6** | **333.4** | **2,182.6** | **2,516.0** |
| Cash and cash equivalents | | | (623.8) | | | (413.7) |
| Fair value hedge derivatives | | | (27.9) | | | (24.1) |
| **Net financial debt** | | | **2,170.8** | | | **2,078.2** |

(1) of which accrued interest on Senior Notes in the amount of €25.7 million at March 31, 2012 (€3.5 million at December 31, 2011)

On March 28, 2011, Rexel issued US$ 400 million (€299.9 million) senior unsecured notes. The Notes were issued at 100% of their nominal amount and bear interest annually at6.125%. They are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The Notes will mature on December 17, 2019 (see note 10.1.1 of the Condensed Consolidated Interim Financial Statements as of Mars 31, 2012).

At March 31, 2012, the Group's liquidity amounted to €1,585.7 million (€1,495.5 million at December 2011).

*In million of euros*

| | |
|---|---|
| Cash and cash equivalents | 623.8 |
| Bank overdrafts | (165.5) |
| Commercial paper | (141.8) |
| Undrawn Senior credit agreement | 1,269.4 |
| Others | (0.2) |
| **Liquidity** | **1,585.7** |

The Group's leverage ratio (adjusted consolidated net debt / adjusted consolidated EBITDA for the previous 12 months) is tested for compliance with the covenant every six months. The limit is as follows:

| Date | 30/06/2012 | 31/12/2012 | 30/06/2013 | 31/12/2013 | 30/06/2014 |
|---|---|---|---|---|---|
| Commitment | 3.75x | 3.50x | 3.50x | 3.50x | 3.50x |

The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 2.48x at the end of March 2012 (vs. 2.40x at end December 2011), well below the next applicable covenant limit of 3.75x in June 2012.

| *(in millions of euros)* | March 31, 2012 |
|---|---|
| Net debt at closing currency exchange rates | 2,170.8 |
| Net debt at average currency exchange rates (A) | 2,135.7 |
| LTM EBITDA (1) (B) | 861.7 |
| **Indebtedness ratio (A)/(B)** | **2.48** |

(1) Calculated in accordance with the terms of the senior credit agreement

# II. Condensed consolidated interim financial statements

## *(unaudited)*

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2012 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended March 31, 2012, the French version will prevail.

# TABLE OF CONTENTS

Consolidated Income Statement *(unaudited)* .......... 20
Consolidated Statement of Comprehensive Income *(unaudited)* .......... 21
Consolidated Balance Sheet *(unaudited)* .......... 22
Consolidated Statement of Cash Flows *(unaudited)* .......... 23
Consolidated Statement of Changes in Shareholders' Equity *(unaudited)* .......... 24
Accompanying Notes to the Consolidated Financial Statements .......... 25
1. | General information .......... 25
2. | Significant accounting policies .......... 25
3. | Business combinations .......... 27
4. | Segment reporting .......... 29
5. | Distribution & administrative expenses .......... 30
6. | Other income & other expenses .......... 30
7. | Net financial expenses .......... 31
8. | Income tax .......... 31
9. | Earnings per share .......... 32
10. | Financial liabilities .......... 32
11. | Market risks and financial instruments .......... 35
12. | Seasonality .......... 39
13. | Litigation .......... 39
14. | Events after the reporting period .......... 39

# Consolidated Income Statement *(unaudited)*

| *(in millions of euros)* | **Note** | For the period ended March 31, 2012 | 2011 |
|---|---|---|---|
| Sales | **4** | 3,227.0 | 3,004.9 |
| Cost of goods sold | | (2,417.5) | (2,243.6) |
| **Gross profit** | | **809.5** | **761.3** |
| Distribution and administrative expenses | **5** | (629.8) | (606.3) |
| **Operating income before other income and expenses** | | **179.7** | **155.0** |
| Other income | **6** | 0.3 | 0.8 |
| Other expenses | **6** | (5.5) | (4.7) |
| **Operating income** | | **174.5** | **151.1** |
| Financial income | | 13.9 | 13.7 |
| Interest expense on borrowings | | (44.9) | (39.6) |
| Other financial expenses | | (16.0) | (15.7) |
| ***Net financial expenses*** | **7** | ***(47.0)*** | ***(41.6)*** |
| Share of profit / (loss) of associates | | (0.3) | (0.9) |
| **Net income before income tax** | | **127.2** | **108.6** |
| Income tax | **8** | (37.3) | (22.1) |
| **Net income** | | **89.9** | **86.5** |
| **Portion attributable:** | | | |
| to the Group | | 90.1 | 86.4 |
| to non-controlling interests | | (0.2) | 0.1 |
| **Earnings per share:** | | | |
| Basic earnings per share (in euros) | **9** | 0.34 | 0.33 |
| Fully diluted earnings per share (in euros) | **9** | 0.33 | 0.33 |

***The accompanying notes are an integral part of these condensed consolidated interim financial statements.***

# Consolidated Statement of Comprehensive Income *(unaudited)*

| *(in millions of euros)* | For the period ended March 31, 2012 | 2011 |
|---|---|---|
| **Net income** | **89.9** | **86.5** |
| Foreign currency translation | (8.4) | (63.8) |
| Income tax | (3.8) | (3.2) |
| | (12.3) | (67.0) |
| Gain (Loss) on cash flow hedges | 0.4 | 17.2 |
| Income tax | (0.2) | (6.0) |
| | 0.2 | 11.2 |
| *Other comprehensive income/(loss) for the period, net of tax* | *(12.1)* | *(55.8)* |
| **Total comprehensive income for the period, net of tax** | **77.9** | **30.7** |
| **Portion attributable:** | | |
| *to the Group* | *78.4* | *31.1* |
| *to non-controlling interests* | *(0.5)* | *(0.4)* |

