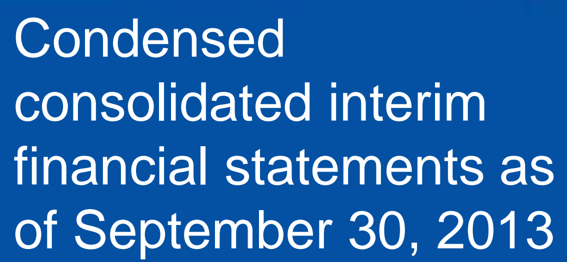

# Condensed consolidated interim financial statements as of September 30, 2013

Rexel

Société Anonyme with Management and Supervisory Boards

with share capital of €1,415,281,935

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# Condensed consolidated interim financial statements as of September 30, 2013 *(unaudited)*

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# Consolidated Income Statement *(unaudited)*

| *(in millions of euros)* | Note | For the quarter ended September 30, 2013 | For the quarter ended September 30, 2012 | For the period ended September 30, 2013 | For the period ended September 30, 2012 |
|---|---|---|---|---|---|
| Sales | *4* | 3,255.1 | 3,441.3 | 9,723.8 | 10,009.4 |
| Cost of goods sold | | (2,471.1) | (2,608.2) | (7,347.8) | (7,550.1) |
| **Gross profit** | | **783.9** | **833.1** | **2,376.0** | **2,459.3** |
| Distribution and administrative expenses | *5* | (611.8) | (646.5) | (1,894.7) | (1,907.4) |
| **Operating income before other income and expenses** | | **172.1** | **186.6** | **481.3** | **551.9** |
| Other income | *6* | 4.2 | 1.9 | 7.0 | 3.0 |
| Other expenses | *6* | (16.4) | (16.5) | (101.8) | (72.7) |
| **Operating income** | | **160.0** | **172.0** | **386.6** | **482.2** |
| Financial income | | 1.0 | 0.5 | 2.2 | 1.8 |
| Interest expense on borrowings | | (41.3) | (45.8) | (124.1) | (131.8) |
| Refinancing costs | | - | - | (23.5) | - |
| Other financial expenses | | (6.0) | (6.7) | (18.1) | (19.0) |
| ***Net financial expenses*** | *8* | ***(46.3)*** | ***(52.0)*** | ***(163.5)*** | ***(149.0)*** |
| Share of profit / (loss) of associates | | 0.3 | 1.3 | 0.4 | 1.5 |
| **Net income before income tax** | | **114.0** | **121.3** | **223.4** | **334.7** |
| Income tax | *9* | (37.0) | (36.0) | (72.5) | (98.3) |
| **Net income** | | **77.0** | **85.3** | **150.9** | **236.4** |
| **Portion attributable:** | | | | | |
| to the Group | | 76.8 | 84.7 | 150.6 | 235.7 |
| to non-controlling interests | | 0.3 | 0.6 | 0.4 | 0.7 |
| **Earnings per share:** | | | | | |
| Basic earnings per share (in euros) | *12* | 0.27 | 0.32 | 0.55 | 0.88 |
| Fully diluted earnings per share (in euros) | *12* | 0.27 | 0.31 | 0.54 | 0.85 |

***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 quarter ended September 30, 2013 | For the quarter ended September 30, 2012 | For the period ended September 30, 2013 | For the period ended September 30, 2012 |
|---|---|---|---|---|
| **Net income** | **77.0** | **85.3** | **150.9** | **236.4** |
| ***Items to be reclassified to profit and loss:*** | | | | |
| Net gain / (loss) on net investment in foreign subsidiaries | (4.2) | 4.0 | 28.6 | 6.3 |
| Income tax | 1.4 | (1.4) | (7.5) | (2.1) |
| | (2.8) | 2.6 | 21.2 | 4.1 |
| Foreign currency translation adjustment | (21.2) | 1.8 | (127.5) | 44.0 |
| Net gain / (loss) on cash flow hedges | 0.2 | 0.8 | 2.3 | 1.2 |
| Income tax | (0.1) | (0.2) | (0.8) | (0.4) |
| | 0.1 | 0.6 | 1.5 | 0.8 |
| ***Items not to be reclassified to profit and loss:*** | | | | |
| Remeasurements of net defined benefit liability | 12.1 | (6.3) | 76.0 | (47.3) |
| Income tax | (4.3) | 1.2 | (13.4) | 6.4 |
| | 7.8 | (5.1) | 62.6 | (40.9) |
| *Other comprehensive income/(loss) for the period, net of tax* | *(16.1)* | *(0.1)* | *(42.2)* | *8.0* |
| **Total comprehensive income for the period, net of tax** | **60.9** | **85.1** | **108.7** | **244.4** |
| **Portion attributable:** | | | | |
| *to the Group* | *60.9* | *84.8* | *108.5* | *243.7* |
| *to non-controlling interests* | *(0.0)* | *0.3* | *0.2* | *0.7* |

