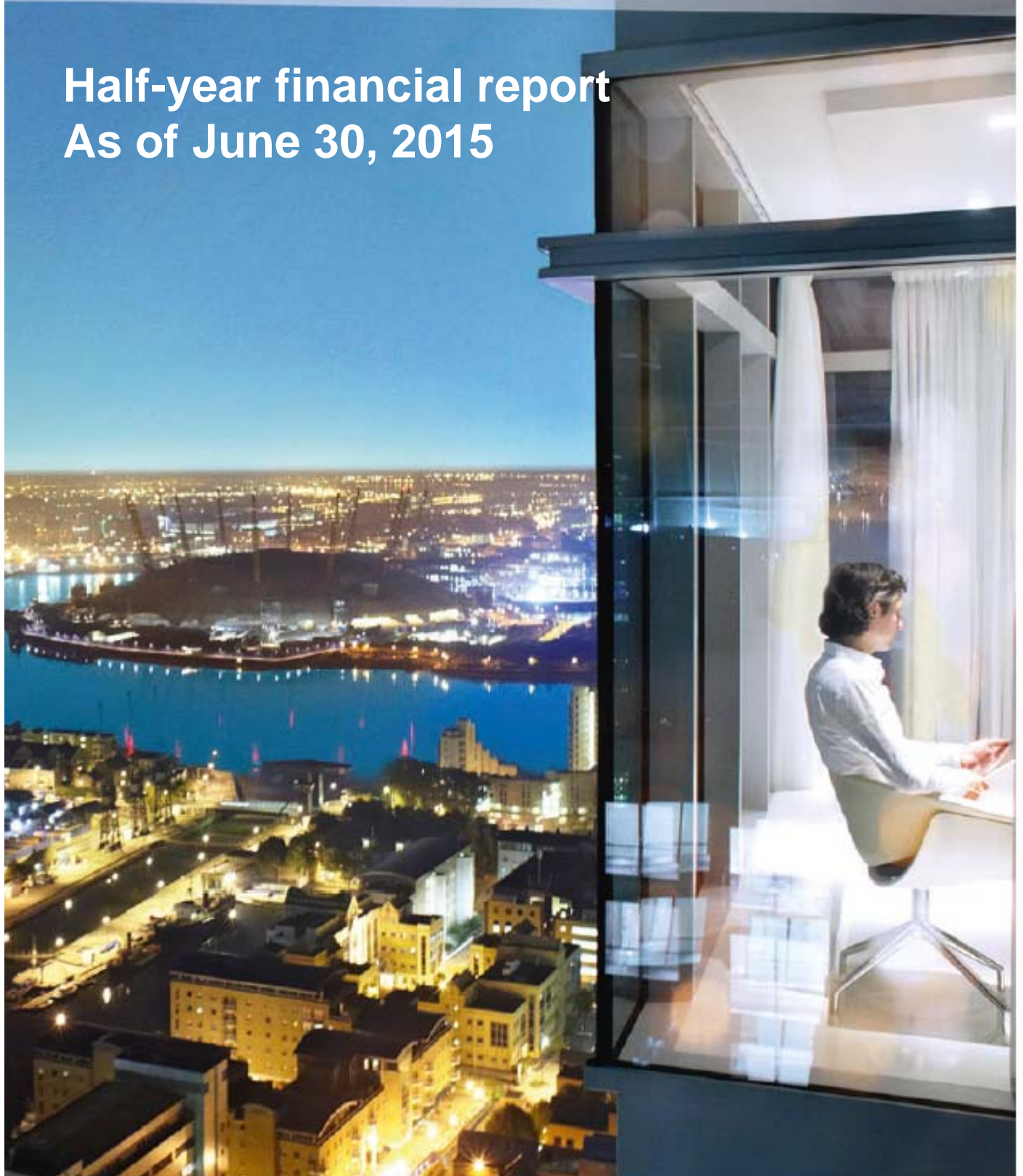


The Rexel logo is a blue rectangle with the word "REXEL" in white, uppercase, sans-serif font.

a world of energy

# Half-year financial report As of June 30, 2015





*Société Anonyme* (corporation)  
with share capital of € 1,509,184,540  
Registered office: 13 boulevard du Fort de Vaux - CS 60002  
75017 PARIS - France  
479 973 513 R.C.S. Paris

## Half-year financial report as of June 30, 2015

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This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements and activity report for the period ended June 30, 2015 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements and activity report for the period ended June 30, 2015, the French version will prevail.

# I. Activity report

*(Unaudited)*

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# **1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

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

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

## **1.1 | Financial position of the Group**

### **1.1.1 | Group Overview**

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

On April 29, 2015, the Group entered into an agreement to dispose of its Latin America operating segment. Therefore, results of these discontinued operations are presented separately in the income statement both for 2014 and 2015, as well as related assets and liabilities held for sale on the balance sheet. This transaction is subject to certain conditions precedent including Brazilian competition authority’s approval.

In the first half of 2015, the Group recorded consolidated sales of €6,645.2 million, of which €3,604.8 million were generated in Europe (54% of sales), €2,379.3 million in North America (36% of sales) and €661.1 million in Asia-Pacific (10% of sales).

The Group’s activities in Europe (54% of Group sales) are in France (which accounts for 33% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, Poland, Russia and the Baltic States).

The Group’s activities in North America (36% of Group sales) are in the United States and Canada. The United States account for 77% of Group sales in this region, and Canada for 23%.

The Group’s activities in Asia-Pacific (10% of Group sales) are in Australia, New Zealand, China and India, as well as countries in South-East Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam) and in Middle East. Australia accounts for 39% of Group sales in this region and China for 36%.

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

### **1.1.2 | Seasonality**

Despite the low impact of seasonality on sales, changes in the Group’s working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group’s cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

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

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 14% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.
- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

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

### **1.1.4/ Comparability of the Group's operating results and adjusted EBITA**

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

#### **Excluding the effects of acquisitions and disposals**

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

#### **Excluding the effects of exchange rate fluctuations**

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

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

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

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

The Group’s sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period’s number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

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

- On a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;
- On a constant and same-day basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group’s accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the “EBITA” and “Adjusted EBITA” measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

(in millions of euros)	Quarter ended June 30,		Period ended June 30,	
	2015	2014 <sup>(1)</sup>	2015	2014 <sup>(1)</sup>
<b>Operating income before other income and other expenses</b>	<b>144.7</b>	<b>159.5</b>	<b>266.8</b>	<b>289.7</b>
Changes in scope of consolidation	-	1.2	-	1.6
Foreign exchange effects	-	14.9	-	23.9
Non-recurring effect related to copper	0.8	4.0	5.1	6.8
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.3	3.8	8.6	7.6
<b>Adjusted EBITA on a constant basis</b>	<b>149.7</b>	<b>183.4</b>	<b>280.6</b>	<b>329.6</b>

(1) Restated for the presentation of Latin America reporting segment as discontinued operations

## 1.2 | Comparison of financial results as of June 30, 2015 and as of June 30, 2014

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

The following table sets out Rexel's consolidated income statement for 2015 and 2014, in millions of euros and as a percentage of sales. Both periods exclude Latin America segment from continuing operations, as it is presented as discontinued operations.

REPORTED  (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014 <sup>(1)</sup>	Change in %	2015	2014 <sup>(1)</sup>	Change in %
<b>Sales</b>	<b>3,423.5</b>	<b>3,157.3</b>	<b>8.4%</b>	<b>6,645.2</b>	<b>6,161.7</b>	<b>7.8%</b>
Gross profit	814.9	771.2	5.7%	1,609.4	1,521.3	5.8%
Distribution and administrative expenses <sup>(2)</sup>	(665.9)	(607.9)	9.5%	(1,334.0)	(1,224.1)	9.0%
<b>EBITA</b>	<b>149.0</b>	<b>163.3</b>	<b>(8.8)%</b>	<b>275.4</b>	<b>297.3</b>	<b>(7.3)%</b>
Amortization <sup>(3)</sup>	(4.3)	(3.8)	14.7%	(8.6)	(7.6)	13.0%
<b>Operating income before other income and expenses</b>	<b>144.7</b>	<b>159.5</b>	<b>(9.3)%</b>	<b>266.8</b>	<b>289.7</b>	<b>(7.9)%</b>
Other income and expenses	(42.1)	(15.0)	n.a.	(59.2)	(33.7)	75.8%
Operating income	102.6	144.6	(29.0)%	207.6	256.0	(18.9)%
Net financial expenses	(69.8)	(46.3)	50.9%	(139.4)	(91.7)	52.0%
Income taxes	(12.8)	(30.7)	(58.4)%	(25.0)	(52.4)	(52.2)%
<b>Net income from continuing operations</b>	<b>20.0</b>	<b>67.6</b>	<b>(70.4)%</b>	<b>43.2</b>	<b>111.9</b>	<b>(61.4)%</b>
<b>as a % of sales</b>	<b>0.6%</b>	<b>2.1%</b>		<b>0.7%</b>	<b>1.8%</b>	
Net income from discontinued operations	(39.2)	(20.3)	(93.0)%	(41.7)	(21.4)	(94.5)%
Net income	(19.2)	47.3	n.a.	1.5	90.5	(98.4)%

(1) Restated for the presentation of Latin America reporting segment as discontinued operations.  
(2) Of which depreciation and amortization (22.9) (19.5) 17.7% (44.4) (38.8) 14.2%  
(3) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
<b>Sales</b>	<b>3,423.5</b>	<b>3,473.9</b>	<b>(1.4)%</b>	<b>6,645.2</b>	<b>6,727.6</b>	<b>(1.2)%</b>
Gross profit	815.7	845.1	(3.5)%	1,614.9	1,655.0	(2.4)%
Distribution and administrative expenses	(665.9)	(661.7)	0.6%	(1,334.3)	(1,325.3)	0.7%
EBITA	<b>149.7</b>	<b>183.4</b>	<b>(18.4)%</b>	<b>280.6</b>	<b>329.6</b>	<b>(14.9)%</b>
<b>as a % of sales</b>	<b>4.4%</b>	<b>5.3%</b>		<b>4.2%</b>	<b>4.9%</b>	

### Sales

**In the first half of 2015**, Rexel's consolidated sales amounted to €6,645.2 million, as compared to €6,161.7 million in the first half of 2014.

On a reported basis, sales were up 7.8% year-on-year, including a positive currency impact of 8.9% and a positive net effect from acquisitions of 0.3%.

- The positive impact of currency amounted to €546.1 million, mainly due to the appreciation of the US dollar against the euro.
- The positive net effect from acquisitions amounted to €19.9 million, reflecting mainly acquisitions made in Asia-Pacific and in Europe and offset by the divestment of Czech Republic operations finalized in the fourth quarter of 2014.



On a constant and same-day basis, sales decreased by 1.0%. By geography, Europe grew by 0.7%, whereas North America decreased by 3.3% and Asia-Pacific decreased by 1.7%. Excluding the 0.1 percentage point negative impact due to lower copper-based cable prices, sales were down 0.9% as compared to the first half of 2014.

On a constant and actual number of working days basis, sales decreased by 1.2% as the calendar impact was negative at 0.2 percentage point.

**In the second quarter of 2015**, Rexel's consolidated sales amounted to €3,423.5 million, as compared to €3,157.3 million in the second quarter of 2014.

On a reported basis, sales were up 8.4% year-on-year, including a positive currency impact of 9.6% and a positive net effect from acquisitions of 0.4%.