***The accompanying notes are an integral part of these condensed consolidated interim financial statements.***

## Consolidated Balance Sheet *(unaudited)*

| *(in millions of euros)* | **Note** | As of March 31, 2012 | As of December 31, 2011 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | | 4,048.8 | 4,002.2 |
| Intangible assets | | 937.8 | 935.7 |
| Property, plant and equipment | | 266.5 | 261.7 |
| Long-term investments | | 116.9 | 122.5 |
| Investments in associates | | 9.3 | 11.8 |
| Deferred tax assets | | 157.4 | 144.3 |
| **Total non-current assets** | | **5,536.7** | **5,478.2** |
| Inventories | | 1,315.9 | 1,240.8 |
| Trade accounts receivable | | 2,168.5 | 2,122.9 |
| Current tax assets | | 23.1 | 21.0 |
| Other accounts receivable | | 400.8 | 455.2 |
| Assets held for sale | | 4.1 | 3.7 |
| Cash and cash equivalents | ***10.1*** | 623.8 | 413.7 |
| **Total current assets** | | **4,536.2** | **4,257.3** |
| **Total assets** | | **10,072.9** | **9,735.5** |
| **Equity** | | | |
| Share capital | | 1,344.2 | 1,344.1 |
| Share premium | | 1,412.2 | 1,412.2 |
| Reserves and retained earnings | | 1,469.4 | 1,383.0 |
| **Total equity attributable to equity holders of the parent** | | **4,225.8** | **4,139.3** |
| Non-controlling interests | | 11.0 | 11.5 |
| **Total equity** | | **4,236.8** | **4,150.8** |
| **Liabilities** | | | |
| Interest bearing debt (non-current part) | ***10.1*** | 2,351.7 | 2,182.3 |
| Employee benefits | | 162.1 | 166.2 |
| Deferred tax liabilities | | 161.9 | 132.9 |
| Provision and other non-current liabilities | | 134.7 | 157.6 |
| **Total non-current liabilities** | | **2,810.4** | **2,639.0** |
| Interest bearing debt (current part) | ***10.1*** | 444.7 | 323.5 |
| Accrued interest | ***10.1*** | 26.2 | 10.0 |
| Trade accounts payable | | 1,884.2 | 1,903.3 |
| Income tax payable | | 51.4 | 56.0 |
| Other current liabilities | | 619.2 | 652.9 |
| Liabilities related to assets held for sale | | - | - |
| **Total current liabilities** | | **3,025.7** | **2,945.7** |
| **Total liabilities** | | **5,836.1** | **5,584.7** |
| **Total equity and liabilities** | | **10,072.9** | **9,735.5** |

***The accompanying notes are an integral part of these condensed consolidated interim financial statements.***

# Consolidated Statement of Cash Flows *(unaudited)*

| *(in millions of euros)* | ***Note*** | For the period ended March 31, **2012** | **2011** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating income | | 174.5 | 151.1 |
| Depreciation, amortization and impairment of assets | ***5*** | 20.0 | 23.0 |
| Employee benefits | | (3.1) | (3.2) |
| Change in other provisions | | (12.3) | (11.2) |
| Other non-cash operating items | | 6.1 | 3.4 |
| Interest paid | | (42.3) | (33.2) |
| Income tax paid | | (36.5) | (23.5) |
| ***Operating cash flows before change in working capital requirements*** | | ***106.4*** | ***106.4*** |
| Change in inventories | | (61.3) | (79.1) |
| Change in trade receivables | | (29.8) | (96.0) |
| Change in trade payables | | (31.9) | (28.3) |
| Changes in other working capital items | | 17.7 | 2.2 |
| ***Change in working capital requirements*** | | ***(105.3)*** | ***(201.2)*** |
| **Net cash from operating activities** | | **1.1** | **(94.8)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | | (18.0) | (20.1) |
| Proceeds from disposal of property, plant and equipment | | 0.6 | 13.0 |
| Acquisition of subsidiaries, net of cash acquired | ***3*** | (72.5) | (48.3) |
| Change in long-term investments | | (2.7) | (1.3) |
| Dividends received from associates | | 2.0 | 0.3 |
| **Net cash from investing activities** | | **(90.6)** | **(56.4)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Issuance of capital | | 0.1 | 2.7 |
| Disposal / (Purchase) of treasury shares | | 2.6 | 1.2 |
| Issuance of senior notes net of transaction costs | ***10.2*** | 291.4 | - |
| Net change in credit facilities and other financial borrowings | ***10.2*** | 148.3 | 146.7 |
| Net change in securitization | ***10.2*** | (135.1) | (85.5) |
| Net change in finance lease liabilities | ***10.2*** | (0.9) | 6.0 |
| **Net cash from financing activities** | | **306.4** | **71.1** |
| | | | |
| **Net (decrease) / increase in cash and cash equivalents** | | **216.9** | **(80.1)** |
| Cash and cash equivalents at the beginning of the period | ***10.1*** | 413.7 | 311.9 |
| Effect of exchange rate changes on cash and cash equivalents | | (6.8) | (11.1) |
| **Cash and cash equivalents at the end of the period** | ***10.1*** | **623.8** | **220.7** |