***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 September 30, 2013** | **As of December 31, 2012** |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | | 4,195.0 | 4,369.2 |
| Intangible assets | | 1,045.2 | 1,035.8 |
| Property, plant and equipment | | 278.4 | 282.7 |
| Long-term investments | | 31.7 | 79.5 |
| Investments in associates | | 11.0 | 10.8 |
| Deferred tax assets | | 137.5 | 171.9 |
| **Total non-current assets** | | **5,698.9** | **5,949.9** |
| Inventories | | 1,427.3 | 1,426.7 |
| Trade accounts receivable | | 2,240.4 | 2,123.9 |
| Current tax assets | | 12.2 | 26.1 |
| Other accounts receivable | | 453.1 | 476.4 |
| Assets held for sale | | 3.3 | 21.2 |
| Cash and cash equivalents | | 481.7 | 291.9 |
| **Total current assets** | | **4,617.9** | **4,366.2** |
| **Total assets** | | **10,316.8** | **10,316.1** |
| **Equity** | | | |
| Share capital | ***10*** | 1,415.3 | 1,359.6 |
| Share premium | ***10*** | 1,508.3 | 1,418.3 |
| Reserves and retained earnings | | 1,256.0 | 1,331.4 |
| **Total equity attributable to equity holders of the parent** | | **4,179.6** | **4,109.3** |
| Non-controlling interests | | 8.3 | 8.3 |
| **Total equity** | | **4,187.9** | **4,117.6** |
| **Liabilities** | | | |
| Interest bearing debt (non-current part) | ***15*** | 2,585.9 | 2,303.2 |
| Employee benefits | | 274.7 | 372.9 |
| Deferred tax liabilities | | 130.7 | 152.3 |
| Provision and other non-current liabilities | | 105.1 | 101.8 |
| **Total non-current liabilities** | | **3,096.5** | **2,930.1** |
| Interest bearing debt (current part) | ***15*** | 477.3 | 618.3 |
| Accrued interest | ***15*** | 43.6 | 9.3 |
| Trade accounts payable | | 1,898.6 | 1,937.2 |
| Income tax payable | | 32.9 | 42.6 |
| Other current liabilities | | 580.0 | 661.1 |
| Liabilities related to assets held for sale | | - | 661.1 |
| **Total current liabilities** | | **3,032.4** | **3,268.5** |
| **Total liabilities** | | **6,128.9** | **6,198.6** |
| **Total equity and liabilities** | | **10,316.8** | **10,316.1** |

***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 quarter ended September 30, 2013 | For the quarter ended September 30, 2012 | For the period ended September 30, 2013 | For the period ended September 30, 2012 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Operating income | | 160.0 | 172.0 | 386.6 | 482.2 |
| Depreciation, amortization and impairment of assets | *5-6* | 23.7 | 23.3 | 123.7 | 91.8 |
| Employee benefits | | (9.3) | (3.6) | (21.6) | (24.7) |
| Change in other provisions | | (0.5) | (3.6) | (4.9) | (13.2) |
| Other non-cash operating items | | 4.1 | 2.1 | 11.5 | 14.7 |
| Interest paid | | (40.4) | (44.7) | (129.0) | (126.1) |
| Income tax paid | | (22.9) | (27.1) | (80.7) | (94.9) |
| ***Operating cash flows before change in working capital requirements*** | | ***114.7*** | ***118.4*** | ***285.6*** | ***329.8*** |
| Change in inventories | | (52.3) | (31.8) | (39.9) | (105.3) |
| Change in trade receivables | | (39.5) | 5.8 | (171.6) | (76.7) |
| Change in trade payables | | 34.8 | (83.6) | 7.8 | (79.4) |
| Changes in other working capital items | | (24.0) | 40.6 | (55.2) | (6.6) |
| ***Change in working capital requirements*** | | ***(81.0)*** | ***(69.0)*** | ***(258.9)*** | ***(268.0)*** |
| **Net cash from operating activities** | | **33.7** | **49.4** | **26.7** | **61.8** |
| **Cash flows from investing activities** | | | | | |
| Acquisition of tangible and intangible assets | | (24.1) | (20.1) | (68.2) | (59.3) |
| Proceeds from disposal of tangible and intangible assets | | 0.7 | 2.7 | 19.9 | 5.1 |
| Acquisition of subsidiaries, net of cash acquired | | 0.5 | (338.1) | (2.5) | (473.1) |
| Change in long-term investments | | (2.8) | 7.3 | (1.9) | 3.8 |
| Dividends received from associates | | - | - | - | 1.9 |
| **Net cash from investing activities** | | **(25.7)** | **(348.2)** | **(52.7)** | **(521.6)** |
| **Cash flows from financing activities** | | | | | |
| Issuance of capital | | (0.4) | (0.2) | 0.4 | - |
| Disposal / (Purchase) of treasury shares | | 2.8 | 1.4 | 2.5 | (2.5) |
| Acquisition of non-controlling interests | | - | (22.2) | - | (22.2) |
| Issuance of senior notes net of transaction costs | *15.2* | - | - | 1,025.2 | 366.5 |
| Repayment / Buy-out of senior notes due 2016 | *15.2* | - | - | (640.3) | (69.1) |
| Settlement of interest rate swaps qualified as fair value hedge | *15.2* | - | - | 30.4 | - |
| Net change in credit facilities and other financial borrowings | *15.2* | (87.0) | (44.2) | (54.4) | 253.7 |
| Net change in securitization | *15.2* | 11.3 | 39.6 | (44.8) | (100.1) |
| Net change in finance lease liabilities | *15.2* | (1.9) | (1.2) | (46.0) | (0.6) |
| Dividends paid | | (53.0) | - | (53.1) | (143.0) |
| **Net cash from financing activities** | | **(128.1)** | **(26.8)** | **219.9** | **282.7** |
| **Net (decrease) / increase in cash and cash equivalents** | | **(120.2)** | **(325.6)** | **193.9** | **(177.1)** |
| Cash and cash equivalents at the beginning of the period | | 604.4 | 562.2 | 291.9 | 413.7 |
| Effect of exchange rate changes on cash and cash equivalents | | (2.4) | 15.0 | (4.1) | 15.0 |
| **Cash and cash equivalents at the end of the period** | | **481.7** | **251.6** | **481.7** | **251.6** |