On a constant and same-day basis, sales decreased by 1.6%, reflecting 5.9% drop in North America and 1.1% decrease in Asia-Pacific, partially offset by 1.5% growth in Europe. Excluding the positive impact of 0.2 percentage point due to the lower copper-based cable prices compared to the second quarter of 2014, sales were down 1.8%.

On a constant and actual number of working days basis, sales decreased by 1.4% as the calendar impact was positive at 0.2 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Year-to-Date
Growth on a constant and same-day basis	(0.4)%	(1.6)%	(1.0)%
Number of working days effect	(0.6)%	0.2%	(0.2)%
<b>Growth on a constant and actual-day basis</b>	<b>(1.0)%</b>	<b>(1.4)%</b>	<b>(1.2)%</b>
Changes in scope effect	0.2%	0.4%	0.3%
Foreign exchange effect	8.1%	9.6%	8.9%
<b>Total scope and currency effects</b>	<b>8.3%</b>	<b>10.0%</b>	<b>9.2%</b>
<b>Growth on a reported basis <sup>(1)</sup></b>	<b>7.2%</b>	<b>8.4%</b>	<b>7.8%</b>

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects

## Gross profit

**In the first half of 2015**, gross profit amounted to €1,609.4 million, up 5.8%, on a reported basis, as compared to €1,521.3 million in the first half of 2014.

On a constant basis, adjusted gross profit decreased by 2.4% and adjusted gross margin decreased by 30 basis points to 24.3% of sales, mainly reflecting the drop in gross margin of European operations.

**In the second quarter of 2015**, gross profit amounted to €814.9 million, up 5.7% on a reported basis as compared to €771.2 million in the second quarter of 2014.

On a constant basis, adjusted gross profit decreased by 3.5% and adjusted gross margin decreased by 50 basis points to 23.8% of sales.

## Distribution & administrative expenses

**In the first half of 2015**, distribution and administrative expenses amounted to €1,334.0 million, up 9.0%, on a reported basis, as compared to €1,224.1 million in first half of 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 0.7% and deteriorated by 40 basis points, representing 20.1% of sales in the first half of 2015 as compared to 19.7% in the first half of 2014, mainly related to North American operations.

**In the second quarter of 2015**, distribution and administrative expenses amounted to €665.9 million, up 9.5%, on a reported basis, as compared to €607.9 million in the second quarter of 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 0.6%, representing 19.5% of sales in the second quarter of 2015, a 40 basis-point deterioration as compared to 19.0% in the second quarter of 2014.

## EBITA

**In the first half of 2015**, as a result, EBITA stood at €275.4 million, down 7.3%, on a reported basis, as compared to €297.3 million in the first half of 2014.

On a constant basis, adjusted EBITA decreased by 14.9% to €280.6 million and adjusted EBITA margin stood at 4.2% of sales, down 70 basis points year-on-year.

**In the second quarter of 2015**, EBITA stood at €149.0 million, down 8.8%, on a reported basis, as compared to €163.3 million in the second quarter of 2014.

On a constant basis, adjusted EBITA decreased by 18.4% to €149.7 million and adjusted EBITA margin stood at 4.4% of sales, down 90 basis points year-on-year.

## Other income and expenses

In the first half of 2015, other income and expenses represented a net expense of €59.2 million (€33.7 million in the first half of 2014), consisting mainly of:

- €36.8 million restructuring costs (€22.6 million in the first half of 2014) incurred in connection with branch network optimization and logistics rationalization in Europe (mainly in Germany, Spain and the United Kingdom) and branch and banner reorganizations in North America;
- €19.1 million impairment expense, mostly attributable to Australia (€10.3 million) and to The Netherlands (€8.5 million). In the first half of 2014, impairment expense was €6.3 million, mainly related to Slovakia and Luxembourg.

## Net Financial expenses

In the first half of 2015, net financial expenses stood at €139.4 million, as compared to €91.7 million in the first half of 2014. In the first half of 2015, net financial expenses included a €52.5 million non-recurring expense incurred in connection with the early repayment of the €500 million senior notes due 2018 (straight repayment in the first quarter of 2015) and the US\$500 million senior notes due 2019 (refinanced by the €500 million senior notes due 2022 issued in the second quarter of 2015). Excluding this impact, net financial expenses were down by 5.2% mainly driven by a 80 basis-point decrease in effective interest rate on gross debt (from 5.0% in the first half of 2014 to 4.2% in the first half of 2015) due to the decrease of senior notes interest rates.

## **Tax expense**

In the first half of 2015, income tax expense was €25.0 million, a 52.2% decrease as compared to €52.4 million in the first half of 2014. This decrease is primarily due to the drop in profit before tax (from €164.3 in the first half of 2014 million to €68.2 million in the first half of 2015), partly offset by the rise in the effective tax rate from 31.9% in the first half of 2014 to 36.7% in the first half of 2015. This rise was mainly due to the level of non-deductible goodwill impairment losses recognized in 2015 as compared to 2014.

## **Net income from continuing operations**

As a result of the above items, net income from continuing operations stood at €43.2 million in the first half of 2015, a 61.4% decrease as compared to €111.9 million in first half of 2014.

## **Net income from discontinued operations**

Net income from discontinued operations was a loss of €41.7 million in the first half of 2015 as compared to a loss of €21.4 million in the first half of 2014. This loss relates to Latin America operations that are intended to be disposed of to Sonepar for a selling price of €17.2 million (US\$ 18.6 million). This transaction remains subject to approval by Brazilian anti-trust authority. The group recognized a €36.2 million impairment charge to bring down the net carrying value of assets held for sale to the selling price less cost to sell. In addition, the negative accumulated currency translation adjustment mainly resulting from the depreciation of the Brazilian real against euro will be released to the income statement at completion date. Therefore this transaction should result in an estimated divestment loss of about €70 million before tax.

## **Net income**

Including net income from discontinued operations, net income stood at €1.5 million in the first half of 2015, as compared to €90.5 million in first half of 2014.

## 1.2.2/ Europe (54% of Group sales)

REPORTED  (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
Sales	<b>1,819.2</b>	<b>1,748.6</b>	<b>4.0%</b>	<b>3,604.8</b>	<b>3,508.0</b>	<b>2.8%</b>
Gross profit	476.7	473.7	0.6%	963.6	954.7	0.9%
Distribution and administrative expenses	(377.3)	(366.1)	3.0%	(762.2)	(746.1)	2.2%
EBITA	<b>99.5</b>	<b>107.6</b>	<b>(7.6)%</b>	<b>201.4</b>	<b>208.6</b>	<b>(3.4)%</b>
as a % of sales	5.5%	6.2%		5.6%	5.9%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA				Period ended June 30,		
(in millions of euros)	Quarter ended June 30,			2015	2014	Change in %
	2015	2014	Change in %	2015	2014	Change in %
<b>Sales</b>	<b>1,819.2</b>	<b>1,787.8</b>	<b>1.8%</b>	<b>3,604.8</b>	<b>3,579.4</b>	<b>0.7%</b>
Same-day basis			1.5%			0.7%
Gross profit	475.0	487.8	(2.6)%	964.7	980.3	(1.6)%
as a % of sales	26.1%	27.3%		26.8%	27.4%	
Distribution and administrative expenses	(377.1)	(376.0)	0.3%	(762.2)	(763.7)	(0.2)%
as a % of sales	(20.7)%	(21.0)%		(21.1)%	(21.3)%	
<b>EBITA</b>	<b>97.9</b>	<b>111.8</b>	<b>(12.4)%</b>	<b>202.5</b>	<b>216.6</b>	<b>(6.5)%</b>
as a % of sales	5.4%	6.3%		5.6%	6.1%	

### Sales

**In the first half of 2015**, sales in Europe amounted to €3,604.8 million, a 2.8% increase on a reported basis, as compared to €3,508.0 million in first half of 2014.

Exchange rate variations accounted for an increase of €74.6 million, mainly due to the appreciation of the British Pound and the Swiss Franc against the euro.

The negative net effect from acquisition amounted to €3.2 million, related to Elevite AG, acquired in the third quarter of 2014 in Switzerland and offset by the divestment of Czech Republic operations made in the fourth quarter of 2014.

On a constant and same-day basis, sales grew by 0.7% as compared to the first half of 2014.

**In the second quarter of 2015**, sales stood at €1,819.2 million, a 4.0% growth on a reported basis, as compared to €1,748.6 million in the second quarter of 2014.

On a constant and same-day basis, sales increased by 1.5% from the second quarter of 2014.

In **France**, sales amounted to €1,173.5 million in the first half of 2015, a decrease of 2.0% as compared to the first half of 2014 on a constant and same-day basis in a challenging environment due to low level of construction and industry.

In the second quarter of 2015, sales were almost flat (-0.3%) from the second quarter of 2014, on a constant and same-day basis, a sequential improvement as compared to the performance of the first quarter of 2015 mainly reflecting easier 2014 comparable figure and improved cable sales.

In the **United Kingdom**, sales amounted to €544.2 million in the first half of 2015, a decrease of 1.8% from the first half of 2014 on a constant and same-day basis, affected by lower copper price, branch closures, drop in photovoltaic sales and project activity.

In the second quarter of 2015, sales decreased by 2.3% from the second quarter of 2014, on a constant and same-day basis.

In **Germany**, sales stood at €389.6 million in the first half of 2015, an increase of 0.9% from the first half of 2014 on a constant and same-day basis, mainly attributable to the industrial end-market and cable sales.

In the second quarter of 2015, sales increased by 1.7% from the second quarter of 2014, on a constant and same-day basis.

In **Scandinavia** sales amounted to €456.3 million in the first half of 2015, an increase of 7.7% from the first half of 2014 on a constant and same-day basis, with a good performance in the three countries, thanks to utilities: +10.0% in Sweden, +6.0% in Norway and +5.1% in Finland, reflecting gains in market share.

In the second quarter of 2015, sales were up by 7.8% from the second quarter of 2014, on a constant and same-day basis. Sales increased by 8.3%, 10.2% and 3.3% in Sweden, Norway and Finland respectively.

In **Belgium** and in **The Netherlands**, sales amounted respectively to €162.3 million and €105.7 million in the first half of 2015. Sales in Belgium increased by 4.5% with a good performance on photovoltaic equipment. Sales in The Netherlands were down 8.3% on a constant and same-day basis.

In the second quarter of 2015, sales in Belgium increased by 6.0% and The Netherlands posted a decrease of 3.1%, a sequential improvement as compared to the 13.2% drop recorded in the first quarter of 2015, impacted by tough market conditions and reorganization underway.

In **Switzerland** and **Austria**, sales amounted respectively to €239.0 million and €150.2 million in the first half of 2015. Sales in Austria increased by 2.7% from the first half of 2014, on a constant and same-day basis. Sales in Switzerland decreased by 2.5% from the first half of 2014, on a constant and same-day basis, still impacted by the deflationary environment due to Swiss franc evolution, while volume remained stable.

In the second quarter of 2015, sales increased by 2.1% in Austria, while they decreased by 2.8% in Switzerland as compared to the second quarter of 2014, on a constant and same-day basis.

In **Southern Europe**, sales amounted to €210.0 million in the first half of 2015, a 9.4% increase from the first half of 2014 on a constant and same-day basis. This reflects a 19.8% increase in Spain on both domestic and export activities and a 2.7% drop in Italy.

In the second quarter of 2015, sales increased by 9.3% on a constant and same-day basis from the second quarter of 2014, of which Spain +16.1% and Italy +2.0%.

