REXEL

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Condensed consolidated interim financial statements as of March 31, 2015

Société Anonyme (corporation)
with share capital of € 1,460,027,880
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Condensed consolidated interim financial statements as of March 31, 2015 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2015 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 condensed consolidated interim financial statements for the period ended March 31, 2015, the French version will prevail.

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Consolidated Income Statement *(unaudited)*

(in millions of euros)	***Note***	For the period ended March 31, **2015**	**2014**
Sales	***4***	3,286.2	3,067.3
Cost of goods sold		(2,478.2)	(2,303.2)
Gross profit		**808.0**	**764.1**
Distribution and administrative expenses	***5***	(686.7)	(634.0)
Operating income before other income and expenses		**121.3**	**130.1**
Other income	***6***	0.2	0.8
Other expenses	***6***	(17.6)	(19.5)
Operating income		**103.9**	**111.3**
Financial income		0.8	1.3
Interest expense on borrowings		(46.2)	(43.2)
Refinancing costs		(19.6)	-
Other financial expenses		(7.1)	(4.3)
Net financial expenses	***7***	***(72.2)***	***(46.3)***
Net income before income tax		**31.7**	**65.1**
Income tax	***8***	(11.0)	(21.9)
Net income		**20.7**	**43.2**
Portion attributable:			
to the equity holders of the parent		*21.1*	*43.1*
to non-controlling interests		*(0.4)*	*0.1*
Earnings per share:			
Basic earnings per share (in euros)	***9***	*0.07*	*0.15*
Fully diluted earnings per share (in euros)	***9***	*0.07*	*0.15*

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, 2015	2014
Net income	**20.7**	**43.2**
Items to be reclassified to profit and loss in subsequent periods:		
Net gain / (loss) on net investment hedges	(137.8)	0.3
Income tax	47.4	(0.1)
	(90.4)	0.2
Foreign currency translation adjustment	280.2	(2.1)
Income tax	(40.4)	(0.8)
	239.9	(2.8)
Net gain / (loss) on cash flow hedges	(1.7)	0.5
Income tax	0.6	(0.2)
	(1.1)	0.4
Items not to be reclassified to profit and loss in subsequent periods:		
Remeasurements of net defined benefit liability	(42.9)	(3.7)
Income tax	6.0	0.7
	(36.9)	(3.0)
Other comprehensive income / (loss) for the period, net of tax	*111.5*	*(5.3)*
Total comprehensive income for the period, net of tax	**132.2**	**37.9**
Portion attributable:		
to the equity holders of the parent	*131.2*	*38.1*
to non-controlling interests	*1.0*	*(0.2)*

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, 2015**	**As of December 31, 2014**
Assets			
Goodwill		4,447.9	4,243.9
Intangible assets		1,132.0	1,084.0
Property, plant and equipment		298.5	287.1
Long-term investments		36.1	24.8
Deferred tax assets		168.7	175.2
Total non-current assets		**6,083.2**	**5,815.0**
Inventories		1,589.4	1,487.2
Trade accounts receivable		2,349.7	2,206.0
Current tax assets		16.8	9.7
Other accounts receivable		502.3	499.0
Assets classified as held for sale		3.8	3.7
Cash and cash equivalents	***11.1***	478.7	1,159.8
Total current assets		**4,940.8**	**5,365.4**
Total assets		**11,024.0**	**11,180.4**
Equity			
Share capital		1,460.1	1,460.0
Share premium		1,599.8	1,599.8
Reserves and retained earnings		1,412.6	1,275.9
Total equity attributable to equity holders of the parent		**4,472.5**	**4,335.7**
Non-controlling interests		9.3	7.7
Total equity		**4,481.8**	**4,343.4**
Liabilities			
Interest bearing debt (non-current part)	***11.1***	2,518.3	2,995.9
Net employee defined benefit liabilities		404.1	344.2
Deferred tax liabilities		181.1	196.9
Provision and other non-current liabilities		92.0	93.7
Total non-current liabilities		**3,195.5**	**3,630.7**
Interest bearing debt (current part)	***11.1***	590.4	361.5
Accrued interest	***11.1***	31.5	9.7
Trade accounts payable		2,027.1	2,126.8
Income tax payable		35.1	42.1
Other current liabilities		662.6	666.2
Total current liabilities		**3,346.7**	**3,206.3**
Total liabilities		**6,542.2**	**6,837.0**
Total equity and liabilities		**11,024.0**	**11,180.4**