***The accompanying notes are an integral part of these condensed consolidated interim financial statements.***

# Consolidated Statement of Changes in Shareholders' Equity *(unaudited)*

| *(in millions of euros)* | Share capital | Share premium | Retained earnings | Foreign currency translation | Cash flow hedge reserve | Total attributable to the Group | Non-controlling interests | **Total** |
|---|---|---|---|---|---|---|---|---|
| **For the period ended March 31, 2011** | | | | | | | | |
| **At January 1, 2011** | **1,301.0** | **1,383.7** | **1,036.8** | **122.9** | **(19.3)** | **3,825.1** | **9.3** | **3,834.4** |
| Net income | - | - | 86.4 | - | - | **86.4** | 0.1 | 86.5 |
| Other comprehensive income | - | - | - | (66.5) | 11.2 | **(55.3)** | (0.5) | (55.8) |
| **Total comprehensive income for the period** | **-** | **-** | **86.4** | **(66.5)** | **11.2** | **31.1** | **(0.4)** | **30.7** |
| Share capital increase | **1.5** | **1.2** | **-** | **-** | **-** | **2.7** | **-** | 2.7 |
| Share based payment | - | - | 2.7 | - | - | **2.7** | **-** | 2.7 |
| Disposal (Purchase) of treasury shares | - | - | 1.2 | - | - | **1.2** | - | 1.2 |
| **At March 31, 2011** | **1,302.5** | **1,384.9** | **1,127.1** | **56.4** | **(8.1)** | **3,862.8** | **8.9** | **3,871.7** |
| | | | | | | | | |
| **For the year ended March 31, 2012** | | | | | | | | |
| **At January 1, 2012** | **1,344.1** | **1,412.2** | **1,256.8** | **132.0** | **(5.8)** | **4,139.3** | **11.5** | **4,150.8** |
| Net income | - | - | 90.1 | - | - | **90.1** | (0.2) | 89.9 |
| Other comprehensive income | - | - | - | (11.9) | 0.2 | **(11.7)** | (0.3) | (12.0) |
| **Total comprehensive income for the period** | **-** | **-** | **90.1** | **(11.9)** | **0.2** | **78.4** | **(0.5)** | **77.9** |
| Dividends paid | - | - | - | - | - | **-** | - | - |
| Share capital increase | 0.1 | - | - | - | - | **0.1** | - | 0.1 |
| Share-based payments | - | - | 6.1 | - | - | **6.1** | - | 6.1 |
| Disposal (Purchase) of treasury shares | - | - | 1.9 | - | - | **1.9** | - | 1.9 |
| **At March 31, 2012** | **1,344.2** | **1,412.2** | **1,354.9** | **120.1** | **(5.6)** | **4,225.8** | **11.0** | **4,236.8** |

***The accompanying notes are an integral part of these condensed consolidated interim financial statements.***

## Accompanying Notes

### 1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (Brazil, Chile and Peru).

These condensed consolidated interim financial statements cover the period from January 1 to March 31, 2012, and were authorized for issue by the Management Board on April 26, 2012.

### 2. | SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 | Statement of Compliance

These condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending March 31, 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as of March 31, 2012. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s financial statements prepared for the financial year closed on December 31, 2011 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 15th, 2012 under the number D.12-0164.

IFRS as adopted by the European Union can be consulted on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

#### 2.2 | Basis of Preparation

The condensed financial statements as of March 31, 2012 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the condensed consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used as of December 31, 2011 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2011, with the exception of the new standards and interpretations disclosed in note 2.2.1. The new standards and interpretations, which are applicable starting from January 1, 2012, and detailed below, did not have any significant impact on the Group’s condensed financial statements or the financial position for the period ended March 31, 2012.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

### 2.2.1 | *New accounting standards and interpretations with effect starting from 2012*

Since January 1, 2012, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union, but their application had no effect on the Group's financial statements:

- Amendment to IFRS 7 "Transfers of Financial Assets" increases the required disclosures on the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

### 2.2.2 | *Accounting standards and interpretations issued by IASB but not yet approved by the European Union*

In 2011 and in the first quarter of 2012, IASB issued new standards. Their potential impact is currently under review by the Group:

- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). It requires to present the items that have to be reclassified to profit and loss separately. When items of OCI are presented before tax, tax effect must split on the same basis.

- IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities".

- IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.

- IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

- Following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised:

    - IAS 27 "Separate Financial Statements" now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and

    - IAS 28 "Investments in Associates and Joint Ventures" prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- Amendment to IAS 19 "Employee Benefits":

    - eliminates the option to defer the recognition of actuarial gains and losses, under the "corridor method",

    - removes the concept of expected returns on plan assets,

    - changes the recognition method of past service costs which are no longer expensed on a straight-line basis over the average period until the benefits become vested,

- o updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and
- o increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" clarifies the requirement for offsetting financial instruments.

- Amendment to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities" increases disclosures requirements to improve comparability with US GAAP with regard to the set-off of financial instruments.

- Amendment to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures" postpones the mandatory application date of IFRS to 2015 and modifies the requirements on transition disclosures.

## 3. | BUSINESS COMBINATIONS

As part of Rexel's external growth policy, which aims to strengthen its presence in emerging markets, increase its market share in mature countries and improve the offering of its high value-added services, the Group acquired the following companies in 2012:

- *Canada*

Liteco Inc., operating from 13 branches located in the provinces of New Brunswick, Nova Scotia and Prince Edward Island, was acquired on February 1, 2012. It recorded annual sales of around €50 million in 2011. The Group acquired the full ownership of this company. The company has been consolidated starting from its acquisition date.

- *Brazil*

Etil Comercio de Material Electrico Ltda, based in São Paulo, was acquired on February 3, 2012. It recorded annual sales of around €40 million in 2011. The Group acquired the full ownership of this company. As this acquisition was not significant with respect to the Group's financial position, the consolidation of this entity was postponed to April 1, 2012. As of March 31, 2012, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets".