***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)* | Note | Share capital | Share premium | Retained earnings | Foreign currency translation | Cash flow hedge reserve | Remeasurement of net defined benefit liability | Total attributable to the Group | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **For the period ended September 30, 2012** | Note | | | | | | | | | |
| **At January 1, 2012** | | **1,344.1** | **1,412.2** | **1,188.0** | **129.7** | **(5.8)** | **(37.8)** | **4,030.4** | **11.5** | **4,041.9** |
| Net income | | - | - | 235.7 | - | - | - | **235.7** | 0.7 | **236.4** |
| Other comprehensive income | | - | - | - | 48.1 | 0.8 | (40.9) | **8.0** | - | **8.0** |
| **Total comprehensive income for the period** | | **-** | **-** | **235.7** | **48.1** | **0.8** | **(40.9)** | **243.7** | **0.7** | **244.4** |
| Appropriation of net income | **11** | - | - | (173.5) | - | - | - | **(173.5)** | - | **(173.5)** |
| Share capital increase | | 13.7 | 6.9 | 9.9 | - | - | - | **30.5** | - | **30.5** |
| Share based payments | | - | - | 14.3 | - | - | - | **14.3** | - | **14.3** |
| Disposal (Purchase) of treasury shares | | - | - | (3.2) | - | - | - | **(3.2)** | - | **(3.2)** |
| Acquisition of non-controlling interests | | - | - | (19.4) | 0.3 | - | - | **(19.1)** | (3.1) | **(22.2)** |
| **At September 30, 2012** | | **1,357.8** | **1,419.1** | **1,251.8** | **178.1** | **(5.0)** | **(78.7)** | **4,123.1** | **9.1** | **4,132.2** |
| **For the period ended September 30, 2013** | | | | | | | | | | |
| **At January 1, 2013** | | **1,359.6** | **1,418.3** | **1,344.5** | **138.8** | **(3.0)** | **(148.9)** | **4,109.3** | **8.3** | **4,117.6** |
| Net income | | - | - | 150.6 | - | - | - | **150.6** | 0.4 | **150.9** |
| Other comprehensive income | | - | - | - | (106.1) | 1.5 | 62.6 | **(42.0)** | (0.2) | **(42.2)** |
| **Total comprehensive income for the period** | | **-** | **-** | **150.6** | **(106.1)** | **1.5** | **62.6** | **108.5** | **0.2** | **108.7** |
| Appropriation of net income | **11** | - | - | (203.1) | - | - | - | **(203.1)** | (0.1) | **(203.2)** |
| Share capital increase | **10** | 55.7 | 90.0 | 4.9 | - | - | - | **150.6** | - | **150.6** |
| Share based payments [(1)] | | - | - | 12.0 | - | - | - | **12.0** | - | **12.0** |
| Disposal (Purchase) of treasury shares | | - | - | 2.2 | - | - | - | **2.2** | - | **2.2** |
| **At September 30, 2013** | | **1,415.3** | **1,508.3** | **1,311.1** | **32.7** | **(1.5)** | **(86.3)** | **4,179.6** | **8.3** | **4,187.9** |

[(1)] Of which €11.1 million of free shares expense (see note 13) and €1 million relating to the tax effect of free shares granted in the United-States

***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 (mainly Brazil and Chile).

These condensed consolidated interim financial statements cover the period from January 1 to September 30, 2013, and were authorized for issue by the Management Board on October 24, 2013.

## 2. | SIGNIFICANT ACCOUNTING POLICIES

### 2.1 |Statement of Compliance

The condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ending September 30, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force at September 30, 2013. 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, 2012 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 13, 2013 under the number D.13-0130.

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 at September 30, 2013 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 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, 2012 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2012, 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, 2013, and detailed below, did not have any significant impact on the Group's condensed financial statements or the financial position for the period ended September 30, 2013.

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, 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 2013*

Since January 1, 2013, the Group has applied the following new amendments, standards and interpretations previously endorsed by the European Union. Their application had no material effect on the Group's financial statements.

The application of IFRS 10, IFRS 11, IFRS 12, revised IAS 27, revised IAS 28 and amendments to IAS 32 are compulsory for fiscal years starting on January 1, 2014. The Group opted for an early adoption of these standards.

- 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. None of these disclosures requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

In addition, following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

- 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 32 "Offsetting Financial Assets and Financial Liabilities" clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1, 2013.

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. IFRS 13 is applicable for fiscal years starting on January 1, 2013 on prospective basis.

IFRS 13 also requires specific disclosures on fair values. Some of these disclosures are specifically required for financial instruments by IAS 34 "Interim Financial Reporting". The Group provides these disclosures in note 16.

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.

In 2012, IASB issued an omnibus of improvements to IFRS, applicable on or after January 1, 2013, including:

- Amendment to IAS 1 clarifying the requirements for comparative information,

- Amendment to IAS 16 clarifying the classification of servicing equipment,

- Amendment to IAS 32 clarifying the accounting for the tax effect of distributions to holders of equity instruments, and
- Amendment to IAS 34 clarifying the requirement for segment information on total assets and liabilities in interim financial reporting.

Although amendments to IFRS 10, 11 and 12 give additional transition relief by limiting the requirement to provide adjusted comparative information to the preceding comparative period, they are only compulsory for fiscal years starting on January 1, 2014 in the EU, nevertheless the Group has elected for an early adoption.

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

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, the potential impact is under review by the Group.

- IFRS 9 "Financial Instruments" aims at replacing IAS 39 "Financial Instruments - Recognition and Measurement". It is a 3-phase project where only phase 1, "Classification and Measurement" was issued. Phase 2, "Impairment Methodology", and phase 3 "Hedge Accounting", have not been issued yet. The endorsement process by the UE has been placed on hold, pending the completion of the whole project by the IASB.
- Amendment to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures" postpones the mandatory application date of those standards to January 1, 2015 and modifies the requirements on transition disclosures.
- IFRIC 21 “Levies” clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation is applicable for financial years beginning on January 1, 2014.
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" allow hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met. This amendment is applicable for financial years beginning on January 1, 2014.

## 3. | BUSINESS COMBINATIONS

*Impacts of prior year acquisitions*

The Group consolidated as of January 1, 2013 Luxlight Pte Ltd (Singapore), acquired in November 2012, such as disclosed in notes 3.1 and 10.3 in the consolidated financial statements as of December 31, 2012. The consolidation of this entity did not have material impact on the Group’s financial statements.

In the first half of 2013, the Group finalized the purchase price allocation of Erka, a Spanish company acquired in April 2012 (see note 3.1 of the consolidated financial statements as of December 31, 2012). After completion of the identification of the acquired assets, an intangible asset of €19.0 million (€13.7 million, net of tax) was recognized with respect to the rights and benefits attached to an export license. This license is amortized over 6 years. After completion of the purchase price acquisition, Erka’s residual goodwill stands at €1.2 million (€13.5 million as of December 31, 2012).