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

Consolidated Statement of Cash Flows *(unaudited)*

		For the period ended March 31,	
(in millions of euros)	***Note***	**2015**	**2014**
Cash flows from operating activities			
Operating income		103.9	111.3
Depreciation, amortization and impairment of assets	***5 - 6***	26.3	24.1
Employee benefits		(3.8)	(3.5)
Change in other provisions		(1.2)	0.3
Other non-cash operating items		4.3	1.7
Interest paid		(41.4)	(38.0)
Income tax paid		(34.0)	(27.6)
Operating cash flows before change in working capital requirements		***54.3***	***68.3***
Change in inventories		(10.3)	(20.2)
Change in trade receivables		(27.5)	(105.3)
Change in trade payables		(183.1)	(116.1)
Change in other working capital items		(25.4)	(2.7)
Change in working capital requirements		***(246.2)***	***(244.3)***
Net cash from operating activities		**(191.9)**	**(176.0)**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(32.6)	(25.1)
Proceed from disposal of tangible and intangible assets		0.5	1.0
Acquisition of subsidiaries, net of cash acquired		(7.5)	(7.8)
Change in long-term investments		(2.7)	1.0
Net cash from investing activities		**(42.4)**	**(30.9)**
Cash flows from financing activities			
Issuance of capital		-	0.7
Disposal / (Purchase) of treasury shares		1.9	(1.3)
Repayment / Buy-out of senior notes	***11***	(522.6)	-
Net change in credit facilities and other financial borrowings	***11***	239.9	41.2
Net change in securitization	***11***	(154.1)	(138.2)
Net change in finance lease liabilities	***11***	0.9	(1.6)
Net cash from financing activities		**(434.0)**	**(99.3)**
Net (decrease) / increase in cash and cash equivalents		**(668.3)**	**(306.2)**
Cash and cash equivalents at the beginning of the period		1,159.8	957.8
Effect of exchange rate changes on cash and cash equivalents		(12.8)	3.9
Cash and cash equivalents at the end of the period		**478.7**	**655.5**

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

Consolidated Statement of Changes in Equity *(unaudited)*

(in millions of euros)	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	Total attributable to the equity holders of the parent	Non-controlling interests	TOTAL EQUITY
For the period ended March 31, 2014									
As of January 1, 2014	**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(65.1)**	**4,217.0**	**10.1**	**4,227.1**
Net income	-	-	43.1	-	-	-	**43.1**	0.1	43.2
Other comprehensive income	-	-	-	(2.3)	0.4	(3.0)	**(5.0)**	(0.3)	(5.3)
Total comprehensive income for the period	**-**	**-**	**43.1**	**(2.3)**	**0.4**	**(3.0)**	**38.1**	**(0.2)**	**37.9**
Share capital increase	0.2	0.5	-	-	-	-	**0.7**	-	0.7
Share-based payments	-	-	1.9	-	-	-	**1.9**	-	1.9
Disposal / (Purchase) of treasury shares	-	-	(1.4)	-	-	-	**(1.4)**	-	(1.4)
As of March 31, 2014	**1,416.9**	**1,511.3**	**1,421.2**	**(23.7)**	**(1.3)**	**(68.1)**	**4,256.2**	**9.9**	**4,266.1**
For the period ended March 31, 2015									
As of January 1, 2015	**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**
Net income	-	-	21.1	-	-	-	**21.1**	(0.4)	20.7
Other comprehensive income	-	-	-	148.1	(1.1)	(36.9)	**110.1**	1.4	111.5
Total comprehensive income for the period	**-**	**-**	**21.1**	**148.1**	**(1.1)**	(36.9)	**131.2**	**1.0**	**132.2**
Share capital increase	0.1	-	-	-	-	-	**0.1**	-	0.1
Share-based payments	-	-	4.0	-	-	-	**4.0**	-	4.0
Acquisition of subsidiaries	-	-	-	-	-	-	**-**	0.6	0.6
Disposal / (Purchase) of treasury shares	-	-	1.5	-	-	-	**1.5**	-	1.5
As of March 31, 2015	**1,460.1**	**1,599.8**	**1,378.1**	**227.6**	**(2.8)**	**(190.3)**	**4,472.5**	**9.3**	**4,481.8**

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 (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to March 31, 2015 and were authorized for issue by the Board of Directors on April 29, 2015.