- *United-Kingdom*

Wilts Wholesale Electrical Limited, based in Trowbridge (Witshire), was acquired on February 24, 2012. It recorded annual sales of around €40 million in 2011. The Group acquired the full ownership of this company. The company has been consolidated starting from March 1, 2012.

The table below shows the consideration allocated to identifiable assets and liabilities, estimated on a provisional basis as of March 31, 2012, of the acquired entities in 2012 and entities acquired late in 2011 and consolidated as of January 1, 2012, such as disclosed in note 3.1 in the financial statements as of December 31, 2011:

- Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo (Brazil)
- V&F Tecnologia Comercial SAC, based in Lima (Peru)
- Eurodis Sécurité and Eurobat companies, based in France.

| *(in millions of euros)* | |
|---|---|
| Customer relationship | 8.6 |
| Other fixed assets | 7.4 |
| Other non current assets | 1.1 |
| Current assets | 47.1 |
| Financial debt | (3.5) |
| Other non current liabilities | (2.7) |
| Current liabilities | (24.6) |
| **Net asset acquired (except goodwill acquired)** | **33.4** |
| Goodwill acquired | 61.1 |
| **Consideration transferred** | **94.5** |
| | |
| Cash acquired | (1.6) |
| Deferred payments | (11.6) |
| Payments related to entities consolidated as of April 1, 2012 | 24.2 |
| **Net cash paid for acquisitions** | **105.6** |
| | |
| Payments in 2011 [(1)] | (33.1) |
| Foreign currency translation | - |
| **Net cash flow for the period** | **72.5** |

[(1)] converted at the exchange rate on the acquisition date

The amount of fees associated with these acquisitions totaled €2.2 million, of which €0.6 million was incurred for the period ended March 31, 2012.

For the period ended March 31, 2012, the contribution of the entities newly consolidated during the period ended March 31, 2012 to the Group's sales and EBITA amounts approximately to €37.8 million and €(0.2) million respectively.

## 4. | SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

In 2012, the Group made minor changes in his organization and decided to disclose the Latin-American segment separately.

Therefore, the reportable segments are Europe, North America, Asia-Pacific and Latin America. 2011 comparative data are presented under this structure.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

***Information by geographic segment for the periods ending March 31, 2012 and 2011***

| **2012** *(in millions of euros)* | **Europe** | **North America** | **Asia-Pacific** | **Latin-America** | **Other segments** | **Total Operating Segments** | **Corporate Holdings and other reconciling items** | **Total Group** |
|---|---|---|---|---|---|---|---|---|
| **For the period ended March 31** | | | | | | | | |
| Sales to external customers……………… | 1,844.2 | 988.4 | 321.5 | 72.9 | - | **3,227.0** | - | **3,227.0** |
| EBITA [(1)]…………………………………… | 137.3 | 42.9 | 14.2 | 1.2 | - | **195.6** | (13.3) | **182.3** |
| Working capital…………………………… | 747.5 | 416.6 | 183.9 | 42.2 | - | **1,390.2** | (10.9) | **1,379.3** |
| *Goodwill*…………………………………… | 2,675.8 | 1,051.2 | 266.0 | 55.8 | - | **4,048.8** | - | **4,048.8** |

| **2011** *(in millions of euros)* | **Europe** | **North America** | **Asia-Pacific** | **Latin-America** | **Other segments** | **Total Operating Segments** | **Corporate Holdings and other reconciling items** | **Total Group** |
|---|---|---|---|---|---|---|---|---|
| **For the period ended March 31** | | | | | | | | |
| Sales to external customers…………… | 1,786.9 | 854.3 | 284.1 | 51.1 | 28.5 | **3,004.9** | - | **3,004.9** |
| EBITA [(1)]…………………………………… | 125.8 | 27.1 | 15.4 | 1.8 | (1.1) | **169.0** | (9.3) | **159.7** |
| **For the period ended December 31** | | | | | | | | |
| Working capital…………………………… | 627.9 | 394.9 | 174.6 | 36.5 | - | **1,233.9** | 36.7 | **1,270.6** |
| *Goodwill*…………………………………… | 2,646.9 | 1,049.9 | 266.7 | 38.7 | - | **4,002.2** | - | **4,002.2** |

[(1)] EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

| *(in millions of euros)* | **For the period ended March 31, 2012** | **2011** |
|---|---|---|
| **EBITA - Total Group**………………………………………… | **182.3** | **159.7** |
| Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.. | (2.6) | (4.7) |
| Other income and other expenses……………………….. | (5.2) | (3.9) |
| Net financial expenses………………………………….. | (47.0) | (41.6) |
| Share of profit/(losses) of associates……………………… | (0.3) | (0.9) |
| **Group consolidated income before income tax…...** | **127.2** | **108.6** |

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

| *(in millions of euros)* | As of March 31 2012 | As of December 31 2011 |
|---|---|---|
| Working capital | 1,379.3 | 1,270.6 |
| Goodwill | 4,048.8 | 4,002.2 |
| **Total allocated assets & liabilities** | **5,428.1** | **5,272.8** |
| Liabilities included in allocated working capital | 2,490.9 | 2,546.3 |
| Other non-current assets | 1,330.5 | 1,331.7 |
| Deferred tax assets | 157.4 | 144.3 |
| Income tax receivable | 23.1 | 21.0 |
| Assets classified as held for sale | 4.1 | 3.7 |
| Derivatives | 15.0 | 2.0 |
| Cash and cash equivalents | 623.8 | 413.7 |
| **Group consolidated total assets** | **10,072.9** | **9,735.5** |