The Group also performed the purchase price allocation for Munro Distributing Company in the United-States, acquired in November 2012 for a total consideration of €114.2 million (US$148.3 million) and recognized €8.4 million (US$10.9 million) as distribution network and €17.6 million (US$22.9 million) as customer relationships. Therefore, the residual provisional goodwill amounts to €60.0 million (US$77.9 million) compared to €86.6 million recognized initially as of December 31, 2012. This goodwill is deductible for income tax purposes over a 15-year period. As of September 30, 2013, fair value assessment of tangible fixed assets is still in progress.

## 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.

The reportable operational segments are Europe, North America, Asia-Pacific and Latin America.

In 2013, the Group made minor changes in its organization. Some insignificant non-operational entities were reclassified from the Europe segment under the heading "Corporate Holdings and other reconciling items".

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 September 30, 2013 and 2012***

| **2013** *(in millions of euros)* | Europe | North America | Asia-Pacific | Latin-America | **Total Operating Segments** | Corporate Holdings and other reconciling items | **Total Group** |
|---|---|---|---|---|---|---|---|
| **For the quarter ended September 30,** | | | | | | | |
| Sales to external customers | 1,736.6 | 1,134.2 | 312.0 | 72.3 | **3,255.1** | - | **3,255.1** |
| EBITA [(1)] | 111.6 | 62.1 | 13.6 | 0.0 | **187.3** | (11.3) | **175.9** |

| **2012** *(in millions of euros)* | Europe | North America | Asia-Pacific | Latin-America | **Total Operating Segments** | Corporate Holdings and other reconciling items | **Total Group** |
|---|---|---|---|---|---|---|---|
| **For the quarter ended September 30,** | | | | | | | |
| Sales to external customers | 1,829.3 | 1,181.3 | 352.9 | 77.6 | **3,441.2** | 0.1 | **3,441.3** |
| EBITA [(1)] | 119.1 | 63.4 | 17.4 | 1.1 | **201.0** | (10.3) | **190.8** |

| **2013** *(in millions of euros)* | Europe | North America | Asia-Pacific | Latin-America | **Total Operating Segments** | Corporate Holdings and other reconciling items | **Total Group** |
|---|---|---|---|---|---|---|---|
| **For the period ended September 30,** | | | | | | | |
| Sales to external customers | 5,225.6 | 3,358.4 | 914.8 | 225.0 | **9,723.8** | - | **9,723.8** |
| EBITA [(1)] | 319.5 | 176.5 | 37.7 | 1.1 | **534.9** | (37.7) | **497.1** |
| Working capital | 859.3 | 578.0 | 176.6 | 55.1 | **1,669.0** | (23.5) | **1,645.4** |
| Goodwill | 2,632.3 | 1,267.2 | 236.2 | 59.2 | **4,195.0** | - | **4,195.0** |

| **2012** *(in millions of euros)* | Europe | North America | Asia-Pacific | Latin-America | **Total Operating Segments** | Corporate Holdings and other reconciling items | **Total Group** |
|---|---|---|---|---|---|---|---|
| **For the period ended September 30,** | | | | | | | |
| Sales to external customers | 5,525.6 | 3,224.4 | 1,026.0 | 233.2 | **10,009.2** | 0.2 | **10,009.4** |
| EBITA [(1)] | 387.2 | 161.5 | 49.5 | 5.4 | **603.6** | (42.5) | **561.2** |
| **For the period ended December 31,** | | | | | | | |
| Working capital | 734.9 | 496.0 | 173.6 | 50.2 | **1,454.7** | (26.2) | **1,428.5** |
| Goodwill | 2,714.9 | 1,340.0 | 248.0 | 66.3 | **4,369.2** | - | **4,369.2** |

[(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 quarter ended September 30, 2013 | For the quarter ended September 30, 2012 | For the period ended September 30, 2013 | For the period ended September 30, 2012 |
|---|---|---|---|---|
| **EBITA - Total Group** | **175.9** | **190.8** | **497.1** | **561.2** |
| Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities | (3.8) | (4.1) | (15.8) | (9.3) |
| Other income and other expenses | (12.2) | (14.6) | (94.8) | (69.7) |
| Net financial expenses | (46.3) | (52.0) | (163.5) | (149.0) |
| Share of profit/(loss) of associates | 0.3 | 1.3 | 0.4 | 1.5 |
| **Group consolidated income before income tax** | **114.0** | **121.3** | **223.4** | **334.7** |

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 September 30, 2013 | As of December 31, 2012 |
|---|---|---|
| Working capital | 1,645.4 | 1,428.5 |
| Goodwill | 4,195.0 | 4,369.2 |
| **Total allocated assets & liabilities** | **5,840.5** | **5,797.7** |
| Liabilities included in allocated working capital | 2,475.8 | 2,590.0 |
| Other non-current assets | 1,366.4 | 1,408.8 |
| Deferred tax assets | 137.5 | 171.9 |
| Current tax assets | 12.2 | 26.1 |
| Other current assets | - | 0.4 |
| Assets classified as held for sale | 3.3 | 21.2 |
| Derivatives | (0.4) | 8.1 |
| Cash and cash equivalents | 481.7 | 291.9 |
| **Group consolidated total assets** | **10,316.8** | **10,316.1** |

# 5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

| *(in millions of euros)* | **For the period ended September 30, 2013** | **For the period ended September 30, 2012** |
|---|---|---|
| Personnel costs (salaries & benefits) | 1,139.6 | 1,148.3 |
| Building and occupancy costs | 204.9 | 202.5 |
| Other external costs | 448.9 | 461.2 |
| Depreciation expense | 58.6 | 54.4 |
| Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities | 15.8 | 9.3 |
| Bad debt expense | 26.9 | 31.7 |
| **Total distribution and administrative expenses** | **1,894.7** | **1,907.4** |

# 6. | OTHER INCOME & OTHER EXPENSES

| *(in millions of euros)* | For the period ended September 30, 2013 | 2012 |
|---|---|---|
| Gains on disposal of tangible assets | 1.8 | 2.3 |
| Write-back asset impairment | 0.7 | - |
| Release of unused provisions | 1.1 | 0.4 |
| Other operating income | 3.4 | 0.3 |
| **Total other income** | **7.0** | **3.0** |
| Restructuring costs | (44.0) | (28.2) |
| Losses on non-current assets disposed of | (2.3) | (0.5) |
| Impairment of goodwill and fixed assets | (50.0) | (28.2) |
| Acquisition related costs | (1.6) | (6.1) |
| Losses on Earn-out | - | (2.3) |
| Other operating expenses | (3.9) | (7.4) |
| **Total other expenses** | **(101.8)** | **(72.7)** |

*Other operating income*

For the period ended September 30, 2013, a settlement gain of €3.3 million has been recognized following the wind-up of the Irish defined benefit pension scheme and the implementation of a defined contribution plan.