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 March 31, 2015 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 March 31, 2015. 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, 2014 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 25, 2015 under the number D.15-0201.

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, 2015 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, 2014 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2014, with the exception of the new standards and interpretations disclosed in note 2.2.1.

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 | Changes in accounting policies and amended standards and interpretations

<u>*Amended standards*</u>

Improvements cycle 2011-2013 that was issued in December 2013 includes minor changes to several standards that are applicable effective on January 1, 2015. These changes have no material effect on the Group’s financial statements.

2.2.2 | New accounting standards and interpretations endorsed by the European Union with effect in future periods

- Amendment to IAS 19 “Defined Benefits Plans: Employee Contributions”: the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment is applicable for annual statements beginning on or after February 1, 2015.
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards. These changes are applicable for annual statements beginning on or after February 1, 2015.

These improvements and amendment are not expected to have any material impact on the Group’s financial statements.

2.2.3 | Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 Financial Instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new Standard will come into effect as of January 1, 2018 with early application permitted.
- IFRS 15 “Revenue from Contracts with Customers”: the new standard supersedes IAS 11 “Construction contracts” and IAS 18 “Revenues” on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new Standard will come into effect as of January 1, 2017 with early application permitted.

3. | BUSINESS COMBINATIONS

3.1 | 2015 Acquisitions

As part of Rexel's external growth policy, the Group completed in the first quarter of 2015 the acquisition of a 60% controlling interest in Shanghai Maxqueen Industry Development Co. Ltd on February 26, 2015, company based in China.

3.2 | Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets acquired and liabilities assumed.

Net assets acquired and consideration transferred of acquisitions consolidated for the period ended March 31, 2015

(in millions of euros)	
Other fixed assets	-
Other non current assets	-
Current assets	5.9
Net financial debt	(3.3)
Other non current liabilities	(0.6)
Current liabilities	(1.0)
Net asset acquired (except goodwill acquired)	**1.0**
Goodwill acquired	0.5
Adjustment on preliminary Goodwill arising on previous year acquisitions	(0.5)
Consideration transferred	**1.0**
Cash acquired	(0.1)
Payments related to prior year acquisitions (1)	6.6
Net cash paid for acquisitions	**7.5**

(1) Of which Zongheng minority interests payment of €5.0 million and Beijing Ouneng Tongxing for €1.8 million (see note 3 of the consolidated financial statement as of December 31, 2014)

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.

The Group’s financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

Information by geographic segment for the periods ended March 31, 2015 and 2014

2015 *(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 March 31,							
Sales to external customers ……………	1,785.5	1,128.5	307.6	64.6	**3,286.2**	-	**3,286.2**
EBITA [(1)] ………………………………	102.0	29.2	6.2	(1.5)	**135.9**	(10.2)	**125.7**
As of March 31,							
Working capital……………………………	781.7	694.3	231.9	47.0	**1,755.0**	(6.5)	**1,748.5**
Goodwill …………………………………	2,670.9	1,479.7	285.3	12.0	**4,447.9**	-	**4,447.9**

2014 *(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 March 31,							
Sales to external customers ……………	1,759.4	972.0	272.9	62.9	**3,067.2**	0.1	**3,067.3**
EBITA [(1)] ………………………………	101.0	33.4	7.0	(0.4)	**141.0**	(6.8)	**134.2**
As of December 31,							
Working capital……………………………	598.1	558.9	185.7	43.0	**1,385.8**	13.5	**1,399.3**
Goodwill …………………………………	2,611.6	1,355.2	266.2	11.0	**4,243.9**	-	**4,243.9**