## 5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

| *(in millions of euros)* | For the period ended March 31, 2012 | 2011 |
|---|---|---|
| Personnel costs (salaries & benefits) | 376.6 | 357.9 |
| Building and occupancy costs | 66.0 | 66.4 |
| Other external costs | 152.0 | 144.2 |
| Depreciation expense | 17.4 | 18.4 |
| Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities | 2.6 | 4.7 |
| Bad debt expense | 15.2 | 14.7 |
| **Total distribution and administrative expenses** | **629.8** | **606.3** |

## 6. | OTHER INCOME & OTHER EXPENSES

| *(in millions of euros)* | For the period ended March 31, 2012 | 2011 |
|---|---|---|
| Gains on disposal of tangible assets | 0.2 | 0.1 |
| Write-back asset impairment | - | 0.2 |
| Release of unused provisions | - | 0.1 |
| Other operating income | 0.1 | 0.4 |
| **Total other income** | **0.3** | **0.8** |
| Restructuring costs | (3.8) | (2.8) |
| Losses on non-current assets disposed of | (0.1) | (0.4) |
| Impairment of goodwill and fixed assets | (0.1) | (0.1) |
| Acquisition related costs | (1.0) | (1.4) |
| Other operating expenses | (0.5) | - |
| **Total other expenses** | **(5.5)** | **(4.7)** |

## 7. | NET FINANCIAL EXPENSES

| *(in millions of euros)* | For the year ended March 31, 2012 | 2011 |
|---|---|---|
| Expected return on employee benefit plan assets ………………… | 13.2 | 12.4 |
| Interest income on cash and cash equivalents …………………….. | 0.1 | 0.7 |
| Interest income on receivables and loans ……………………………… | 0.5 | 0.6 |
| **Financial income ……………………………………………………** | **13.9** | **13.7** |
| Interest expense on financial debt (stated at amortized costs)……… | (43.0) | (35.3) |
| Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement….…………………..... | (1.2) | (5.9) |
| Foreign exchange gain (loss)……………………………………..…… | (16.2) | (0.0) |
| Change in fair value of exchange rate derivatives through profit and loss ...……………………………………………………………… | 16.9 | 2.0 |
| Change in fair value of interest rate derivatives through profit and loss ...……………………………………………………………… | (1.4) | (0.4) |
| **Interest expense on borrowings ……………………………………** | **(44.9)** | **(39.6)** |
| Interest cost of employee benefit obligation and other long-term liabilities ……..….................................................................... | (14.1) | (14.0) |
| Financial expenses (other) ……………………...…………………… | (1.9) | (1.7) |
| **Other financial expenses ……………………………………………** | **(16.0)** | **(15.7)** |
| **Financial expenses (net)** | **(47.0)** | **(41.6)** |

## 8. | INCOME TAX

Income tax expense for an interim period is calculated based on the tax rate of the expected year-end income, i.e. by applying the average estimated tax rate for the 2012 financial year to the interim income before taxes. The effective tax rate for the period ending March 31, 2012 is 29.2%, compared with 20.2% for the period ended March 31, 2011, which included the impact of the first-time recognition of tax losses carried forward in the United Kingdom in the first quarter of 2011.

## 9. | EARNINGS PER SHARE

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

| | For the period ended March 31, 2012 | 2011 |
|---|---|---|
| ***Net income attributed to ordinary shareholders*** *(in millions of euros)*……….. | ***90.1*** | ***86.4*** |
| Weighted average number of ordinary shares (*in thousands*)……………………….. | 266,342 | 260,186 |
| Non dilutive potential shares (in thousands)…………………………………………… | 1,148 | 3,001 |
| ***Weighted average number of issued common shares and non dilutive potential shares (in thousands)…………………………………………………………*** | ***267,490*** | ***263,187*** |
| **Basic earning per share (in euros)** | **0.34** | **0.33** |
| ***Net income attributed to ordinary shareholders*** *(in millions of euros)* ……….. | ***90.1*** | ***86.4*** |
| Weighted average number of issued common shares and non dilutive potential shares (in thousands)………………………………………………………………………. | 267,490 | 263,187 |
| Potential dilutive shares (in thousands) | 2,891 | 2,241 |
| *- of which share options (in thousands)* …………………………………………… | *169* | *229* |
| *- of which bonus shares (in thousands)* [(1)] …………………………………………… | *2,722* | *2,012* |
| ***Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)……………………………………*** | ***270,382*** | ***265,428*** |
| **Fully diluted earnings per share……………………………………………………..** | **0.33** | **0.33** |

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to performance conditions.

## 10. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2012. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

### 10.1 | Net financial debt

| *(in millions of euros)* | As of March 31, 2012 Current | Non-current | Total | As of December 31, 2011 Current | Non-current | Total |
|---|---|---|---|---|---|---|
| Senior Notes…………………………………………. | - | 1,484.7 | 1,484.7 | - | 1,181.4 | 1,181.4 |
| Credit Facilities ……………………….....……………… | - | 30.6 | 30.6 | - | 30.6 | 30.6 |
| Securitization …………………...…………………….. | 105.1 | 834.5 | 939.6 | 105.9 | 973.5 | 1,079.4 |
| Bank loans ……………………….…………………… | 43.7 | 16.3 | 60.0 | 39.7 | 8.1 | 47.8 |
| Commercial paper …………………………………… | 141.8 | - | 141.8 | 104.8 | - | 104.8 |
| Bank overdrafts and other credit facilities …………… | 168.0 | - | 168.0 | 86.0 | - | 86.0 |
| Finance lease obligations ……………………………... | 6.9 | 21.9 | 28.8 | 6.8 | 22.9 | 29.7 |
| Accrued interests [(1)] ……………………………..…. | 26.2 | - | 26.2 | 10.0 | - | 10.0 |
| Less transaction costs ……………………………… | (20.8) | (36.3) | (57.1) | (19.8) | (33.9) | (53.7) |
| **Total financial debt and accrued interest……** | ***470.9*** | ***2,351.7*** | ***2,822.6*** | ***333.5*** | ***2,182.6*** | ***2,516.0*** |
| Cash and cash equivalents ………………………… | | | (623.8) | | | (413.7) |
| Derivatives fair value……………………………… | | | (27.9) | | | (24.1) |
| **Net financial debt** | | | **2,170.8** | | | **2,078.2** |