## **Gross profit**

In the first half of 2015, Europe recorded a gross profit of €963.6 million, up 0.9%, on a reported basis, as compared to €954.7 million in the first half of 2014.

On a constant basis, adjusted gross profit decreased by 1.6% and adjusted gross margin decreased by 65 basis points to 26.8% of sales, mainly affected by lower margin on cable sales.

In the second quarter of 2015, on a constant basis, adjusted gross profit decreased by 2.6% and adjusted gross margin decreased by 120 basis points at 26.1% of sales, as compared to the second quarter of 2014.

## **Distribution & administrative expenses**

In the first half of 2015, distribution and administrative expenses amounted to €762.2 million, up 2.2%, on a reported basis, as compared to €746.1 million in the first half of 2014.

On a constant basis, adjusted distribution and administrative expenses decreased by 0.2% in the first half of 2015, representing 21.1% of sales, a 20 basis-point decrease as compared to 21.3% in the first half of 2014, reflecting solid cost control in Europe.

**In the second quarter of 2015**, on a constant basis, adjusted distribution and administrative expenses remained almost flat (+0.3%), representing 20.7% of sales as compared to 21.0% in the second quarter of 2014.

## **EBITA**

**In the first half of 2015**, as a result, on a reported basis, EBITA amounted to €201.4 million, down 3.4% as compared to €208.6 million in the first half of 2014.

On a constant basis, adjusted EBITA decreased by 6.5% from the first half of 2014 and adjusted EBITA margin decreased by 45 basis points to 5.6% of sales.

**In the second quarter of 2015**, on a constant basis, adjusted EBITA decreased by 12.4% while the adjusted EBITA margin decreased by 90 basis points to 5.4% of sales.

### 1.2.3/ North America (36% of Group sales)

REPORTED  (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
Sales	<b>1,250.9</b>	<b>1,109.0</b>	<b>12.8%</b>	<b>2,379.3</b>	<b>2,081.1</b>	<b>14.3%</b>
Gross profit	275.3	239.7	14.8%	524.2	455.0	15.2%
Distribution and administrative expenses	(222.9)	(182.4)	22.2%	(442.5)	(364.2)	21.5%
EBITA	<b>52.5</b>	<b>57.3</b>	<b>(8.5)%</b>	<b>81.7</b>	<b>90.7</b>	<b>(10.0)%</b>
as a % of sales	4.2%	5.2%		3.4%	4.4%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA				Period ended June 30,		
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
<b>Sales</b>	<b>1,250.9</b>	<b>1,330.6</b>	<b>(6.0)%</b>	<b>2,379.3</b>	<b>2,475.7</b>	<b>(3.9)%</b>
Same-day basis			(5.9)%			(3.3)%
Gross profit	277.8	290.6	(4.4)%	528.6	545.8	(3.2)%
as a % of sales	22.2%	21.8%		22.2%	22.0%	
Distribution and administrative expenses	(223.1)	(220.0)	1.4%	(442.9)	(434.9)	1.8%
as a % of sales	(17.8)%	(16.5)%		(18.6)%	(17.6)%	
EBITA	<b>54.7</b>	<b>70.6</b>	<b>(22.5)%</b>	<b>85.7</b>	<b>110.9</b>	<b>(22.7)%</b>
as a % of sales	4.4%	5.3%		3.6%	4.5%	

## Sales

**In the first half of 2015**, sales in North America amounted to €2,379.3 million, up 14.3%, on a reported basis, as compared to €2,081.1 million in the first half of 2014.

Favorable exchange rate variations accounted for €399.5 million, due to the appreciation of US dollar against the euro.

On a constant and same-day basis, sales decreased by 3.3% as compared to the first half of 2014, impacted by a 19% drop in the oil and gas segment, representing 10% of total sales of the region. Excluding this impact, sales decreased by 1.4%.

**In the second quarter of 2015**, sales stood at €1,250.9 million, up 12.8% on a reported basis, as compared to €1,109.0 million in the second quarter of 2014.

On a constant and same-day basis, sales decreased by 5.9% from the second quarter of 2014, impacted by a 32% drop in the oil and gas segment. Excluding this impact, sales decreased by 2.7%.

**In the United States**, sales dropped to €1,825.4 million in the first half of 2015, a 2.4% decrease from the first half of 2014 on a constant and same-day basis. Sales were adversely impacted by a 1.9 percentage point from oil and gas business, a 1.0 percentage point from lower cable sales and a 0.6 percentage point from branch closures.

In the second quarter of 2015, sales decreased by 4.6% from the second quarter of 2014, on a constant and same-day basis. This decrease was due to oil and gas business for 3.4 percentage points, lower cable sales for 1.4 percentage point and branch closures for 1.2 percentage point.

**In Canada**, sales amounted to €554.0 million in the first half of 2015, down 6.2% from the first half of 2014 on a constant and same-day basis, of which 2.7 percentage points due to lower photovoltaic sales and 2.1 percentage point due to lower sales in the oil and gas segment and 1.5 percentage points due to lower cable sales.

In the second quarter of 2015, sales decreased by 10.3% from the second quarter of 2014, on a constant and same-day basis, of which 3.4 percentage points due to lower photovoltaic sales and a 2.9 percentage points due to lower sales in the oil and gas segment and 2.4 percentage points due to lower cable sales.

## Gross profit

**In the first half of 2015**, in North America, gross profit amounted to €524.2 million, up 15.2%, on a reported basis, as compared to €455.0 million in the first half of 2014.

On a constant basis, adjusted gross profit decreased by 3.2% and adjusted gross margin increased by 15 basis points to 22.2% of sales. Gross margin improvement was mainly driven by pricing initiatives in Canada.

**In the second quarter of 2015**, on a constant basis, adjusted gross profit decreased by 4.4% and adjusted gross margin increased by 40 basis points at 22.2% as compared to the second quarter of 2014.

## Distribution & administrative expenses

**In the first half of 2015**, distribution and administrative expenses amounted to €442.5 million, up 21.5%, on a reported basis, as compared to €364.2 million in the first half of 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 1.8% in the first half of 2015 and representing 18.6% of sales in the first half of 2015, a 100 basis-point increase as compared to 17.6% in the first half of 2014, affected by lower activity in the second quarter of 2015 and continued redundant transportation and logistic costs in connection with the US hub and distribution center transformation program.

**In the second quarter of 2015**, on a constant basis, adjusted distribution and administrative expenses increased by 1.4%, representing 17.8% of sales as compared to 16.5% in the second quarter of 2014.

## EBITA

**In the first half of 2015**, as a result, EBITA amounted to €81.7 million, down 10.0%, on a reported basis, as compared to €90.7 million in the first half of 2014.

On a constant basis, adjusted EBITA decreased by 22.7% from the first half of 2014 and adjusted EBITA margin decreased by 90 basis points to 3.6% of sales.

**In the second quarter of 2015**, on a constant basis, adjusted EBITA decreased by 22.5% while the adjusted EBITA margin decreased by 90 basis points to 4.4% of sales.



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

REPORTED  (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
Sales	353.4	299.6	18.0%	661.1	572.5	15.5%
Gross profit	62.9	57.7	9.0%	121.6	111.6	9.0%
Distribution and administrative expenses	(56.2)	(48.5)	15.9%	(108.7)	(95.3)	14.1%
EBITA	6.7	9.2	(27.4)%	12.9	16.2	(20.7)%
as a % of sales	1.9%	3.1%		1.9%	2.8%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA				Period ended June 30,		
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
<b>Sales</b>	<b>353.4</b>	<b>355.4</b>	<b>(0.6)%</b>	<b>661.1</b>	<b>672.4</b>	<b>(1.7)%</b>
Same-day basis			(1.1)%			(1.7)%
Gross profit	62.9	66.7	(5.7)%	121.6	128.7	(5.5)%
as a % of sales	17.8%	18.8%		18.4%	19.1%	
Distribution and administrative expenses	(56.2)	(54.8)	2.6%	(108.7)	(108.3)	0.4%
as a % of sales	(15.9)%	(15.4)%		(16.4)%	(16.1)%	
EBITA	6.7	11.9	(43.8)%	12.9	20.4	(36.9)%
as a % of sales	1.9%	3.3%		1.9%	3.0%	

## Sales

**In the first half of 2015**, sales in Asia-Pacific amounted to €661.1 million, up 15.5%, on a reported basis, as compared to €572.5 million in the first half of 2014.

The entities acquired in the fourth quarter of 2014 (4 Knights International in Thailand and Beijing Ouneng Tongxing Technology Co. Ltd in China) and the entity acquired in the first quarter of 2015 (Shanghai Maxqueen Industry Development Co. Ltd in China) contributed for €28.0 million.

Favorable exchange rate variation accounted for €71.9 million, primarily due to the appreciation of the Chinese Yuan against the euro.

On a constant and same-day basis, sales declined by 1.7% as compared to the first half of 2014.

**In the second quarter of 2015**, sales stood at €353.4 million, a 18.0% growth on a reported basis, as compared to €299.6 million in the second quarter of 2014.

On a constant and same-day basis, sales decreased by 1.1% from the second quarter of 2014.

In **Australia**, sales amounted to €257.9 million, a 5.6% decrease from the first half of 2014, on a constant and same-day basis, reflecting lower sales in the commercial end-market as well as the impact of branch closures. Excluding the impact of branch closures, sales were down 3.4%.

In the second quarter of 2015, sales decreased by 3.8% from the second quarter of 2014, on a constant and same-day basis. Excluding the impact of branch closures, sales were down 0.5%.

In **China**, sales amounted to €239.7 million in the first half of 2015, a 2.0% decrease compared to the first half of 2014, on a constant and same-day basis due to a challenging base effect (H1 2014 sales posted 10.8% growth) and a drop in wind sales. Excluding wind activity, sales were up 1.1%.

In the second quarter of 2015, sales increased by 0.4% from the second quarter of 2014, on a constant and same-day basis. Excluding wind activity, sales were up 4.2%.

## Gross profit

**In the first half of 2015**, in Asia-Pacific, gross profit amounted to €121.6 million, up 9.0%, on a reported basis, as compared to €111.6 million in the first half of 2014.

On a constant basis, adjusted gross profit decreased by 5.5% and adjusted gross margin was 18.4% of sales, a 70 basis-point decrease as compared to the first half of 2014, due to competitive environment in Australia.

**In the second quarter of 2015**, on a constant basis, adjusted gross profit decreased by 5.7% and adjusted gross margin was 17.8% of sales, a decrease of 100 basis points from the second quarter of 2014.

## Distribution & administrative expenses

**In the first half of 2015**, on a reported basis, distribution and administrative expenses amounted to €108.7 million, up 14.1% as compared to €95.3 million in the first half of 2014.

On a constant basis, adjusted distribution and administrative expenses increased by 0.4% from the first half of 2014, representing 16.4% of sales in the first half of 2015, a 40 basis-point deterioration as compared to 16.1% in the first half of 2014.

**In the second quarter of 2015**, on a constant basis, adjusted distribution and administrative expenses increased by 2.6%, representing 15.9% of sales as compared to 15.4% in the second quarter of 2014.

## EBITA

**In the first half of 2015**, as a result, EBITA amounted to €12.9 million, down 20.7%, on a reported basis, as compared to €16.2 million in the first half of 2014.

On a constant basis, adjusted EBITA decreased by 36.9% from the first half of 2014 and adjusted EBITA margin decreased by 110 basis points to 1.9% of sales.

**In the second quarter of 2015**, on a constant basis, adjusted EBITA decreased by 43.8% while the adjusted EBITA margin decreased by 140 basis points to 1.9% of sales.