[(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, 2015	2014
EBITA - Total Group………………………………………………	**125.7**	**134.2**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities …………………………	(4.4)	(4.1)
Other income and other expenses………………………………	(17.4)	(18.7)
Net financial expenses……………………………………………	(72.2)	(46.3)
Group consolidated income before income tax…..………	**31.7**	**65.1**

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, 2015	As of December 31, 2014
Working capital	1,748.5	1,399.3
Goodwill	4,447.9	4,243.9
Total allocated assets & liabilities	**6,196.4**	**5,643.2**
Liabilities included in allocated working capital	2,688.0	2,792.2
Accrued interest receivables	4.4	0.7
Other non-current assets	1,466.6	1,395.9
Deferred tax assets	168.7	175.2
Current tax assets	16.8	9.7
Assets classified as held for sale	3.8	3.7
Derivatives	0.6	-
Cash and cash equivalents	478.7	1,159.8
Group consolidated total assets	**11,024.0**	**11,180.4**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended March 31, 2015	2014
Personnel costs (salaries & benefits)	412.1	376.7
Building and occupancy costs	74.5	71.4
Other external costs	163.1	152.3
Depreciation expense	22.0	19.8
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	4.4	4.1
Bad debt expense	10.6	9.6
Total distribution and administrative expenses	**686.7**	**634.0**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended March 31, 2015	2014
Gains on disposal of tangible assets	-	0.4
Write-back asset impairment	0.1	-
Release of unused provisions	0.1	0.2
Other operating income	0.1	0.2
Total other income	**0.2**	**0.8**
Restructuring costs [1]	(15.3)	(13.7)
Losses on non-current assets disposed of	(0.4)	(0.2)
Impairment of goodwill and asset write-offs	-	(0.2)
Acquisition related costs [2]	(0.5)	(5.0)
Other operating expenses	(1.5)	(0.5)
Total other expenses	**(17.6)**	**(19.5)**

(1) For the period ended March 31, 2015, restructuring costs were incurred in connection with logistic reorganizations and branch network optimization programs in Europe, mainly in France, The Netherlands, Sweden and in Spain (in 2014 in Germany and in the UK) and in the United-States.

(2) For the period ended March 31, 2014, acquisition costs were associated with acquisitions completed in the accounting period and professional fees incurred in connection with various investment projects.

7. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended March 31, 2015	2014
Interest income on cash and cash equivalents	0.6	0.6
Interest income on receivables and loans	0.2	0.6
Financial income	**0.8**	**1.3**
Interest expense on financial debt (stated at amortized cost)	(41.9)	(42.0)
Interest expense on interest rate derivatives	2.8	3.2
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	(0.1)	0.3
Foreign exchange gain (loss)	(5.2)	(0.2)
Change in fair value of exchange rate derivatives through profit and loss	0.5	(0.3)
Change in fair value of interest rate derivatives through profit and loss	(2.3)	(4.3)
Interest expense on borrowings	**(46.2)**	**(43.2)**
Non-recurring redemption costs [1]	**(19.6)**	**-**
Net financial expense on employee benefit obligations	(3.0)	(2.3)
Others	(4.2)	(2.0)
Other financial expenses	**(7.1)**	**(4.3)**
Net financial expenses	**(72.2)**	**(46.3)**

(1) Non-recurring costs related to the repayment of the senior notes due 2018 (see note 11).

8. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2015 financial year to the interim income before taxes. The effective tax rate for the period ending March 31, 2015 is 34.7%, compared with 33.7% for the period ended March 31, 2014.