*Restructuring costs*

For the period ended September 30, 2013, restructuring costs of €44.0 million are mainly related to the rationalization of logistics and branch closures in the United-Kingdom, France, Sweden, Spain, The Netherlands and Germany.

For the period ended September 30, 2012, restructuring costs of €28.2 million were mainly related to the rationalization of logistics in Germany, in The Netherlands and in Sweden and to the branch network optimization in the United-Kingdom and in New Zealand.

*Goodwill and assets impairment*

In the second quarter of 2013, the Group has recognized a goodwill impairment expense of €44.0 million, of which €42.8 million attributable to The Netherlands and €1.2 million to Spain (see note 7). In addition, IT assets were written down for €5.7 million. These impairment expenses were recognized as a result of decreasing demand of electrical supplies as well as a turnaround process in The Netherlands.

For the period ended September 30, 2012, impairments on goodwill were recognized on the following cash-generating units: The Netherlands for €12.6 million and New Zealand for €15.0 million.

*Other operating expenses*

For the period ended September 30, 2013, other operating expenses mainly include the early settlement of an incentive scheme granted to senior executives in Brazil and corporate headquarters relocation expenses.

For the period ended September 30, 2012, other operating expenses were mainly related to the settlement of a claim from the previous owner of Gexpro in the United-States and to litigation on business tax in France.

## 7. | GOODWILL IMPAIRMENT

Goodwill is tested for impairment annually (as of December 31) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The Group considers the actual level of performance compared to the current year budget of cash-generating units when reviewing for indicators of impairment. In that respect, as of June 30, 2013, management reviewed the value-in-use of cash generating units that are close to their carrying value, mainly Brazil, New Zealand, The Netherlands, Norway, Slovenia and Spain. Hence, an impairment expense was recognized in the first nine months of 2013 of €44.0 million (see note 6) against goodwill (€27.6 million in the first nine months of 2012). This impairment is relating to The Netherlands for €42.8 million and to Spain for €1.2 million and reflects the decreasing demand in electrical supplies due to on-going economic uncertainty and the turnaround process in The Netherlands. After deducting this impairment expense, the carrying value of the related goodwill stands at €59.3 million for The Netherlands and is nil for Spain.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

- EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the group with similar profile. EBITA margin is set in increments of 50 base points.

- Discount rate

The following discount rates were used to estimate the value-in-use:

- The Netherlands : 7.5% (7.8% as of December 31, 2012)
- Other countries : 8.2% to 12.9% (8.3% to 13.0% as of December 31, 2012)

- Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. Perpetuity growth rates used for impairment testing purposes remained unchanged compared to December 31, 2012.

*Sensitivity analysis*

With respect to the assessment of value-in-use of goodwill and other intangible and fixed assets, the Group believes that no reasonably possible changes in the EBITA margin, discount rate or perpetuity growth rate (less than or equal to 50 basis point) would cause the carrying value of the cash-generating units to materially exceed its recoverable amount, excluding Brazil and cash-generating units which were subject to impairment in 2012 and 2013. Therefore, for these countries, any adverse movement in a key assumption would lead to a further impairment.

A 50 basis point increase in the discount rate, applied to the value in use of each of the cash-generating units would result in an additional €23.7 million impairment expense (€28.2 million as of December 31, 2012). A 50 basis point decrease in the perpetuity growth rate or in the terminal value EBITA margin would result in additional impairment expenses of €16.4 million (€14.4 million as of December 31, 2012) and €30.2 million (€37.1 million as December 31, 2012) respectively.

## 8. | NET FINANCIAL EXPENSES

| (in millions of euros) | For the period ended September 30, 2013 | | 2012 |
|---|---|---|---|
| Interest income on cash and cash equivalents | 1.1 | | 0.6 |
| Interest income on receivables and loans | 1.1 | | 1.3 |
| **Financial income** | **2.2** | | **1.8** |
| Interest expense on financial debt (stated at amortized cost) | (135.0) | | (135.3) |
| Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement | 1.1 | | (3.4) |
| Foreign exchange gain (loss) | 3.6 | (2) | (0.6) |
| Change in fair value of exchange rate derivatives through profit and loss | (2.7) | | 0.4 |
| Change in fair value of interest rate derivatives through profit and loss | 9.0 | | 7.1 |
| **Interest expense on borrowings** | **(124.1)** | | **(131.8)** |
| **Non-recurring refinancing costs** | **(23.5)** | (1) | **-** |
| Net financial expense on employee benefit obligations | (9.5) | | (9.0) |
| Others | (8.6) | | (10.1) |
| **Other financial expenses** | **(18.1)** | | **(19.0)** |
| **Financial expenses (net)** | **(163.5)** | | **(149.0)** |

(1) Loss related to the refinancing transactions such as disclosed in note 15.1.2 including the redemption premium, and the write-back of transaction fees after deducting fair value hedge adjustments.
(2) Including a gain of €2.2 million related to the impact of Rexel KK liquidation and the recycling of foreign currency adjustments from equity to financial expenses.

## 9. | 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 2013 financial year to the interim income before taxes and share of profit (loss) in associates. The effective tax rate for the period ending September 30, 2013 is 32.5%, compared with 29.5% for the period ended September 30, 2012.