(1) Of which accrued interests on Senior Notes for €25.7 million as of March 31, 2012 (€3.5 million as of December 31, 2011).

### *10.1.1 | Senior Notes*

On March 28, 2012, Rexel issued US$ 400 million (€299.9 million) senior unsecured notes. The Notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The Notes will mature on December 15, 2019.

The Notes are redeemable in whole or in part at any time prior to December 15, 2015 at a redemption price equal to 100% of their principal amount, plus a “make-whole” premium and accrued and unpaid interest. On or after December 15, 2015, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

| Redemption period beginning on: | Redemption price (as a % of principal amount) |
|---|---|
| December 15, 2015 ………………………. | 103.063% |
| December 15, 2016 ………………………. | 101.531% |
| December 15, 2017 and after …………. | 100.000% |

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

On April 23, 2012, Rexel issued an additional US$100 million principal amount of its 6.125% Senior Notes due 2019 at a price of 100.750% of their notional amount (i.e. an issuance price of €76.7 million). The additional notes will have identical terms and conditions as the notes issued on March 28, 2012 and will form a single series and be fully fungible with the previously-issued notes.

### *10.1.2 | Senior Credit Agreement*

As of March 31, 2012, facilities under the Senior Credit Agreement were fully reimbursed and remained available for Rexel. The bilateral facility was drawn down in full for €30.6 million as follows:

| Credit Facility | Commitment *(in millions of euros)* | Balance due as of March 31, 2012 *(in millions of euros)* |
|---|---|---|
| Facility A | 195.4 | - |
| Facility B | 1,074.0 | - |
| **2009 Senior Credit Facilities subtotal** | **1,269.4** | **-** |
| Bilateral facility | 30.6 | 30.6 |
| **TOTAL** | **1,300.0** | **30.6** |

### *10.1.3 | Securitization programs*

The Rexel Group runs several securitization programs presented in the table below, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of the off-balance sheet US program such as disclosed in note 11.2 of December 31, 2011 financial statements, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group’s balance sheet on the line “Trade accounts receivable” whereas the financing received is shown as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of March 31, 2012, Rexel had satisfied all of these covenants.

The features of Rexel's securitization programs including the off-balance sheet programs are summarized in the table below:

| Program | Commitment | Amount of receivables assigned as of March 31, 2012 | Amount drawn down as of March 31, 2012 | Balance as of March 31, 2012 | Balance as of December 31, 2011 | Repayment |
|---|---|---|---|---|---|---|
| | | *(in millions of currency)* | | *(in millions of euros)* | | |
| 2011 - Europe and Australia [1] | EUR 425.0 | EUR 566.4 | EUR 376.4 | 376.4 | 428.6 | 16/12/2016 |
| United States | USD 470.0 | USD 513.0 | USD 331.6 | 248.3 | 289.0 | 23/12/2014 |
| Canada | CAD 140.0 | CAD 240.9 | CAD 140.0 | 105.2 | 105.9 | 13/12/2012 |
| 2008 - Europe | EUR 450.0 | EUR 445.7 | EUR 307.2 | 307.2 | 358.7 | 17/12/2013 |
| **TOTAL** | | | | **1 037.1** | **1 182.2** | |
| ***Of which*:** | ***- on balance sheet:*** | | | ***939.6*** | ***1 079.4*** | |
| | ***- off balance sheet (Ester program) :*** | | | ***97.4*** | ***102.8*** | |

(1) Securitization program subscribed in 2011, replacing the previous program initiated in 2005

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of March 31, 2012, the total outstanding amount authorized for these securitization programs was €1,332.1 million, of which €1 037.1 million was utilized.

## 10.2 | Change in net financial debt

As of March 31, 2012 and 2011, the change in net financial debt was as follows:

| *(in millions of euros)* | For the period ended March 31, 2012 | | 2011 |
|---|---|---|---|
| **At January 1** ……… | **2,078.2** | | **2,273.3** |
| Issuance of Senior Notes ……… | 299.9 | (1) | - |
| Net change in Term Loan facilities……… | - | | (19.3) |
| Transaction costs……… | (8.5) | | - |
| Net change in other credit facilities and bank overdrafts……… | 148.2 | | 165.9 |
| **Net change in credit facilities**……… | **439.6** | | **146.7** |
| Net change in securitization……… | (135.1) | | (85.5) |
| Net change in finance lease liabilities……… | (0.9) | | 6.0 |
| ***Net change in financial liabilities***……… | ***303.6*** | | ***67.2*** |
| Change in cash and cash equivalents ……… | (216.9) | | 80.1 |
| Translation differences……… | (2.6) | | (58.3) |
| Effect of changes in consolidation scope on gross indebtedness……… | 3.5 | | 11.8 |
| Amortization of transaction costs……… | 5.0 | | 4.7 |
| Other changes……… | (0.0) | | (0.4) |
| **At March 31** ……… | **2,170.8** | | **2,378.4** |