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,	
	2015	**2014**
Net income attributed to ordinary shareholders *(in millions of euros)*	***21.1***	***43.1***
Weighted average number of ordinary shares (*in thousands*)	290,378	281,505
Potential dilutive shares in connection with payments of dividends (in thousands)	-	655
Non-dilutive potential shares (in thousands)	1,168	1,615
Weighted average number of issued common shares adjusted for non -dilutive potential shares (in thousands)	***291,546***	***283,775***
Basic earning per share (in euros)	**0.07**	**0.15**
Net income attributed to ordinary shareholders *(in millions of euros)*	***21.1***	***43.1***
Dilutive potential shares (in thousands)	1,481	2,853
- of which share options (in thousands)	*105*	*129*
- of which bonus shares (in thousands) [(1)]	*1,376*	*2,725*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***293,028***	***286,628***
Fully diluted earnings per share (in euros)	**0.07**	**0.15**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date

10. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of March 31, 2015, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, 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 March 31, 2015, remeasurement of pension and post-retirement benefits accounted for a loss of €42.9 million was recognized in other comprehensive income (€3.7 million for the period ended March 31, 2014). This loss resulted from the decrease in discount rates as of March 31, 2015 as compared to December 31, 2014.

They are as follow:

Discount rate (in %)	As of March 2015	As of December 2014	As of March 2014
United Kingdom	3.25	3.50	4.50
Canada	3.50	4.00	4.50
Switzerland	0.75	1.25	2.00

11. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2015. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

11.1 | Net financial debt

As of March 31, 2015, Rexel's consolidated net debt stood at €2,652.5 million, consisting of the following items:

(in millions of euros)	As of March 31, 2015			As of December 31, 2014		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,609.8	1,609.8	-	1,992.2	1,992.2
Securitization	128.5	912.7	1,041.2	128.2	1,013.9	1,142.1
Bank loans	110.0	3.4	113.4	65.0	4.4	69.3
Commercial paper	247.2	-	247.2	85.9	-	85.9
Bank overdrafts and other credit facilities	102.8	-	102.8	81.7	-	81.7
Finance lease obligations	8.7	19.6	28.4	8.8	18.4	27.2
Accrued interests [(1)]	31.5	-	31.5	9.7	-	9.7
Less transaction costs	(6.9)	(27.3)	(34.2)	(8.0)	(32.9)	(40.9)
Total financial debt and accrued interest	***621.9***	***2,518.3***	***3,140.1***	***371.2***	***2,995.9***	***3,367.1***
Cash and cash equivalents			(478.7)			(1,159.8)
Accrued interest receivables			(4.4)			(0.7)
Debt hedge derivatives			(4.5)			6.5
Net financial debt			**2,652.6**			**2,213.1**

(1) Of which accrued interests on Senior Notes for €25.4 million as of March 31, 2015 (€4.9 million as of December 31, 2014)

11.1.1| Senior notes

On March 16, 2015, Rexel redeemed its 7% senior notes due 2018 for a total amount of €522.6 million, including the principal amount of €488.8 million, an applicable "make-whole" redemption premium of €25.4 million, and interests due for the period December 18, 2014 to March 16, 2015 of €8.5 million.

The financial expense related to the redemption of the senior notes due 2018 is detailed as follows:

(in millions of euros)	**For the period ended March 31, 2015**
Make-whole redemption premium	25.4
Write back of transaction fees	3.9
Less fair value adjustments	(9.7)
Non-recurring redemption costs	**19.6**

As of March 31, 2015, the carrying amount of the existing senior notes is detailed as follows:

	As of March 31, 2015					As of December 31, 2014				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**	**Nominal amount** *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments	**Total**
Senior notes due 2018	EUR	-	-	-	**-**	EUR	488.8	488.8	10.2	**499.0**
Senior notes due 2019	USD	500.0	464.7	1.3	**466.0**	USD	500.0	411.8	(4.1)	**407.7**
Senior notes due 2020	USD	500.0	464.7	7.3	**472.0**	USD	500.0	411.8	0.8	**412.6**
Senior notes due 2020	EUR	650.0	650.0	21.8	**671.8**	EUR	650.0	650.0	22.8	**672.8**
TOTAL			1,579.5	30.4	**1,609.8**			1,962.5	29.7	**1,992.2**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 12)

11.1.2| Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

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, 2015, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