## 10. | SHARE CAPITAL AND PREMIUM

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

| | Number of Shares | Share capital (in millions of euros) | Issuance premium (in millions of euros) |
|---|---|---|---|
| **On January 1, 2013** | **271,923,229** | **1,359.6** | **1,418.3** |
| Exercise of share subscription rights | 31,900 | 0.1 | - |
| Issuance of shares in connection with payments of dividends | 10,287,149 | 51.4 | 98.2 |
| Issuance of shares in connection with and employee share purchase plans 2010 and 2012 | 46,119 | 0.2 | 0.5 |
| Issuance of shares in connection with free shares plans 2009 and 2011 | 788,642 | 3.9 | - |
| Allocation of free shares | - | - | (13.3) |
| Free shares cancelled | - | - | 4.5 |
| **On September 30, 2013** | **283,077,039** | **1,415.3** | **1,508.3** |

*Treasury shares*

On September 30, 2013, Rexel held 1,814,081 treasury shares (2,292,534 as of December 31, 2012) valued at an average price of €12.85 per share (€12.72 per share as of December 31, 2012) that were recognized as a reduction in shareholders' equity, for an amount of €23.3 million (€29.2 million as of December 31, 2012).

## 11. | DIVIDEND

On May 22, 2013, the Shareholders' Meeting decided the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.59, at the option of each shareholder. For the period ended September 30, 2013, €53.0 million was paid in cash and €150.1 million in shares. Dividend payment was effective on July 2, 2013.

| *(in millions of euros)* | For the period ended September 30, 2013 | 2012 |
|---|---|---|
| Dividends on ordinary shares ………………………………………………… | € 0.75 | € 0.65 |
| **Dividends paid** | **203.1** | **173.5** |
| *o/w: - dividends paid in cash* ………………………………………………… | 53.0 | 143.0 |
| *- dividends paid in shares* ………………………………………………… | 150.1 | 30.5 |

## 12. | 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 September 30, 2013 | 2012 |
|---|---|---|
| ***Net income attributed to ordinary shareholders*** *(in millions of euros)*…………………… | ***150.6*** | ***235.7*** |
| Weighted average number of ordinary shares (*in thousands*)………………………………… | 273,767 | 267,444 |
| Non dilutive potential shares (in thousands)…………………………………………………… | 1,609 | 1,134 |
| ***Weighted average number of issued common shares and non dilutive potential shares (in thousands)***………………………………………………………… | ***275,376*** | ***268,577*** |
| **Basic earning per share (in euros)** | **0.55** | **0.88** |
| ***Net income attributed to ordinary shareholders*** *(in millions of euros)*………. | ***150.6*** | ***235.7*** |
| Weighted average number of issued common shares and non dilutive potential shares (in thousands)………………………………………………………………….. | 275,376 | 268,577 |
| Potential dilutive shares resulting from the dividend payment in shares (in thousands)……. | - | 1,817 |
| Potential dilutive shares (in thousands)…………………………………………………………… | 3,140 | 5,896 |
| *- of which share options (in thousands)* ……………………………………………… | *148* | *167* |
| *- of which bonus shares (in thousands)* [(1)] ……………………………………………… | *2,991* | *5,729* |
| ***Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)***………………………………………… | ***278,516*** | ***276,290*** |
| **Fully diluted earnings per share**……………………………………………………….. | **0.54** | **0.85** |

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

# 13. | SHARE-BASED PAYMENTS

## 13.1 | Free share plan

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described in the consolidated financial statements as of December 31, 2012 (see note 16).

Plans issued in 2013 are described below:

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions, the so-called “4+0 Plan”.

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called “3+2 Plan”, or five years after the granting date with no subsequent restrictions, the so-called “5+0 Plan”.

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan and also to service and market conditions as described below:

| **Beneficiaries** | **Members of Group Executive Committee and top managers** | | **Operational Managers** | | **Total** |
|---|---|---|---|---|---|
| **Vesting conditions** | Two year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax / EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v)Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions | | Three-year service condition from grant date | | |
| **Plan** | 2+2 | 4+0 | 3+2 | 5+0 | |
| Delivery date | May 4, 2015 | May 2, 2017 | May 2, 2016 | May 2, 2018 | |
| Share fair value at grant date April 30, 2013 | 13.70 | 12.04 | 14.37 | 12.71 | |
| Maximum number of shares granted on April 30, 2013 | 793,310 | 1,259,819 | 99,100 | 422,500 | **2,574,729** |
| Delivery date | July 25, 2015 | July 25, 2017 | | | |
| Share fair value at grant date July 25, 2013 | 15.06 | 14.07 | | | |
| Maximum number of shares granted on July 25, 2013 | 50,694 | 27,716 | | | **78,410** |
| **Total maximum number of shares granted in 2013** | **844,004** | **1,287,535** | **99,100** | **422,500** | **2,653,139** |

The fair value of Rexel’s shares granted to top executives and key managers was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the two years vesting period. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

## 13.2 | Employee share purchase plans

Pursuant to the authorization granted by the shareholders’ meeting held on May 22, 2013 and by the Supervisory Board on May 22, 2013, the Management Board meeting held on September 3, 2013 decided to realize a capital increase in favour of employees in fifteen countries.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (fonds communs de placement d’entreprise or FCPE) which received approval from the Autorité des Marchés Financiers (AMF) on June 13, 2013. The subscription period closed on September 30, 2013.

The price of the employee offering, except for US participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the decision of the Management Board, minus a 20% discount, thus resulting in a subscription price of €14.34 per share. For US employees, the

subscription price was set at 85% of the Rexel share price on the Paris Stock Exchange on September 10, 2013, i.e. €15.99 per share.

In France, participating employees benefit from an employer matching contribution equal to 150% of the subscribed amount up to €200 and 50% from €201 to €500 in the limit of €450.

Outside France, employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 30, 2013 (€18.8) and on March 12, 2014. Employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a three-year service condition within the Group.

The settlement and delivery of the shares subscribed for pursuant to this plan is expected to take place in November 2013 except for the United Kingdom (March 2014).

As of September 30, 2013, the overall subscription is €3.1 million. Benefits granted to employees resulted in personnel costs of €1.4 million before tax of which €0.8 million related to the discount granted to employees and €0.6 million related to the employer matching contribution offered to beneficiaries in France.