(1) On March 28, 2012, Rexel issued $400 million (€299.9 million) senior unsecured Notes bearing interest at the rate of 6.125% that mature on December 15, 2019 (see note10.1.1)

# 11. | MARKET RISKS AND FINANCIAL INSTRUMENTS

## 11.1 | Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80% of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

| *(in millions of euros)* | As of March 31, 2012 | As of December 31, 2011 |
|---|---|---|
| Senior Notes and other fixed rate debt ……… | 1,459.1 | 1,168.2 |
| Floating to fixed rate swaps……… | 1,069.0 | 1,330.0 |
| Fixed to floating rate swaps……… | (475.0) | (475.0) |
| **Sub total fixed or capped rate debt after hedging** | ***2,053.1*** | ***2,023.3*** |
| Floating rate debt before hedging……… | 1,335.5 | 1,323.6 |
| Floating to fixed rate swaps……… | (1,069.0) | (1,330.0) |
| Fixed to floating rate swaps……… | 475.0 | 475.0 |
| Cash and cash equivalents……… | (623.8) | (413.7) |
| **Sub total current floating rate debt after hedging** | **117.7** | **54.9** |
| **Total net financial debt** | **2,170.8** | **2,078.2** |

*Fair value hedge derivatives*

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million into variable rate debt. Out of these derivatives, €450.0 million have been classified as fair value hedges.

As of March 31, 2012, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

| | **Total notional amount** *(in millions of euros)* | **Maturity** | **Weighted average fixed rate paid (received)** | **Floating rate paid (received)** | **Fair value** [(1)] *(in millions of euros)* |
|---|---|---|---|---|---|
| ***Swaps paying variable rate*** | | | | | |
| Euro …………………………… | 450.0 | December 2016 | (2.73%) | 3M Euribor | 31.8 |
| ***Swaps paying fixed rate*** | | | | | |
| Euro …………………………… | 100.0 | March 2013 | 2.29% | (3M Euribor) | (1.6) |
| **Total** | | | | | **30.3** |

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €2.3 million

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

The change in fair value of these fair value hedging swaps for the period ending March 31, 2012 represented a gain of €3.8 million, offset by a loss of €3.8 million resulting from the change in the fair value of the Senior Notes.

*Cash-flow hedge derivatives*

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature between March 2013 and March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of March 31, 2012, derivative instruments classified as cash flow hedges are as follows:

| | **Total notional amount** *(in millions of currency)* | **Total notional amount** *(in millions of euros )* | **Maturity** | **Floating rate received** | **Weighted average fixed rate paid** | **Fair value** [(1)] *(in millions of euros)* |
|---|---|---|---|---|---|---|
| ***Swaps paying fixed rate*** | | | | | | |
| Euro……………………………… | 200.0 | 200.0 | March 2014 | 1M Euribor | 2.12% | (6.2) |
| Canadian dollar………………… | 40.0 | 30.1 | March 2013 | 3M Libor | 2.72% | (0.4) |
| | 100.0 | 75.1 | September 2013 | 3M Libor | 1.57% | (0.3) |
| American dollar………………… | 140.0 | 104.8 | March 2013 | 3M Libor | 2.82% | (2.5) |
| British pound ………………… | 25.0 | 30.0 | March 2013 | 3M Libor | 0.93% | 0.0 |
| **Total** | | **440.0** | | | | **(9.4)** |

(1) Derivative instruments are presented at fair value, including accrued interest payable for €0.3 million

The change in fair value of the cash flow hedging instruments for the period ending March 31, 2012 was recorded as a €0.7 million increase in cash-flow hedge reserve (before tax).

*Derivatives not eligible for hedge accounting*

| | Total notional amount *(in millions of currency)* | Total notional amount *(in millions of euros)* | Maturity | Floating rate received (paid) | Weighted average fixed rate paid (received) | Fair value [(1)] *(in millions of euros)* |
|---|---|---|---|---|---|---|
| ***Swaps paying fixed rate*** | | | | | | |
| Canadian dollar………………… | 30.0 | 22.5 | March 2013 | Libor 3M | 2.72% | (0.3) |
| Swiss franc……………………. | 40.0 | 33.2 | March 2013 | Libor 3M | 0.94% | (0.3) |
| | 90.0 | 74.7 | March 2014 | Libor 3M | 0.81% | (1.0) |
| Swedish krona ………………… | 500.0 | 56.5 | September 2012 | Stibor 3M | 2.59% | (0.1) |
| American dollar……………….. | 100.0 | 74.9 | September 2012 | Libor 3M | 3.18% | (1.0) |
| | 140.0 | 104.8 | March 2013 | Libor 3M | 2.82% | (2.5) |
| | 100.0 | 74.9 | September 2014 | Libor 3M | 1.56% | (1.7) |
| Euro……………………………… | 25.0 | 25.0 | December 2016 | Euribor 3M | 1.85% | (0.8) |
| | 62.5 | 62.5 | May 2018 | Euribor 6M | 3.21% | (6.4) |
| **Total** | | **529.1** | | | | **(14.2)** |
| ***Swaps paying variable rate*** | | | | | | |
| Euro……………………………… | 25.0 | 25.0 | December 2016 | (Euribor 3M) | (2,89%) | 2.0 |

[(1)] Derivative instruments are presented at fair value, including accrued interest payable of € 1.5 million

Derivatives that are not eligible for hedge accounting mainly relate to dequalifying instruments following the partial repayment of the senior credit facilities as a result of the issuance of the €500 million Senior Notes in May 2011.