Program	Commitment	Amount of receivables assigned as of March 31, 2015	Amount drawn down as of March 31, 2015	Balance as of		Repayment Date
				March 31, 2015	December 31, 2014	
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia	EUR 425.0	EUR 459.0	EUR 338.2	338.2	396.1	12/18/2017
United States	USD 545.0	USD 632.3	USD 466.0	433.1	422.9	12/20/2017
Canada	CAD 190.0	CAD 245.3	CAD 176.6	128.5	128.2	11/19/2015
Europe	EUR 384.0	EUR 474.6	EUR 329.8	329.8	374.9	12/20/2016
TOTAL				**1,229.6**	**1,322.2**	
***Of which*:**	***- on balance sheet:***			***1,041.2***	***1,142.1***	
	- off balance sheet (US Ester program) :			***188.4***	***180.1***	

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of March 31, 2015, the total outstanding amount authorized for these securitization programs was €1,453.9 million, of which €1,229.6 million were used.

11.1.3| Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of March 31, 2015, the Company had issued €247.2 million of commercial paper (€85.9 million as of December 31, 2014).

11.2 |Change in net financial debt

As of March 31, 2015 and March 31, 2014, the change in net financial debt was as follows:

(in millions of euros)	For the period ended March 31, 2015	2014
As of January 1,	**2,213.1**	**2,192.0**
Buy-out of senior notes	(522.6)	-
Net change in bank loans and bank overdrafts	239.9	41.2
Net change in credit facilities	**(282.7)**	**41.2**
Net change in securitization	(154.1)	(138.2)
Net change in finance lease liabilities	0.9	(1.6)
Net change in financial liabilities	***(435.9)***	***(98.6)***
Change in cash and cash equivalents	668.3	306.2
Effect of exchange rate changes on net financial debt	182.6	(4.5)
Effect of changes in consolidation scope on gross indebtedness	3.4	6.1
Amortization of transaction costs	2.9	2.8
Non recurring refinancing costs	19.6	-
Other changes	(1.5)	1.3
As of March 31,	**2,652.5**	**2,405.3**

11.3 | Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros) ***Due within***	As of March 31, 2015	As of December 31, 2014
One year	628.7	379.1
Two years	340.0	384.2
Three years	588.5	644.8
Four years	2.6	501.5
Five years	467.7	409.3
Thereafter	1,146.7	1,088.9
Total gross financial debt	**3,174.3**	**3,407.8**
Transaction costs	(34.2)	(40.9)
Gross financial debt	**3,140.1**	**3,367.0**

The US$500 million senior notes issued in April 2012 mature in December 2019, the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Facility Agreement was amended in November 2014 for a period of 5 years ending in November 2019. The Senior Facility Agreement together with the Bilateral Term loans provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,064.2 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million.

Lastly, securitization programs mature in 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) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

As of March 31, 2015, the Group's liquidity amounted to €1,192.8 million (€2,052.2 million as of December 2014) in excess of €564.1 million compared to €628.7 million expected to be paid within the next twelve months with respect to debt repayment.

(in millions of euros)	**As of March 31, 2015**	**As of December 31, 2014**
Cash and cash equivalents	478.7	1,159.8
Bank overdrafts	(102.8)	(81.7)
Commercial paper	(247.2)	(85.9)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facility	82.2	77.9
Liquidity	**1,192.8**	**2,052.2**

12. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 2015, the Group held the following classes of financial instruments measured at fair value:

	March 31, 2015		**December 31, 2014**		
	Carrying amount	***Fair value***	**Carrying amount**	***Fair value***	**IFRS13 Hierarchy**
Financial assets					
Hedging derivatives	7.1	7.1	-	-	Level 2
Other derivatives	0.6	0.6	0.1	0.1	Level 2
Financial liabilities					
Senior notes	1,609.8	1,676.3	1,992.2	2,045.9	Level 1
Hedging derivatives	3.8	3.8	7.6	7.6	Level 2
Other derivatives	15.3	15.3	12.1	12.1	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.

13. | 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.

14. | LITIGATION

For the period ended March 31, 2015, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2014 with a significant impact on Rexel's financial position or profitability.

15. | EVENTS AFTER THE REPORTING PERIOD

On April 29, 2015, the Group entered into an agreement to dispose of its operations in Latin America to Sonepar for a selling price of €17.3 million (US$18.6 million). This transaction remains subject to approval by the relevant anti-trust authorities and should represent an estimated loss of about €70 million before tax.