## 13.3 | Share based-payment expenses

The related expenses for free share plans are accounted for in "Distribution and administrative expenses" and are summarized as follows:

| | For the year ended September 30, | |
|---|---|---|
| *(in millions of euros)* | 2013 | 2012 |
| Plans issued in 2009 | - | 0.2 |
| Plans issued in 2010 | 0.9 | 2.3 |
| Plans issued in 2011 | 4.3 | 9.9 |
| Plans issued in 2012 | 2.0 | 1.7 |
| Plans issued in 2013 | 2.7 | - |
| Expense related to employee share purchase plan | 1.2 | 1.0 |
| **Total free share plans expense** | **11.1** | **15.1** |

# 14. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of September 30, 2013, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in The Netherlands, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended September 2013, actuarial gains after tax of €62.6 million were recognized in other comprehensive income (a loss of €40.9 million in September 2012) resulting from the increase in discount rates compared to December 31, 2012.

In addition, post employment benefit scheme in Canada was amended to enable employees to elect for a lump sum payment at retirement date to settle the obligation. As a result of this amendment, a gain of €3.1 million (CAD4.2 million) was recognized in income statement as a reduction in salaries and benefits.

In Ireland, the pension scheme has been wound up resulting in the recognition of a profit in other income of €3.3 million (see note 6).

Discount rates used to measure Rexel's pension obligations as of September 30, 2013 have been updated and remain stable since June. They are as follow:

| | Netherlands | | United Kingdom | | Canada | | Switzerland | |
|---|---|---|---|---|---|---|---|---|
| *(in %)* | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Discount rate | 3.25 | 3.25 | 4.50 | 4.00 | 4.50 | 4.00 | 2.00 | 1.75 |

# 15. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of September 30, 2013. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

## 15.1 |Net financial debt

As of September 30, 2013, Rexel's consolidated net debt amounted to €2,643.9 million, consisting of the following items:

| (in millions of euros) | As of September 30, 2013 | | | As of December 31, 2012 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Senior Notes | - | 1,858.5 | 1,858.5 | - | 1,504.3 | 1,504.3 |
| Credit Facilities | - | - | - | - | 25.9 | 25.9 |
| Securitization | 304.4 | 717.4 | 1,021.8 | 351.7 | 747.8 | 1,099.5 |
| Bank loans | 35.9 | 15.0 | 50.9 | 43.3 | 16.7 | 60.0 |
| Commercial paper | 92.8 | - | 92.8 | 114.8 | - | 114.8 |
| Bank overdrafts and other credit facilities | 57.1 | - | 57.1 | 77.6 | - | 77.6 |
| Finance lease obligations | 7.6 | 26.3 | 33.9 | 51.2 | 31.1 | 82.3 |
| Accrued interests [(1)] | 43.6 | - | 43.6 | 9.4 | - | 9.4 |
| Less transaction costs | (20.5) | (31.3) | (51.8) | (20.5) | (22.6) | (43.1) |
| **Total financial debt and accrued interest** | ***520.8*** | ***2,585.9*** | ***3,106.7*** | ***627.6*** | ***2,303.2*** | ***2,930.8*** |
| Cash and cash equivalents | | | (481.7) | | | (291.9) |
| Debt hedge derivatives | | | 18.9 | | | (39.8) |
| **Net financial debt** | | | **2,643.9** | | | **2,599.2** |

(1) Of which accrued interests on Senior Notes for €42.6 million as of September 30, 2013 (€4.5 million as of December 31, 2012).

In the first nine months of 2013, Rexel refinanced its €1,100 million senior credit facility due 2014 and issued €650 million and US$500 million senior notes due 2020.

### *15.1.1 | Senior Credit Agreement*

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2,00% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 1.45% to 3%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

This refinancing transaction was accounted for as an exchange of debt without any recognition of gain and loss in the income statement.

In September 2013, the maximum commitment under the 2013 Senior Facility Agreement was reduced by €45 million following the execution of a bilateral €45.0 million Term Loan Agreement. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2013 Senior Credit Agreement.

As of September 30, 2013, this credit facility was not drawn down.

#### *15.1.2 | Senior notes*

Concurrently with the refinancing of the Senior Facility Agreement in the first half of 2013, Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank pari passu with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, 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) | |
|---|---|---|
| | euro Bonds | dollar Bonds |
| June 15, 2016 | 103.844% | 103.938% |
| June 15, 2017 | 102.563% | 102.625% |
| June 15, 2018 | 101.281% | 101.313% |
| June 15, 2019 and after | 100.000% | 100.000% |

The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.

Rexel redeemed its senior notes due 2016 at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" redemption premium of €54.0 million.

In the first half of 2013, in relation to the repayment of the senior notes due 2016, the Group revised the amortized cost of such notes and recognized a financial expense of €23.5 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €9.1 million after deducting fair value hedge adjustments of €39.6 million.

As of September 30, 2013, the carrying amount of the existing senior notes is detailed as follows:

| | As of September 30, 2013 | | | | | As of December 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Nominal amount *(in millions of currency)* | | Nominal amount *(in millions of euros)* | Fair value adjust-ments | Total | Nominal amount *(in millions of currency)* | | Nominal amount *(in millions of euros)* | Fair value adjust-ments | Total |
| Senior notes due 2016 | EUR | - | - | - | **-** | EUR | 586.3 | 586.3 | 43.7 | **630.0** |
| Senior notes due 2018 | EUR | 488.8 | 488.8 | (0.5) | **488.3** | EUR | 488.8 | 488.8 | 5.4 | **494.2** |
| Senior notes due 2019 | USD | 500.0 | 370.2 | (7.2) | **363.0** | USD | 500.0 | 379.0 | 1.2 | **380.1** |
| Senior notes due 2020 | USD | 500.0 | 370.2 | (4.6) | **365.6** | - | - | - | - | **-** |
| Senior notes due 2020 | EUR | 650.0 | 650.0 | (8.4) | **641.6** | - | - | - | - | **-** |
| **TOTAL** | | | 1,879.3 | (20.7) | **1,858.5** | | | 1,454.1 | 50.3 | **1,504.3** |

Interest rate risk management

In the first nine months of 2013, Rexel entered into several interest rate swaps in order to hedge the senior notes due 2020. These swaps have a nominal value of US$700 million and €500 million and are classified as fair value hedges. They pay interest at a rate of Libor / Euribor 3 months and receive a fixed rate. These swaps reach maturity as of June 15, 2019 for US$200 million and June 15, 2020 for the remaining nominal values.