## 1.2.5 | Other operations

REPORTED  (in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
Sales	<b>0.0</b>	<b>0.0</b>	<b>n.a.</b>	<b>0.0</b>	<b>0.2</b>	<b>n.a.</b>
Gross profit	0.0	0.0	n.a.	0.0	0.2	n.a.
Distribution and administrative expenses	(9.6)	(10.9)	(119)%	(20.6)	(18.4)	116%
EBITA	<b>(9.6)</b>	<b>(10.8)</b>	<b>(11.5)%</b>	<b>(20.6)</b>	<b>(18.3)</b>	<b>12.6%</b>
as a % of sales	n.a.	n.a.		n.a.	n.a.	

CONSTANT BASIS ADJUSTED FINANCIAL DATA				Period ended June 30,		
(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change in %	2015	2014	Change in %
<b>Sales</b>	<b>0.0</b>	<b>0.1</b>	<b>n.a.</b>	<b>0.0</b>	<b>0.2</b>	<b>n.a.</b>
Gross profit	0.0	0.1	n.a.	0.0	0.2	n.a.
as a % of sales	n.a.	n.a.		n.a.	n.a.	
Distribution and administrative expenses	(9.6)	(10.9)	(12.0)%	(20.6)	(18.5)	11.4%
as a % of sales	n.a.	n.a.		n.a.	n.a.	
EBITA	<b>(9.6)</b>	<b>(10.8)</b>	<b>(11.6)%</b>	<b>(20.6)</b>	<b>(18.3)</b>	<b>12.6%</b>
as a % of sales	n.a.	n.a.		n.a.	n.a.	

This segment mostly includes unallocated corporate overhead expenses. These expenses increased by €2.1 million as compared to the first half of 2014, mainly due to continuous investments in digital multi-channel initiatives.

## 1.3 | Outlook

In view of the first-half performance, on the one hand, and lower-than-expected copper prices and worse-than-expected Oil & Gas evolution, on the other hand, Rexel now expects to be at the low end of its full-year guidance for sales and profitability:

- Organic sales decline of a maximum of 2% (*on a constant and same-day basis and vs. February guidance of "Organic sales growth of between -2% and +2%"*),
- Adjusted EBITA margin of at least 4.8% (*vs. 5.0% recorded in 2014 and vs. February guidance of "Adjusted EBITA margin of between 4.8% and 5.2%"*).

The adjusted EBITA margin target for full-year 2015 represents a year-on-year improvement in adjusted EBITA margin in the second half of the year.

Rexel maintains unchanged its February target of generating solid free cash-flow in the full-year of:

- At least 75% of EBITDA before interest and tax,
- Around 40% of EBITDA after interest and tax.

## 1.4 | Risk factors and uncertainties

Group activities are facing certain macroeconomic, business, operational, market and legal risk factors. The main risk factors to which the Group is exposed are described in the section "Risk factors" of the 2014 Registration Document filed with the *Autorité des Marchés Financiers* on March 25, 2015 under the number D.15-0201. There has not been any significant change in these risk factors in the first half of 2015.

## 2. | LIQUIDITY AND CAPITAL RESOURCES

### 2.1 | Cash flow

(in millions of euros)	Quarter ended June 30,			Period ended June 30,		
	2015	2014	Change	2015	2014	Change
Operating cash flow	142.3	167.7	(25.4)	271.9	301.7	(29.8)
Interest	(38.1)	(38.1)	0.1	(79.5)	(76.1)	(3.4)
Taxes	(41.2)	(23.6)	(17.6)	(75.2)	(51.2)	(23.9)
Change in working capital requirements	25.4	(51.6)	77.0	(220.8)	(295.9)	75.1
<b>Net cash flow from operating activities</b>	<b>88.4</b>	<b>54.4</b>	<b>33.9</b>	<b>(103.6)</b>	<b>(121.6)</b>	<b>18.0</b>
<i>o.w. operating cash flows used by discontinued operations</i>	(3.5)	(2.1)	(1.4)	(10.9)	(7.1)	(3.8)
<b>Net cash flow from operating activities - continuing operations</b>	<b>91.9</b>	<b>56.5</b>	<b>35.4</b>	<b>(92.6)</b>	<b>(114.5)</b>	<b>21.9</b>
<b>Net cash flow from investing activities</b>	<b>(36.5)</b>	<b>(25.2)</b>	<b>(11.3)</b>	<b>(73.9)</b>	<b>(56.1)</b>	<b>(17.8)</b>
<i>o.w. investing cash flows (used)/provided by discontinued operations</i>	(0.8)	(0.1)	(0.7)	(1.7)	0.1	(1.8)
<b>Net cash flow from investing activities - continuing operations</b>	<b>(35.7)</b>	<b>(25.1)</b>	<b>(10.6)</b>	<b>(72.2)</b>	<b>(56.3)</b>	<b>(15.9)</b>
<i>o.w. Operating capital expenditures <sup>(2)</sup></i>	(26.0)	(22.7)	(3.3)	(57.2)	(46.5)	(10.7)
<b>Net cash flow from financing activities</b>	<b>(54.8)</b>	<b>28.4</b>	<b>(83.2)</b>	<b>(493.8)</b>	<b>(70.9)</b>	<b>(422.9)</b>
<i>o.w. financing cash flows (used)/provided by discontinued operations</i>	0.7	(0.6)	1.3	10.8	3.5	7.4
<b>Net cash flow from financing activities - continuing operations</b>	<b>(55.5)</b>	<b>29.0</b>	<b>(84.5)</b>	<b>(504.7)</b>	<b>(74.4)</b>	<b>(430.3)</b>
<b>Net cash flow</b>	<b>(2.9)</b>	<b>57.4</b>	<b>(60.4)</b>	<b>(671.3)</b>	<b>(248.6)</b>	<b>(422.7)</b>
<i>o.w. net cash flow from discontinued operations</i>	(3.6)	(2.8)	(0.8)	(1.8)	(3.5)	1.7
<b>Net cash flow - continuing operations</b>	<b>0.7</b>	<b>60.2</b>	<b>(59.6)</b>	<b>(669.5)</b>	<b>(245.1)</b>	<b>(424.4)</b>
<b>Free cash flow - continuing operations:</b>						
Operating cash flow	143.2	167.2	(23.9)	273.4	300.6	(27.2)
Change in working capital requirements	27.0	(50.0)	76.9	(213.8)	(290.0)	76.2
Adjustment for timing difference in suppliers payments <sup>(1)</sup>	-	-	-	-	51.9	(51.9)
Operating capital expenditures <sup>(2)</sup>	(26.0)	(22.7)	(3.3)	(57.2)	(46.5)	(10.7)
<b>Free cash flow before interest and taxes</b>	<b>144.2</b>	<b>94.5</b>	<b>49.7</b>	<b>2.4</b>	<b>16.0</b>	<b>(13.7)</b>
Interest	(36.5)	(37.3)	0.8	(76.6)	(74.6)	(2.0)
Taxes	(41.8)	(23.4)	(18.4)	(75.6)	(50.6)	(24.9)
<b>Free cash flow after interest and taxes</b>	<b>66.0</b>	<b>33.9</b>	<b>32.1</b>	<b>(149.8)</b>	<b>(109.2)</b>	<b>(40.6)</b>
<b>WCR as a % of sales <sup>(3)</sup> at:</b>				<b>June 30,</b>	<b>June 30,</b>	
Reported basis				<b>2015</b>	<b>2014</b>	
Constant basis				11.3%	12.2%	
				11.3%	12.0%	

(1) Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014 for €51.9 million

(2) Net of disposals.

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

#### 2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €103.6 million in the first half of 2015 compared to €121.6 million in the first half of 2014.

Rexel's net cash flow from operating activities of continuing operations was an outflow of €92.6 million in the first half of 2015 compared to €114.5 million in the first half of 2014.

#### Operating cash flow - continuing operations

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €300.6 million in the first half of 2014 to €273.4 million in the first half of 2015. This mainly resulted from the decrease in EBITDA from €336.1 million in the first half of 2014 to €319.8 million in the first half of 2015, due to operating expenses which increased more than sales and gross profit in the first half of 2015 as compared to the first half of 2014.

## Interest and taxes - continuing operations

In the first half of 2015, net interest paid slightly increased from €74.6 million in the first half of 2014 to €76.6 million in the first half of 2015. This increase results from:

- Lower interests received on derivatives and drop in yield on short term investments,
- Partially offset by, decreasing interests paid following repayment and refinancing of senior notes completed in the first semester of 2015.

In the first half of 2015, income tax paid increased from €50.6 million in the first half of 2014 to €75.6 million. This increase is firstly due to the refund of excess tax installments paid end of 2013 in respect of French corporate income tax and received in the first half of 2014 and secondly due to the down payment in the first half of 2015 of a tax reassessment in Finland although the Group brought a claim to dispute this reassessment.

## Change in working capital requirements - continuing operations

In the first half of 2015, change in working capital requirements accounted for an outflow of €213.8 million as compared to €238.0 million in the first half of 2014, adjusted for supplier payments of €51.9 million that were related to end of December 2013. This improvement is mainly attributable to change in trade receivables which was an outflow of €83.9 million in the first half of 2015 as compared to €184.5 million in the first half of 2014.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 11.3% of sales as of June 30, 2015 as compared to 12.0% as of June 30, 2014. This 70 basis-point improvement on working capital requirements, as compared to June 30, 2014 is mainly associated with trade receivables resulting from the decrease by 0.5 day of sales outstanding, as of June 30, 2015 as compared to June 30, 2014.

### 2.1.2/ Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €73.9 million outflow in the first half of 2015, as compared to an outflow of €56.1 million in the first half of 2014.

(in millions of euros)	Quarter ended June 30,		Period ended June 30,	
	2015	2014	2015	2014
Acquisitions of operating fixed assets	(25.2)	(23.6)	(51.2)	(41.5)
Proceed from disposal of operating fixed assets	1.8	1.2	2.3	2.2
Net change in debts and receivables on fixed assets	(2.6)	(0.3)	(8.2)	(7.1)
Net cash flow from operating investing activities - <u>continuing</u> operations	(26.0)	(22.7)	(57.2)	(46.5)
Net cash flow from operating investing activities - <u>discontinued</u> operations	(0.8)	(0.6)	(1.7)	(0.9)
<b>Net cash flow from operating investing activities</b>	<b>(26.8)</b>	<b>(23.3)</b>	<b>(58.9)</b>	<b>(47.4)</b>
Acquisition of subsidiaries, net of cash acquired	(11.6)	(3.9)	(14.1)	(11.7)
<b>Net cash flow from financial investing activities</b>	<b>(11.6)</b>	<b>(3.9)</b>	<b>(14.1)</b>	<b>(11.7)</b>
<b>Net change in long-term investments</b>	<b>1.8</b>	<b>2.0</b>	<b>(0.9)</b>	<b>2.9</b>
<b>Net cash flow from investing activities</b>	<b>(36.5)</b>	<b>(25.2)</b>	<b>(73.9)</b>	<b>(56.1)</b>

## Acquisitions and disposals of operating fixed assets - continuing operations

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €57.2 million in the first half of 2015, as compared to €46.5 million in the first half of 2014.

In the first half of 2015, gross capital expenditures amounted to €51.2 million (€41.5 million in the first half of 2014), i.e. 0.8% of sales for the period. This increase is mainly attributable to Germany and the United-States in connection with logistic projects. Disposals of fixed assets amounted to €2.3 million (€2.2 million in the first half of 2014). Net changes in the related payables and receivables amounted to €8.2 million, accounting for an increase in net capital expenditures for the period (€7.1 million in the first half of 2014).