### *Sensitivity to interest rate variation*

As of March 31, 2012, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €1.2 million and an increase of the fair value of the hedging instruments for €14.8 million, of which €8.9 million recorded as a financial income and €5.9 million as an increase in equity, before tax effect.

## **11.2 |** Foreign exchange risk

*Forward contracts*

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

On March 31, 2012, the notional value of forward contracts was €902.7 million (€1 586.5 million of forward sales and €683.8 million of forward purchases); they are recognized at their fair value for a positive net amount of €8.2 million.

*Currency options*

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average exchange rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the exchange rate translation risk. These instruments are qualified as held for trading under IAS 39.

Currency options as of March 31, 2012 are detailed in the table below:

| | Total notional amount *(in millions of currency)* | Total notional amount *(in millions of euros)* | Maturity | Premium received (paid) *(in millions of euros)* | Fair value *(in millions of euros)* |
|---|---|---|---|---|---|
| ***Options purchased*** | | | | | |
| Australian dollar………………. | 110.0 | 85.7 | December 2012 | (1.9) | 1.9 |
| Swiss franc……………………. | 39.4 | 32.7 | December 2012 | (0.6) | 0.2 |
| British pound …………………. | 34.0 | 40.8 | December 2012 | (1.0) | 0.7 |
| | | **159.2** | | **(3.5)** | **2.8** |
| ***Options sold*** | | | | | |
| Australian dollar………………. | 55.0 | 42.8 | | 0.4 | (0.2) |
| British pound …………………. | 34.0 | 40.8 | December 2012 | 0.5 | (0.3) |
| | | **83.6** | | **0.9** | **(0.5)** |

*Sensitivity to changes in foreign exchange rates*

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €300.3 million and a decrease (increase) in operating income before other income and other expenses of €14.5 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of March 31, 2012 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €78.9 million and €95.1 million respectively.

*Financial debt per repayment currency*

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

| *(in millions of euros)* | Euro | US dollar | Canadian dollar | Australian dollar | Norwegian krone | Swedish krona | British pound | Swiss franc | Other currencies | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial liabilities …………………………. | 1 912.8 | 488.2 | 105.9 | 100.6 | 0.8 | 0.9 | 112.8 | 0.3 | 72.4 | 2 794.6 |
| Cash and cash equivalents…………. | (423.9) | (44.9) | (4.1) | (89.6) | (10.3) | (3.4) | (23.4) | (0.4) | (23.8) | (623.8) |
| **Net financial position before hedging……………………………….** | **1 488.9** | **443.3** | **101.8** | **11.0** | **(9.5)** | **(2.5)** | **89.4** | **(0.1)** | **48.6** | **2 170.8** |
| Impact of hedges……………………… | (896.5) | 166.1 | 120.9 | 100.6 | 19.4 | 207.4 | (30.3) | 282.1 | 30.2 | (0.0) |
| **Net financial position after hedging……………………………….** | **592.4** | **609.4** | **222.7** | **111.6** | **9.9** | **204.9** | **59.1** | **282.0** | **78.8** | **2 170.8** |
| *Impact of a 5% increase in exchange rates……………………………………* | *-* | *30.5* | *11.1* | *5.6* | *0.5* | *10.2* | *3.0* | *14.1* | *3.9* | *78.9* |

## 11.3 | Liquidity Risk

The €650 million Senior Notes, issued in December 2009 and January 2010, mature in December 2016, while the €500 million Senior Notes issued in May 2011 mature in December 2018 and the $400 million Senior Notes issued in March 2012 mature in December 2019. Credit facilities A and B under the Senior Credit Agreement and the bilateral credit agreement expire in December 2012 and December 2014 in the amounts of €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 19.1.2 of December 31, 2011 financial statements.

Lastly, securitization programs mature in 2012, 2013, 2014 and 2016. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

| *(in millions of euros)* <br> ***Due within*** | **As of March 31, 2012** | **As of December 31, 2011** |
|---|---|---|
| One year ...……………………………………………..……… | 491.7 | 353.3 |
| Two years………………………………………………….…. | 312.0 | 363.4 |
| Three years……………………………………………..……… | 199.0 | 225.1 |
| Four years…………………………...……………………. | 6.5 | 7.3 |
| Five years……………………...……………………….. | 1,077.4 | 1,114.2 |
| Thereafter……………………..………………………… | 793.2 | 506.4 |
| **Total financial debt……………………………………** | **2,879.6** | **2,569.7** |
| Transaction costs………………………………………… | (57.1) | (53.7) |
| **Financial debt………………………………………..** | **2,822.6** | **2,516.0** |

In addition, the trade accounts payable amounted to €1 884.2 million as of March 31, 2012 (€1 903.3 million as of December 31, 2011) and are due in less than one year.

## 12. | SEASONALITY

Despite the low impact of seasonality on sales, the changes in the working capital requirement lead to seasonal cash flows, with, as a general rule, a weaker first and third quarter, because of the increase in working capital requirement and a stronger second and fourth quarter.

## 13. | LITIGATION

For the period ended March 31, 2012, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2011, with a significant impact on Rexel's financial position or profitability.

## 14. | EVENTS AFTER THE REPORTING PERIOD

On April 12, 2012, the Group has acquired the assets of Société Commerciale Toutelectric, founded in 1937 and based in Toulouse, which operates through 37 branches and 3 logistic centers. This operation should generate approximately €85 million of sales on an annualized basis.

On April 23, 2012, Rexel issued an additional US$100 million principal amount of its 6.125% Senior Notes due 2019 at a price of 100.750% of their notional amount. (see note 10.1.1)