Their fair value as of September 30, 2013 is a liability of €11.6 million.

### *15.1.3 | Securitization programs*

The 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, 2012 financial consolidated 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 September 30, 2013, 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 September 30, 2013 | Amount drawn down as of September 30, 2013 | Balance as of September 30, 2013 | Balance as of December 31, 2012 | Repayment |
|---|---|---|---|---|---|---|
| | | *(in millions of currency)* | | *(in millions of euros)* | | |
| 2011 - Europe and Australia | EUR 425.0 | EUR 459.0 | EUR 348.2 | 348.2 | 422.3 | 12/16/2016 |
| United States | USD 470.0 | USD 614.5 | USD 446.2 | 330.4 | 280.7 | 12/18/2015 |
| Canada [(1)] | CAD 190.0 | CAD 281.7 | CAD 190.0 | 136.6 | 144.6 | 11/17/2017 |
| 2008 - Europe | EUR 384.0 | EUR 486.4 | EUR 304.4 | 304.4 | 351.8 | 12/17/2013 |
| **TOTAL** | | | | **1,119.6** | **1,199.5** | |
| ***Of which*** **:** | ***- on balance sheet:*** | | | ***1,021.8*** | ***1,099.5*** | |
| | ***- off balance sheet (Ester program) :*** | | | ***97.7*** | ***99.9*** | |

[(1)] On November 19th, 2012, Rexel renewed the securitization program in Canada over a five-year period.

These securitization programs pay interest at variable rates plus a specified spread according to each program. As of September 30, 2013, the total outstanding amount authorized for these securitization programs was €1,293.6 million, of which €1,021.8 million was utilized.

Interest rate risk management:

In the first nine months of 2013, Rexel entered into several interest rate swaps in order to hedge securitization programs. These swaps have a nominal value of US$200 million, CAD180 million, AUD100 million and GBP50 million and are classified as cash flow hedge. They pay interest at a fixed rate and receive Libor 1 month. These swaps maturities range from March 2014 to June 15, 2016.

Their fair value as of September 30, 2013 is liability of €0.5 million.

## 15.2 |Change in net financial debt

As of September 30, 2013 and 2012, the change in net financial debt was as follows:

| | For the period ended September 30, | |
|---|---|---|
| *(in millions of euros)* | **2013** | **2012** |
| **At January 1** | **2,599.2** | **2,078.2** |
| Issuance of senior notes net of transaction cost | 1,025.2 | 376.6 |
| Buy-out of senior notes | (640.3) | (69.1) |
| Net change in term loan facilities | (25.9) | 113.3 |
| Transaction costs and refinancing costs | (14.4) | (10.2) |
| Net change in other credit facilities and bank overdrafts | (14.1) | 140.5 |
| **Net change in credit facilities** | **330.5** | **551.2** |
| Net change in securitization | (44.8) | (100.1) |
| Net change in finance lease liabilities | (46.0) | (0.6) |
| ***Net change in financial liabilities*** | ***239.7*** | ***450.4*** |
| Change in cash and cash equivalents | (193.9) | 177.1 |
| Translation differences | (63.2) | 19.9 |
| Effect of changes in consolidation scope on gross indebtedness | - | 27.7 |
| Amortization of transaction costs | 10.8 | 15.9 |
| Non recurring refinancing costs | 23.5 | - |
| Other changes [(1)] | 27.9 | 4.1 |
| **At September 30** | **2,643.9** | **2,773.3** |

(1) Of which €30.4 million relating to the settlement of interest swap qualified as fair value hedge on the Senior notes due 2016.

## 15.3 |Maturity

The senior notes issued in May 2011, whose nominal value amounts to €488.8 million, mature in December 2018, the US$500 million senior notes issued in April 2012 mature in December 2019, and the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Credit Agreement was refinanced in March 2013. The Senior Facility Agreement and the Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million (see note 15.1.1).

Lastly, securitization programs mature in 2013, 2015, 2016, and 2017. 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 September, 30**<br>**2013** | As of December 31,<br>**2012** |
|---|---|---|
| One year ............................................................................................. | 541.3 | 648.1 |
| Two years............................................................................................ | 245.3 | 198.0 |
| Three years......................................................................................... | 152.3 | 34.7 |
| Four years........................................................................................... | 352.7 | 1,065.2 |
| Five years........................................................................................... | 491.0 | 147.8 |
| Thereafter........................................................................................... | 1,376.0 | 880.1 |
| **Total financial debt.........................................................................** | **3,158.6** | **2,973.9** |
| Transaction costs................................................................................ | (51.8) | (43.1) |
| **Financial debt.................................................................................** | **3,106.7** | **2,930.8** |

# 16. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As at September 30, 2013, the Group held the following classes of financial instruments measured at fair value:

| | **September 30, 2013** | | |
|---|---|---|---|
| | **Carrying amount** | ***Fair value*** | **IFRS7 Hierarchy** |
| ***Financial assets*** | | | |
| Hedging derivatives | 1.3 | 1.3 | Level 2 |
| Other derivatives | 0.1 | 0.1 | Level 2 |
| ***Financial liabilities*** | | | |
| Bonds | 1,858.5 | 1,937.8 | NA |
| Hedging derivatives | 21.5 | 21.5 | Level 2 |
| Other derivatives | 7.4 | 7.4 | Level 2 |

*IFRS hierarchy:*

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

*Valuation techniques:*

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Interest rate swaps are measured using present value techniques based on observable interest yield curves. The Group also takes into account the counterparties credit risk for derivative assets or the Group's own credit risk for derivatives liabilities.

## 17. | 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 the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

## 18. | LITIGATION

For the period ended September 30, 2013, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2012, with a significant impact on Rexel's financial position or profitability.

## 19. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after September 30, 2013 that would have a significant impact on Rexel's financial situation.