## Financial investments

Financial investments resulted in a net cash-out of €14.1 million in the first half of 2015 as compared to a net outflow of €11.7 million in the first half of 2014, consisting mainly in acquisition of subsidiaries.

In the first half of 2015, they were mainly comprised of the acquisition price of Electro-Industry en Acoustiek in Belgium and Shanghai Maxqueen Industry Development Co. Ltd in China, as well as earn-out payments and price adjustments related to prior years' acquisitions.

In the first half of 2014, they were mainly comprised of the acquisition price of Esabora Digital Services in France, as well as earn-out payments and price adjustments related to prior year acquisitions.

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

Cash flow from financing activities included mainly changes in indebtedness.

In the first half of 2015, cash flow from financing activities reflected a net debt repayment of €493.8 million, resulting mainly from the:

- Redemption of the 7.00% senior notes due 2018 on March, 16 2015 for €522.6 million including a redemption premium of €25.4 million;
- Redemption of the 6.125% senior notes due 2019 on June 22, 2015 for €468.6 million including a redemption premium of €25.5 million;
- Decrease of €163.0 million in assigned receivables with respect to securitization programs; partially compensated by the:
  - €500 million issuance of senior notes due 2022 with coupons of 3.25% for an amount net of transaction costs of €489,7 million;
  - Increase in other borrowings amounting to €174.3 million.

In the first half of 2014, cash flow from financing activities reflected a net debt repayment of €70.9 million, resulting mainly from the:

- Decrease of €78.7 million in assigned receivables with respect to securitization programs; and
- Increase in other borrowings amounting to €13.7 million.

## 2.2 | Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. At June 30, 2015, Rexel's consolidated net debt amounted to €2,556.5 million, consisting of the following items:

(in millions of euros)	June 30, 2015			December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	1,614.7	1,614.7	-	1,992.2	1,992.2
Securitization	119.8	905.9	1,025.7	128.2	1,013.9	1,142.1
Bank loans	85.6	1.4	87.1	65.0	4.4	69.3
Commercial paper	205.6	-	205.6	85.9	-	85.9
Bank overdrafts and other credit facilities	81.2	-	81.2	81.7	-	81.7
Finance lease obligations	8.0	17.5	25.5	8.8	18.4	27.2
Accrued interest <sup>(1)</sup>	7.3	-	7.3	9.7	-	9.7
Other	1.2	-	1.2	-	-	-
Less transaction costs	(7.0)	(29.1)	(36.1)	(8.0)	(32.9)	(40.9)
<b>Total financial debt and accrued interest</b>	<b>501.7</b>	<b>2,510.5</b>	<b>3,012.2</b>	<b>371.2</b>	<b>2,995.9</b>	<b>3,367.1</b>
Cash and cash equivalents			(460.4)			(1,159.8)
Accrued interest receivables			(0.7)			(0.7)
Debt hedge derivative			5.3			6.5
<b>Net financial debt</b>			<b>2,556.5</b>			<b>2,213.1</b>

<sup>(1)</sup> of which accrued interest on Senior Notes for €4.1 million at June 30, 2015 (€4.9 million at December 31, 2014)

At June 30, 2015, the Group's liquidity amounted to €1,236.3 million (€2,052.2 million at December 31, 2014).

(in million of euros)	June 30, 2015	December 31, 2014
Cash and cash equivalents	460.4	1,159.8
Bank overdrafts	(81.2)	(81.7)
Commercial paper	(205.6)	(85.9)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	80.7	77.9
<b>Liquidity</b>	<b>1,236.3</b>	<b>2,052.2</b>

### Senior Credit Facility Agreement

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. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 3.20x as of June 30, 2015 (as compared to 2.74x as of December 31, 2014 and 3.00x as of June 30, 2014).

## II. Condensed consolidated interim financial statements as of June 30, 2015 (unaudited<sup>1</sup>)

1. The condensed consolidated interim financial statements as of June 30, 2015 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on the 2015 half year information is presented after the condensed consolidated interim financial statements.



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## Consolidated Income Statement (*unaudited*)

<i>(in millions of euros)</i>	<i>Note</i>	For the quarter ended June 30,		For the period ended June 30,	
		2015	2014 <sup>(1)</sup>	2015	2014 <sup>(1)</sup>
Sales	4	3,423.5	3,157.3	6,645.2	6,161.7
Cost of goods sold		(2,608.6)	(2,386.1)	(5,035.8)	(4,640.3)
<b>Gross profit</b>		<b>814.9</b>	<b>771.2</b>	<b>1,609.4</b>	<b>1,521.3</b>
Distribution and administrative expenses	5	(670.2)	(611.7)	(1,342.6)	(1,231.7)
<b>Operating income before other income and expenses</b>		<b>144.7</b>	<b>159.5</b>	<b>266.8</b>	<b>289.7</b>
Other income	6	0.4	2.5	0.6	3.3
Other expenses	6	(42.4)	(17.5)	(59.8)	(37.0)
<b>Operating income</b>		<b>102.6</b>	<b>144.6</b>	<b>207.6</b>	<b>256.0</b>
Financial income		0.4	1.4	1.3	2.6
Interest expense on borrowings		(29.1)	(42.3)	(72.9)	(84.6)
Refinancing costs		(33.0)	-	(52.5)	-
Other financial expenses		(8.3)	(5.5)	(15.3)	(9.8)
<b>Net financial expenses</b>	8	<b>(69.8)</b>	<b>(46.3)</b>	<b>(139.4)</b>	<b>(91.7)</b>
<b>Net income before income tax</b>		<b>32.8</b>	<b>98.2</b>	<b>68.2</b>	<b>164.3</b>
Income tax	9	(12.8)	(30.7)	(25.0)	(52.4)
<b>Net income from continuing operations</b>		<b>20.0</b>	<b>67.6</b>	<b>43.2</b>	<b>111.9</b>
Net loss from discontinued operations	10	(39.2)	(20.3)	(41.7)	(21.4)
<b>Net income / (loss)</b>		<b>(19.2)</b>	<b>47.3</b>	<b>1.5</b>	<b>90.5</b>
<b>Portion attributable:</b>					
to the equity holders of the parent		(18.6)	47.5	2.5	90.5
to non-controlling interests		(0.6)	(0.1)	(1.0)	-
<b>Earnings per share:</b>					
Basic earnings per share (in euros)	12	(0.06)	0.17	0.01	0.32
Fully diluted earnings per share (in euros)	12	(0.06)	0.17	0.01	0.32
<b>Earnings per share for continuing operations:</b>					
Basic earnings per share for continuing operations (in euros)		0.07	0.24	0.15	0.39
Fully diluted earnings per share for continuing operations (in euros)		0.07	0.24	0.15	0.39

(1) Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10)

*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 June 30,		For the period ended June 30,	
	2015	2014	2015	2014
<b>Net income</b>	<b>(19.2)</b>	<b>47.3</b>	<b>1.5</b>	<b>90.5</b>
<i>Items to be reclassified to profit and loss in subsequent periods:</i>				
Net gain / (loss) on net investment hedges	28.6	(9.8)	(109.2)	(9.5)
Income tax	(9.8)	3.4	37.6	3.3
	18.8	(6.4)	(71.6)	(6.2)
Foreign currency translation adjustment	(60.0)	41.9	220.2	39.8
Income tax	11.0	(1.8)	(29.3)	(2.6)
	(49.0)	40.1	190.9	37.2
Net gain / (loss) on cash flow hedges	1.9	(0.5)	0.2	0.0
Income tax	(0.6)	0.2	0.0	(0.0)
	1.3	(0.4)	0.2	0.0
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>				
Remeasurements of net defined benefit liability	77.4	(34.5)	34.5	(38.2)
Income tax	(5.6)	0.9	0.3	1.6
	71.7	(33.6)	34.8	(36.6)
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>42.9</b>	<b>(0.3)</b>	<b>154.3</b>	<b>(5.6)</b>
<i>of which other comprehensive income / (loss) from discontinued operations</i>	<i>(0.8)</i>	<i>1.8</i>	<i>0.9</i>	<i>3.3</i>
<b>Total comprehensive income for the period, net of tax</b>	<b>23.7</b>	<b>47.0</b>	<b>155.8</b>	<b>84.9</b>
<b>Portion attributable:</b>				
<i>to the equity holders of the parent</i>	<i>24.9</i>	<i>46.9</i>	<i>156.1</i>	<i>85.0</i>
<i>to non-controlling interests</i>	<i>(1.3)</i>	<i>0.1</i>	<i>(0.3)</i>	<i>(0.1)</i>

*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 June 30, 2015	As of December 31, 2014
<b>Assets</b>			
Goodwill		4,377.0	4,243.9
Intangible assets		1,114.9	1,084.0
Property, plant and equipment		289.0	287.1
Long-term investments		35.0	24.8
Deferred tax assets		164.3	175.2
<b>Total non-current assets</b>		<b>5,980.2</b>	<b>5,815.0</b>
Inventories		1,551.5	1,487.2
Trade accounts receivable		2,335.5	2,206.0
Current tax assets		31.0	9.7
Other accounts receivable		488.7	499.0
Assets classified as held for sale	10	122.0	3.7
Cash and cash equivalents	14	460.4	1,159.8
<b>Total current assets</b>		<b>4,989.1</b>	<b>5,365.4</b>
<b>Total assets</b>		<b>10,969.3</b>	<b>11,180.4</b>
<b>Equity</b>			
Share capital		1,463.9	1,460.0
Share premium		1,606.9	1,599.8
Reserves and retained earnings		1,334.3	1,275.9
Total equity attributable to equity holders of the parent		<b>4,405.1</b>	<b>4,335.7</b>
Non-controlling interests		10.6	7.7
<b>Total equity</b>		<b>4,415.7</b>	<b>4,343.4</b>
<b>Liabilities</b>			
Interest bearing debt (non-current part)	14	2,510.5	2,995.9
Net employee defined benefit liabilities		322.0	344.2
Deferred tax liabilities		177.9	196.9
Provision and other non-current liabilities		94.2	93.7
<b>Total non-current liabilities</b>		<b>3,104.5</b>	<b>3,630.7</b>
Interest bearing debt (current part)	14	494.5	361.5
Accrued interest	14	7.3	9.7
Trade accounts payable		2,075.9	2,126.8
Dividends payable	11	91.2	-
Income tax payable		24.5	42.1
Other current liabilities		651.4	666.2
Liabilities related to assets held for sale	10	104.4	-
<b>Total current liabilities</b>		<b>3,449.1</b>	<b>3,206.3</b>
<b>Total liabilities</b>		<b>6,553.6</b>	<b>6,837.0</b>
<b>Total equity and liabilities</b>		<b>10,969.3</b>	<b>11,180.4</b>

*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 June 30,		For the period ended June 30,	
		2015	2014	2015	2014
<b>Cash flows from operating activities</b>					
Operating income		64.6	121.1	168.5	232.4
Depreciation, amortization and impairment of assets	5 - 6	82.0	53.4	108.3	77.5
Employee benefits		(7.4)	(3.7)	(11.2)	(7.3)
Change in other provisions		1.9	(6.6)	0.8	(6.4)
Other non-cash operating items		1.2	3.7	5.5	5.4
Interest paid		(38.1)	(38.1)	(79.5)	(76.1)
Income tax paid		(41.2)	(23.6)	(75.2)	(51.2)
<b>Operating cash flows before change in working capital requirements</b>		<b>63.0</b>	<b>106.0</b>	<b>117.3</b>	<b>174.3</b>
Change in inventories		(26.7)	22.7	(37.0)	2.5
Change in trade receivables		(60.2)	(80.5)	(87.6)	(185.8)
Change in trade payables		116.1	22.3	(67.0)	(93.8)
Change in other working capital items		(3.9)	(16.1)	(29.2)	(18.8)
<b>Change in working capital requirements</b>		<b>25.4</b>	<b>(51.6)</b>	<b>(220.8)</b>	<b>(295.9)</b>
<b>Net cash from operating activities</b>		<b>88.4</b>	<b>54.4</b>	<b>(103.6)</b>	<b>(121.6)</b>
<i>Of which operating flows provided / (used) by discontinued operations</i>		<i>(3.5)</i>	<i>(2.1)</i>	<i>(10.9)</i>	<i>(7.1)</i>
<b>Cash flows from investing activities</b>					
Acquisition of tangible and intangible assets		(28.6)	(24.6)	(61.3)	(49.7)
Proceed from disposal of tangible and intangible assets		1.9	1.3	2.4	2.3
Acquisition of subsidiaries, net of cash acquired		(11.6)	(3.9)	(14.1)	(11.7)
Change in long-term investments		1.8	2.0	(0.9)	2.9
<b>Net cash from investing activities</b>		<b>(36.5)</b>	<b>(25.2)</b>	<b>(73.9)</b>	<b>(56.1)</b>
<i>Of which investing flows provided / (used) by discontinued operations</i>		<i>(0.8)</i>	<i>(0.1)</i>	<i>(1.7)</i>	<i>0.1</i>
<b>Cash flows from financing activities</b>					
Issuance of capital		0.0	-	0.0	0.7
Contribution received from non-controlling interests		2.7	-	2.7	-
Disposal / (Purchase) of treasury shares		(2.0)	(1.5)	(0.1)	(2.8)
Acquisition of non-controlling interests		-	(0.4)	(5.0)	(0.4)
Issuance of senior notes net of transaction costs	14	489.7	-	489.7	-
Repayment of senior notes	14	(468.6)	-	(991.2)	-
Net change in credit facilities, commercial papers and other financial borrowings	14	(65.6)	(27.4)	174.3	13.7
Net change in securitization	14	(8.9)	59.5	(163.0)	(78.7)
Net change in finance lease liabilities	14	(1.9)	(1.8)	(1.1)	(3.3)
Dividends paid		(0.1)	-	(0.1)	-
<b>Net cash from financing activities</b>		<b>(54.8)</b>	<b>28.4</b>	<b>(493.8)</b>	<b>(70.9)</b>
<i>Of which financing flows provided / (used) by discontinued operations</i>		<i>0.7</i>	<i>(0.6)</i>	<i>10.8</i>	<i>3.5</i>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2.9)</b>	<b>57.4</b>	<b>(671.3)</b>	<b>(248.6)</b>
Cash and cash equivalents at the beginning of the period		478.7	655.5	1,159.8	957.8
Effect of exchange rate changes on cash and cash equivalents		(1.0)	3.6	(13.8)	7.4
Cash and cash equivalent from discontinued operations		(14.4)	-	(14.4)	-
<b>Cash and cash equivalents at the end of the period</b>		<b>460.4</b>	<b>716.6</b>	<b>460.4</b>	<b>716.6</b>

*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)								Total attributable to the equity holders of the parent	Non-controlling interests	TOTAL EQUITY
		Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability			
<b>For the period ended June 30, 2014</b>		<b>Note</b>								
<b>As of January 1, 2014</b>		<b>1,416.7</b>	<b>1,510.8</b>	<b>1,377.7</b>	<b>(21.4)</b>	<b>(1.7)</b>	<b>(65.1)</b>	<b>4,217.0</b>	<b>10.1</b>	<b>4,227.1</b>
Net income		-	-	90.5	-	-	-	90.5	-	90.5
Other comprehensive income		-	-	-	31.1	-	(36.6)	(5.5)	(0.1)	(5.6)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>90.5</b>	<b>31.1</b>	<b>-</b>	<b>(36.6)</b>	<b>85.0</b>	<b>(0.1)</b>	<b>84.9</b>
Appropriation of net income <sup>(1)</sup>	11	-	-	(65.6)	-	-	-	(65.6)	-	(65.6)
Share capital increase		4.4	(0.9)	(2.8)	-	-	-	0.7	-	0.7
Share-based payments		-	-	5.7	-	-	-	5.7	-	5.7
Acquisition of subsidiaries		-	-	(0.3)	-	-	-	(0.3)	(0.2)	(0.5)
Disposal / (Purchase) of treasury shares		-	-	(2.8)	-	-	-	(2.8)	-	(2.8)
<b>As of June 30, 2014</b>		<b>1,421.1</b>	<b>1,509.9</b>	<b>1,402.4</b>	<b>9.7</b>	<b>(1.7)</b>	<b>(101.7)</b>	<b>4,239.7</b>	<b>9.8</b>	<b>4,249.5</b>
<b>For the period ended June 30, 2015</b>										
<b>As of January 1, 2015</b>		<b>1,460.0</b>	<b>1,599.8</b>	<b>1,351.5</b>	<b>79.5</b>	<b>(1.7)</b>	<b>(153.4)</b>	<b>4,335.7</b>	<b>7.7</b>	<b>4,343.4</b>
Net income		-	-	2.5	-	-	-	2.5	(1.0)	1.5
Other comprehensive income		-	-	-	118.6	0.2	34.8	153.6	0.7	154.3
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>2.5</b>	<b>118.6</b>	<b>0.2</b>	<b>34.8</b>	<b>156.1</b>	<b>(0.3)</b>	<b>155.8</b>
Appropriation of net income <sup>(1)</sup>	11	-	-	(91.2)	-	-	-	(91.2)	(0.1)	(91.3)
Share capital increase		3.9	7.1	(10.9)	-	-	-	0.1	2.7	2.8
Share-based payments		-	-	4.7	-	-	-	4.7	-	4.7
Acquisition of subsidiaries		-	-	-	-	-	-	-	0.6	0.6
Disposal / (Purchase) of treasury shares		-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
<b>As of June 30, 2015</b>		<b>1,463.9</b>	<b>1,606.9</b>	<b>1,256.3</b>	<b>198.1</b>	<b>(1.5)</b>	<b>(118.6)</b>	<b>4,405.1</b>	<b>10.6</b>	<b>4,415.7</b>

(1) Total dividend approved by shareholders meeting net of dividend paid in Rexel shares

*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. Rexel's shares 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) and Asia-Pacific (mainly in Australia, New Zealand and China).

In the first half of 2015, the Group entered into an agreement to dispose of its operations in Latin America (Brazil, Chile and Peru). Results of Latin America operating segment are reported as discontinued operations in the income statement for all periods presented.

These consolidated financial statements cover the period from January 1 to June 30, 2015 and were authorized for issue by the Board of Directors on July 28, 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 June 30, 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 June 30, 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](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)).

### 2.2 | Basis of preparation

The condensed financial statements as of June 30, 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 - amended standards**

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 had 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, 2018 with early application permitted.



### 3. | BUSINESS COMBINATIONS

#### 3.1 | 2015 Acquisitions

In the first half of 2015, the Group completed the following acquisitions:

- On February 26, 2015, Rexel acquired a 60% controlling interest in Shanghai Maxqueen Industry Development Co. Ltd, a company based in China.
- On June 1, 2015, the Group acquired Electro-Industrie en Acoustiek NV based in Belgium.

These entities are non-material relative to the Group's total assets, sales and operating income.

#### 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 June 30, 2015

(in millions of euros)

Other fixed assets .....	0.1
Current assets .....	5.7
Net financial debt .....	(3.3)
Other non current liabilities .....	(0.6)
Current liabilities .....	(1.0)
<b>Net asset acquired (except goodwill acquired) .....</b>	<b>0.8</b>
Goodwill acquired .....	0.2
<b>Consideration transferred .....</b>	<b>1.0</b>
Cash acquired .....	(0.1)
Purchase price of Electro-Industrie en Acoustiek NV .....	6.8
<b>Net cash paid for 2015 acquisitions .....</b>	<b>7.7</b>
Payments related to prior year acquisitions .....	(1) 6.4
<b>Net cash paid for acquisitions .....</b>	<b>14.1</b>

(1) Of which acquisition of 55% ownership interest in Beijing Ouneng Tongxing for €3.6 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 and Asia-Pacific. Latin America reporting segment is no longer presented following the execution of the share sale agreement dated April 29, 2015 and is disclosed as discontinued operations (see Note 10).

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 June 30, 2015 and 2014**

<b>2015</b> (in millions of euros)		Europe	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items	Total Group
<b>For the quarter ended June 30,</b>							
Sales to external customers.....		1,819.3	1,250.9	353.4	<b>3,423.5</b>	-	<b>3,423.5</b>
EBITA <sup>(1)</sup> .....		99.5	52.5	6.7	<b>158.6</b>	(9.6)	<b>149.0</b>
Goodwill impairment.....		(8.5)	-	(10.3)	<b>(18.8)</b>	-	<b>(18.8)</b>
<b>2014 <sup>(2)</sup></b> (in millions of euros)		Europe	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items	Total Group
<b>For the quarter ended June 30,</b>							
Sales to external customers.....		1,748.6	1,109.0	299.6	<b>3,157.2</b>	0.0	<b>3,157.3</b>
EBITA <sup>(1)</sup> .....		107.6	57.3	9.2	<b>174.1</b>	(10.8)	<b>163.3</b>
Goodwill impairment.....		(6.1)	-	-	<b>(6.1)</b>	-	<b>(6.1)</b>
<b>2015</b> (in millions of euros)		Europe	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items	Total Group
<b>For the period ended June 30,</b>							
Sales to external customers .....		3,604.8	2,379.3	661.1	<b>6,645.2</b>	-	<b>6,645.2</b>
EBITA <sup>(1)</sup> .....		201.4	81.7	12.9	<b>296.0</b>	(20.6)	<b>275.4</b>
Goodwill impairment.....		(8.5)	-	(10.3)	<b>(18.8)</b>	-	<b>(18.8)</b>
<b>As of June 30,</b>							
Working capital.....		746.7	693.1	224.7	<b>1,664.4</b>	(104.9)	<b>1,559.5</b>
Goodwill .....		2,608.2	1,479.5	289.3	<b>4,377.0</b>	-	<b>4,377.0</b>
<b>2014 <sup>(2)</sup></b> (in millions of euros)		Europe	North America	Asia-Pacific	Total Operating Segments	Corporate Holdings and other reconciling items	Total Group
<b>For the period ended June 30,</b>							
Sales to external customers .....		3,508.0	2,081.1	572.5	<b>6,161.5</b>	0.2	<b>6,161.7</b>
EBITA <sup>(1)</sup> .....		208.6	90.7	16.2	<b>315.5</b>	(18.2)	<b>297.3</b>
Goodwill impairment.....		(6.3)	-	-	<b>(6.3)</b>	-	<b>(6.3)</b>
<b>As of December 31,</b>							
Working capital.....		598.1	558.9	185.7	<b>1,342.8</b>	56.5	<b>1,399.3</b>
Goodwill .....		2,548.3	1,394.2	290.5	<b>4,232.9</b>	11.0	<b>4,243.9</b>

<sup>(1)</sup> EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses

<sup>(2)</sup> Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10).

The reconciliation of EBITA with income before income taxes of continued operations is presented in the following table:

(in millions of euros)	For the period ended June 30,	
	2015	2014 <sup>(1)</sup>
<b>EBITA - Total continuing operations</b> .....	<b>275.4</b>	<b>297.3</b>
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities .....	(8.6)	(7.6)
Other income and other expenses.....	(59.2)	(33.7)
Net financial expenses.....	(139.4)	(91.7)
<b>Net income before tax from continuing operations</b> .....	<b>68.2</b>	<b>164.3</b>

<sup>(1)</sup> Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10)

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 June 30,	As of December 31,
	2015	2014
Working capital.....	1,559.5	1,399.3
Goodwill .....	4,377.0	4,243.9
<b>Total allocated assets &amp; liabilities</b> .....	<b>5,936.5</b>	<b>5,643.2</b>
Liabilities included in allocated working capital.....	2,813.0	2,792.2
Accrued interest receivables.....	0.7	0.7
Other non-current assets.....	1,439.0	1,395.9
Deferred tax assets.....	164.3	175.2
Current tax assets .....	31.0	9.7
Assets classified as held for sale.....	122.0	3.7
Derivatives.....	2.5	-
Cash and cash equivalents .....	460.4	1,159.8
<b>Group consolidated total assets</b> .....	<b>10,969.3</b>	<b>11,180.4</b>

## 5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended June 30,	
	2015	2014 <sup>(1)</sup>
Personnel costs (salaries & benefits) .....	810.0	743.7
Building and occupancy costs .....	140.5	135.3
Other external costs .....	320.2	290.8
Depreciation expense .....	44.4	38.8
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities .....	8.6	7.6
Bad debt expense .....	18.9	15.5
<b>Total distribution and administrative expenses</b> .....	<b>1,342.6</b>	<b>1,231.7</b>

<sup>(1)</sup> Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10)

## 6. | OTHER INCOME & OTHER EXPENSES

		For the period ended June 30,	
(in millions of euros)		2015	2014 <sup>(1)</sup>
Gains on disposal of tangible assets .....		0.3	1.2
Write-back asset impairment .....		0.1	0.1
Release of unused provisions .....		0.1	0.5
Gains on earn-out .....		-	1.5
Other operating income .....		0.1	-
<b>Total other income .....</b>		<b>0.6</b>	<b>3.3</b>
Restructuring costs .....	(2)	(36.8)	(22.6)
Losses on non-current assets disposed of .....		(0.8)	(1.3)
Impairment of goodwill and asset write-offs.....	(3)	(19.1)	(6.3)
Acquisition related costs .....		(1.1)	(6.5)
Other operating expenses .....		(2.0)	(0.3)
<b>Total other expenses .....</b>		<b>(59.8)</b>	<b>(37.0)</b>

(1) Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10)

(2) Restructuring costs were mainly incurred in connection with branch network optimization and logistic rationalization in Europe (mainly in Germany, Spain and the United Kingdom) and branch and banner reorganizations in North America.

(3) For the period ended June 30, 2015, goodwill impairment expense was attributable to Australia for €10.3 million and to The Netherlands for €8.5 million (see note 7). For the period ended June 30, 2014, goodwill impairment was mainly related to Slovakia (€3.4 million) and Luxembourg (€2.7 million).

## 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 (CGUs) when reviewing for indicators of impairment. As a result, management carried-out an impairment test as of June 30, 2015 limited to the cash-generating units showing a value-in-use close to their carrying value at December 31, 2014.

As a result, in the first half of 2015, the company recognized an impairment expense of €18.8 million (see note 6) against goodwill (€6.3 million in the first half of 2014). This impairment is relating to Australia for €10.3 million and to The Netherlands for €8.5 million.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetual 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 basis points.

- Discount rates: unchanged as compared to December 31, 2014.
- Perpetual growth rates: unchanged as compared to December 31, 2014.

### Sensitivity analysis

The table below summarizes the sensitivity analysis by CGU on EBITA margin, discount rate and perpetual growth rate:

	Goodwill & intangible assets after impairment <sup>(1)</sup>	EBITA margin (-50 bps)	Discount rate (+50 bps)	Perpetual growth rate (-50 bps)
Australia	193.0	(19.4)	(18.5)	(11.5)
The Netherlands	61.6	(16.2)	(8.6)	(5.2)
Other tested CGUs	63.6	(7.0)	(3.9)	(2.3)

<sup>(1)</sup> Intangible assets with an indefinite useful life

## 8. | NET FINANCIAL EXPENSES

(in millions of euros)	For the period ended June 30,	
	2015	2014 <sup>(1)</sup>
Interest income on cash and cash equivalents .....	0.6	1.6
Interest income on receivables and loans .....	0.8	1.1
<b>Financial income</b> .....	<b>1.3</b>	<b>2.6</b>
Interest expense on financial debt (stated at amortized cost) .....	(74.6)	(82.8)
Interest expense on interest rate derivatives .....	4.7	5.0
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement .....	(0.0)	0.2
Foreign exchange gain (loss) .....	(1.6)	0.2
Change in fair value of exchange rate derivatives through profit and loss ..	(1.0)	(0.1)
Change in fair value of interest rate derivatives through profit and loss ...	(0.4)	(7.2)
<b>Interest expense on borrowings</b> .....	<b>(72.9)</b>	<b>(84.6)</b>
<b>Non-recurring redemption costs</b> .....	<b>(52.5)</b>	-
Net financial expense on employee benefit obligations .....	(6.0)	(5.0)
Others .....	(9.3)	(4.8)
<b>Other financial expenses</b> .....	<b>(15.3)</b>	<b>(9.8)</b>
<b>Net financial expenses</b>	<b>(139.4)</b>	<b>(91.7)</b>

(1) Restated for the presentation of Latin America reporting segment as discontinued operations (see note 10)

(2) Non-recurring costs related to the early repayment of the senior notes due 2018 and 2019 (see note 14.1.1).

## 9. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2015 financial year applied to the interim income before taxes. The effective tax rate on continuing operations for the period ending June 30, 2015 is 36.7%, compared with 31.9% for the period ended June 30, 2014.

## 10. | DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

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 €17.2 million (US\$ 18.6 million). As a result of this agreement, the Group recognized a €36.2 million impairment charge of non-current assets to bring down the net carrying value of assets held for sale to the amount of the selling price less cost to sell. This transaction remains subject to approval by the Brazilian anti-trust authority.

As of June 30, 2015, Latin America balance sheet items are presented as assets and liabilities held for sale and results of operations are shown separately in the income statement as discontinued operations.

The income statement of Latin America operating segment for the period is presented below:

	For the quarter ended June 30,		For the period ended June 30,	
<i>(in millions of euros)</i>	2015	2014	2015	2014
Sales	63.6	63.0	128.2	125.9
Cost of goods sold	(50.2)	(48.6)	(101.3)	(97.5)
<b>Gross profit</b>	<b>13.4</b>	<b>14.4</b>	<b>26.9</b>	<b>28.4</b>
Distribution and administrative expenses	(14.6)	(14.1)	(29.0)	(28.1)
<b>Operating income before other income and expenses</b>	<b>(1.2)</b>	<b>0.4</b>	<b>(2.1)</b>	<b>0.3</b>
Impairment of goodwill and non-current assets	(36.2)	(23.6)	(36.2)	(23.6)
Other income and expenses	(0.7)	(0.3)	(0.9)	(0.3)
<b>Operating income</b>	<b>(38.0)</b>	<b>(23.5)</b>	<b>(39.1)</b>	<b>(23.6)</b>
Net financial expenses	(1.8)	(1.0)	(4.4)	(1.8)
<b>Net income / (loss) before income tax</b>	<b>(39.8)</b>	<b>(24.5)</b>	<b>(43.5)</b>	<b>(25.4)</b>
Income tax	0.5	4.1	1.8	3.9
<b>Net income / (loss) from discontinued operations</b>	<b>(39.2)</b>	<b>(20.3)</b>	<b>(41.7)</b>	<b>(21.4)</b>
<b>Earnings per share for discontinued operations:</b>				
Basic earnings per share (in euros)	(0.13)	(0.07)	(0.14)	(0.08)
Fully diluted earnings per share (in euros)	(0.13)	(0.07)	(0.14)	(0.07)

Assets and liabilities of Latin America operating segment classified as held for sale are as follows:

<i>(in millions of euros)</i>	As of June 30, 2015
<b>Assets</b>	
Non-current assets	2.8
Inventories	37.6
Trade accounts receivable	48.0
Other accounts receivable	15.7
Cash and cash equivalents	14.4
<b>Total assets</b>	<b>118.5</b>
<b>Liabilities</b>	
Interest bearing debt	40.5
Trade accounts payable	46.8
Other liabilities	17.2
<b>Total liabilities</b>	<b>104.4</b>
<b>Net assets held for sale</b>	<b>14.0</b>

As of June 30, 2015, accumulated foreign currency translation adjustment recognized in equity and attributable to Latin America operating segment was €26.9 million negative. Foreign currency translation adjustment will be recycled to income statement at completion date of the transaction.

The Group also recognized other net assets held for sale of €3.5 million mainly related to properties in Europe.

## 11. | DIVIDENDS

The Shareholders's Meeting of May 27, 2015 decided dividend payment of €0.75 per share, either in cash or in Rexel shares to be issued at a price of €14.21, at the option of each shareholder. The effective date of dividend payment was July 1, 2015.

(in millions of euros)	For the period ended June 30,	
	2015	2014
Dividends on ordinary shares .....	€0.75	€0.75
<b>Dividends payable</b>	<b>218.5</b>	<b>211.9</b>
of which: - dividends payable in cash .....	91.2	65.6
- dividends payable in shares .....	127.3	146.3

## 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 June 30,	
	2015	2014
<b>Net income attributed to ordinary shareholders :</b>		
- of which continuing operations (in millions of euros) .....	44.2	111.9
- of which discontinuing operations (in millions of euros) .....	(41.7)	(21.4)
<b>Net income attributed to ordinary shareholders (in millions of euros) .....</b>	<b>2.5</b>	<b>90.5</b>
Weighted average number of ordinary shares (in thousands) .....	290,587	281,790
Potential dilutive shares in connection with payments of dividends (in thousands) .....	239	894
Non-dilutive potential shares (in thousands) .....	975	1,490
<b>Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands) .....</b>	<b>291,801</b>	<b>284,174</b>
<b>Basic earning per share (in euros)</b>	<b>0.01</b>	<b>0.32</b>
Dilutive potential shares (in thousands) .....	1,280	2,846
- of which share options (in thousands) .....	104	127
- of which bonus shares (in thousands) ..... <sup>(1)</sup>	1,176	2,719
<b>Weighted average number of common shares adjusted for dilutive potential shares (in thousands) .....</b>	<b>293,081</b>	<b>287,020</b>
<b>Fully diluted earnings per share (in euros) .....</b>	<b>0.01</b>	<b>0.32</b>

<sup>(1)</sup> 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

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

As of June 30, 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 June 30, 2015, remeasurement of pension and post-retirement benefits accounted for a profit of €34.5 million was recognized in other comprehensive income (a loss of €36.6 million for the period ended June 30, 2014). This mainly resulted from increased discount rates in the United-Kingdom as of June 30, 2015 as compared to December 31, 2014.

They are as follow:

Discount rate (in %)	As of June 2015	As of December 2014	As of June 2014
United Kingdom	3.75	3.50	4.25
Canada	4.00	4.00	4.25
Switzerland	1.00	1.25	1.75

In the first half of 2015, certain benefits provided to future retirees in Canada under healthcare plan were reduced. As a result of this plan amendment, a gain of €3.6 million (CAD\$5.0 million) was recognized in the income statement as a reduction in salaries and benefits.

### 14. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of June 30, 2015. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

#### 14.1 | Net financial debt

As of June 30, 2015, Rexel's consolidated net debt stood at €2,556.5 million, consisting of the following items:

(in millions of euros)	As of June 30, 2015			As of December 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes.....	-	1,614.7	1,614.7	-	1,992.2	1,992.2
Securitization .....	119.8	905.9	1,025.7	128.2	1,013.9	1,142.1
Bank loans .....	85.6	1.4	87.1	65.0	4.4	69.3
Commercial paper .....	205.6	-	205.6	85.9	-	85.9
Bank overdrafts and other credit facilities .....	81.2	-	81.2	81.7	-	81.7
Finance lease obligations .....	8.0	17.5	25.5	8.8	18.4	27.2
Accrued interests .....	7.3	-	7.3	9.7	-	9.7
Others.....	1.2	-	1.2	-	-	-
Less transaction costs .....	(7.0)	(29.1)	(36.1)	(8.0)	(32.9)	(40.9)
<b>Total financial debt and accrued interest..</b>	<b>501.7</b>	<b>2,510.5</b>	<b>3,012.2</b>	<b>371.2</b>	<b>2,995.9</b>	<b>3,367.1</b>
Cash and cash equivalents .....			(460.4)			(1,159.8)
Accrued interest receivables.....			(0.7)			(0.7)
Debt hedge derivatives.....			5.3			6.5
<b>Net financial debt</b>			<b>2,556.5</b>			<b>2,213.1</b>

(1) Of which accrued interests on Senior Notes for €4.1 million as of June 30, 2015 (€4.9 million as of December 31, 2014)



### 14.1.1/ Senior notes

As of June 30, 2015, the carrying amount of the existing senior notes is detailed as follows:

	As of June 30, 2015					As of December 31, 2014				
	Nominal amount (in millions of currency)	Nominal amount (in millions of euros)	Fair value adjust- ments <sup>(1)</sup>	Total		Nominal amount (in millions of currency)	Nominal amount (in millions of euros)	Fair value adjust- ments	Total	
Senior notes due 2018	-	-	-	-	-	EUR 488.8	488.8	10.2	<b>499.0</b>	
Senior notes due 2019	-	-	-	-	-	USD 500.0	411.8	(4.1)	<b>407.7</b>	
Senior notes due 2020	USD 500.0	446.9	2.5	<b>449.4</b>		USD 500.0	411.8	0.8	<b>412.6</b>	
Senior notes due 2020	EUR 650.0	650.0	20.8	<b>670.8</b>		EUR 650.0	650.0	22.8	<b>672.8</b>	
Senior notes due 2022	EUR 500.0	500.0	(5.3)	<b>494.7</b>		-	-	-	-	-
<b>TOTAL</b>		1,596.9	17.9	<b>1,614.7</b>			1,962.5	29.7	<b>1,992.2</b>	

<sup>(1)</sup> Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 15)

#### Repayment of €500 million notes due 2018

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.

In relation to the repayment of the senior notes due 2018, the Group revised the amortized cost of such notes and recognized a financial expense of €19.6 million as a result of the effective interest rate method. This loss includes the “make-whole” premium plus the unamortized initial transaction costs of €3.9 million and minus fair value hedge adjustments for a profit of €9.7 million.

#### Issuance of €500 million notes due 2022

On May 27, 2015, Rexel issued €500 million of senior unsecured notes due 2022 which bear interests at 3.25% annually.

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, 2015. The notes mature on June 15, 2022 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2018 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, 2018, 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)
June 15, 2018 .....	101.625%
June 15, 2019 .....	100.813%
June 15, 2020 and after .....	100.000%

In June 2015, Rexel entered into several interest rate swaps in order to hedge the € 500 million senior notes due 2022. These swaps have a nominal value of €500 million and are classified as fair value hedges. They pay interests at a rate of Euribor 3 months and receive a fixed rate ranging from 0.47% to 0.73%. These swaps mature on June 15, 2022.

### Repayment of \$500 million notes due 2019

On June 22, 2015, Rexel redeemed its 6.125% senior notes due 2019 for a total amount of €468.6 million, including the principal amount of €442.5 million (\$500 million), an applicable “make-whole” redemption premium of €25.5 million and interests due for the period June 15, 2015 to June 22, 2015 of €0.5 million.

In relation to the repayment of the senior notes due 2019, the Group revised the amortized cost of such notes and recognized a financial expense of €33.0 million as a result of the effective interest rate method. This loss includes the “make-whole” premium plus the unamortized initial transaction costs of €6.5 million and fair value hedge adjustments for a loss of €0.9 million.

The financial expense related to the redemption of the senior notes due 2018 and 2019 is detailed as follows:

<i>(in millions of euros)</i>	<b>For the period ended June 30, 2015</b>
Make-whole redemption premium.....	51.0
Write back of transaction fees .....	10.4
Less fair value adjustments .....	(8.9)
<b>Non-recurring redemption costs ..</b>	<b>52.5</b>

### **14.1.2/ 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 June 30, 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.

The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

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

<b>Program</b>	<b>Commitment</b>	<b>Amount of receivables assigned as of June 30, 2015</b>	<b>Amount drawn down as of June 30, 2015</b>	<b>Balance as of June 30, 2015</b>	<b>December 31, 2014</b>	<b>Repayment Date</b>
<i>(in millions of currency)</i>			<i>(in millions of euros)</i>			
Europe and Australia	EUR 425.0	EUR 408.8	EUR 311.1	311.1	396.1	12/18/2017
United States	USD 545.0	USD 630.4	USD 463.2	414.0	422.9	12/20/2017
Canada	CAD 190.0	CAD 233.7	CAD 165.7	119.8	128.2	11/19/2015
Europe	EUR 384.0	EUR 496.0	EUR 356.5	356.5	374.9	12/20/2016
<b>TOTAL</b>				<b>1,201.4</b>	<b>1,322.2</b>	
<b><u>Of which :</u></b>	<b>- on balance sheet:</b>			<b>1,025.7</b>	<b>1,142.1</b>	
	<b>- off balance sheet :</b>			<b>175.7</b>	<b>180.1</b>	

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of June 30, 2015, the total outstanding amount authorized for these securitization programs was €1,433.4 million, of which €1,201.4 million were used.

### 14.1.3/ 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 June 30, 2015, the Company had issued €205.6 million of commercial paper (€85.9 million as of December 31, 2014).

## 14.2 |Change in net financial debt

As of June 30, 2015 and June 30, 2014, the change in net financial debt was as follows:

	For the period ended June 30,	
	2015	2014
(in millions of euros)		
<b>As of January 1, .....</b>	<b>2,213.1</b>	<b>2,192.0</b>
Issuance of senior notes net of transaction cost.....	489.7	-
Repayment of senior notes .....	(991.2)	-
Net change in credit facilities, commercial papers and other financial borrow ings.....	174.3	13.7
<b>Net change in credit facilities.....</b>	<b>(327.2)</b>	<b>13.7</b>
Net change in securitization.....	(163.0)	(78.7)
Net change in finance lease liabilities.....	(1.1)	(3.3)
<b>Net change in financial liabilities.....</b>	<b>(491.2)</b>	<b>(68.4)</b>
Change in cash and cash equivalents .....	671.3	248.6
Effect of exchange rate changes on net financial debt .....	133.9	18.2
Effect of changes in consolidation scope on gross indebtedness.....	3.4	6.1
Amortization of transaction costs.....	4.8	5.6
Non recurring refinancing costs.....	52.5	-
Debt reclassified as liabilities held for sale.....	(27.3)	-
Other changes.....	(4.0)	4.3
<b>As of June 30, .....</b>	<b>2,556.5</b>	<b>2,406.4</b>

### 14.3 | 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:

<i>(in millions of euros)</i>		As of June 30, 2015	As of December 31, 2014
<b>Due within</b>			
One year .....		508.7	379.1
Two years .....		364.3	384.2
Three years .....		553.7	644.8
Four years .....		2.5	501.5
Five years .....		1,121.3	409.3
Thereafter .....		497.9	1,088.9
<b>Total gross financial debt</b> .....		<b>3,048.4</b>	<b>3,407.8</b>
Transaction costs .....		(36.1)	(40.9)
<b>Gross financial debt</b> .....		<b>3,012.2</b>	<b>3,367.0</b>

The €650 million and the US\$500 million senior notes issued in April 2013 mature in June 2020, the €500 million senior notes issued in May 2015 mature in 2022.

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 €1,062.7 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million.

On June 26 2015, Rexel extended the maturity of its \$40 million Revolving Credit Facility agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of June 30, 2015 this Facility was not drawn down.

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 earlier, 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 June 30, 2015, the Group's liquidity amounted to €1,236.3 million (€2,052.2 million as of December 2014) in excess of €727.6 million compared to €508.7 million expected to be paid within the next twelve months with respect to debt repayment.

<i>(in millions of euros)</i>	As of June 30, 2015	As of December 31, 2014
Cash and cash equivalents	460.4	1,159.8
Bank overdrafts	(81.2)	(81.7)
Commercial paper	(205.6)	(85.9)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	80.7	77.9
<b>Liquidity</b>	<b>1,236.3</b>	<b>2,052.2</b>

## 15. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As June 30, 2015, the Group held the following classes of financial instruments measured at fair value:

	June 30, 2015		December 31, 2014		IFRS13 Hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial assets</b>					
Hedging derivatives	3.5	3.5	-	-	Level 2
Other derivatives	-	-	0.1	0.1	Level 2
<b>Financial liabilities</b>					
Senior notes	1,614.7	1,643.7	1,992.2	2,045.9	Level 1
Hedging derivatives	10.6	10.6	7.6	7.6	Level 2
Other derivatives	12.0	12.0	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 material 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 material to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is material 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.

## 16. | 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.

## 17. | LITIGATION

For the period ended June 30, 2015, there was no change relating to the litigation disclosed in the financial statements as of December 31, 2014 with a material impact on Rexel's financial position or profitability.

## 18. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after June 30, 2015 that would have a material impact on Rexel's financial situation.

### III. Statutory auditors report

This a free translation into English of the statutory auditors' review report on the consolidated interim financial information issued in French and is provided solely for the convenience of English-speaking users.

This report also includes information relating to the specific verification of information given in the group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

**ERNST & YOUNG Audit**

1/2, place des Saisons  
92400 Courbevoie – Paris La Défense 1  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

**Statutory auditors' review report on the interim financial information**

**(Period from January 1st 2015 to June 30, 2015)**

To the Shareholders

**Rexel SA**

13, boulevard du Fort de Vaux  
CS 60002  
75838 Paris Cedex 17

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier) , we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Rexel SA, for the period from January 1<sup>st</sup> 2015 to June 30, 2015;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

**I - Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## **II - Specific verification**

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-la-Défense, July 29, 2015

*French original signed by*

The statutory auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Christian Perrier

Philippe Diu



## IV. RESPONSIBILITY STATEMENT

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with applicable accounting standards and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the half-year report on business operations provides an accurate description of the important events which have occurred in the first six months of the financial year, the impact of these events on the financial statements, the major transactions between related parties as well as the main risks and uncertainties for the six months remaining in the financial year.

Paris, July 29, 2015

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**Rudy Provoost**  
Chairman of the Management Board of  
Rexel