

CAPITAL MARKETS DAY

2020 ROADMAP FOR PROFITABLE GROWTH

Rexel, a global leader in the professional distribution of products and services for the energy world, is holding a Capital Markets Day today in Paris, during which it will provide an update on its strategy and 2020 financial ambitions.

Rudy PROVOOST, Chairman of the Board of Directors and CEO, said:

"The Rexel 2020 plan presented at today's Capital Markets Day offers a clear roadmap for profitable growth and long-term value creation for all stakeholders. Over the past years, Rexel has continuously reinforced and upgraded its business model to become the value-added partner of preference for our customers and suppliers. Rexel's unique market-leading footprint, genuinely differentiating customer-centric strategy, continued innovation in marketing, digital and operations and targeted accretive acquisition policy put the company in the forefront of its sector and allow it to seize future growth opportunities in a rapidly changing world, powered by new mega-trends, technologies and applications.

Over the 2016-2020 period, Rexel aims to grow sales faster than the market, with average annual organic sales growth of between 1% and 2%, while growing adjusted EBITA at least twice as fast as sales growth and continuing to generate strong cash flow before interest and tax of between 70% and 80% of EBITDA. Moreover, Rexel will complement organic growth with targeted accretive acquisitions, with a total budget of around 1.5 billion euros over the 2016-2020 period, while maintaining an attractive dividend policy and sound financial structure, in line with its cash allocation strategy."

2020 FINANCIAL AMBITIONS

Rexel aims at achieving on average over the next five years (2016-2020) the following financial targets:

- **Organic sales growth, outperforming market growth, with annual growth of between 1% and 2% on a constant and same-day basis,**
- **Annual adjusted EBITA growth of at least twice the pace of organic sales growth,**
- **Conversion rates of EBITDA into free cash-flow of:**
 - Between 70% and 80%, before interest and tax,
 - Between 35% and 45%, after interest and tax.

These financial ambitions take into account a cautious 2016 guidance, as announced today during the 2015 annual results presentation, and are conditional upon an economic recovery materializing over the five-year period.

Rexel also confirms its cash allocation strategy, combining:

- **Paying out an attractive dividend of at least 40% of recurring net income,**
- **Continuing its targeted accretive acquisition strategy, with a total budget of around €1.5bn over the five-year period,**
- **Maintaining a sound financial structure, with net debt $\leq 3 \times$ EBITDA at every year-end.**

Rexel's 2020 financial ambitions are underpinned by a comprehensive strategic roadmap for profitable growth aiming at positioning Rexel as the value-added partner of preference for its clients and vendors and enhancing long-term value creation.

Rexel's 2020 ambition is part of Rexel's broader aspiration to create sustainable economic, environmental and human value for all its stakeholders and fully leverage the equity of its "Rexel, a world of energy" brand proposition.

Rexel's 2020 strategic roadmap for profitable growth is structured around four business imperatives:

1. Building on a market-leading position to seize growth opportunities

Rexel has a strong franchise as a strategic partner for its suppliers and customers with leading positions in major geographies and a balanced mix of end-markets.

In recent years, Rexel has significantly upgraded and invested in its business model and reinforced its commercial and operational capabilities around the world, thus creating a unique platform to capitalize on new trends, technologies and applications:

- The energy transition is generating a broad spectrum of new business opportunities along the value chain,
- The Internet of Things is turning connectivity into a converging space of new digitally-powered solutions,
- And the drivers of urbanization are changing the landscape of building renovation and new construction.

Rexel's proven track record and strategic focus in these areas position the company to outperform the market thanks to targeted investments and enhanced capabilities.

2. Implementing a differentiating customer-centric strategy

Rexel's implementation of a genuinely customer-centric strategy is increasingly a source of competitive differentiation.

Rexel has been accelerating its evolution from a branch-centric to a truly customer-centric multi-channel business model designed around specific customer segments. This leads to higher contact frequency with customers at multiple touch points as well as higher transaction value and better service levels, with increasingly connected customers.

At the same time, Rexel is in a transition from a generalist distributor into a multi-specialist value-added partner, serving the market in a differentiated way through six distinct "Customer Delivery Models":

1. Small- and medium-sized contractors and installers (C&Is), for whom Rexel plays the role of one-stop shop for all electrical needs,
2. Medium- and large-sized contractors and installers (C&Is) and facility management (FM) companies, for whom Rexel provides supply chain solutions for electrical sourcing and support in managing complex projects,
3. Electrical specialist, offering segment-specific applications and/or specification-driven solutions,
4. Industrial automation products and solutions provider, providing high-level technical support throughout the life-cycle,
5. Industrial customers and Maintenance companies, requiring integrated MRO supply for cost optimization,
6. Original Equipment Manufacturers (OEMs), offering comprehensive sourcing and supply chain solutions.

Through these six “Customer Delivery Models”, Rexel aims at better serving the specific needs of its different types of customers, while more effectively allocating its resources and investments for better return.

3. Driving innovation in marketing, digital and operations

Rexel's 2020 roadmap embraces innovation as a critical success factor and this heightened focus will be reflected in its capital expenditure.

- On the marketing front, Rexel's new value propositions, ranging from its Energieasy applications to its industrial automation solutions, as well as its investments in value-based pricing and project management systems, confirm the focus on customer-centric innovation.
- In the digital area, a comprehensive e-business platform is in place to support Rexel's digitally powered multi-channel business model, while new developments such as Rexel Digital Applications are providing customers with software-enabled tools to improve productivity.
- In operations, a new IT and Logistics structure is in place and ready to serve as a springboard to further optimize back-office and supply chain performance and offer differentiating logistics services.

4. Accelerating profitable growth through targeted M&A

Capitalizing on its track record of acquiring and integrating bolt-on acquisitions (24 acquisitions since 2012 representing €1.2bn in acquired sales), Rexel will actively implement a two-pronged M&A strategy aimed at:

- Expanding into new growth areas and/or adjacencies,
- Strengthening its position and/or leveraging scale in core markets.

Rexel intends to accelerate its M&A strategy through targeted accretive acquisitions with a budget of around €1.5bn over the 2016-2020 period. This level of investment could generate cumulated additional sales of over €2bn.

ABOUT REXEL GROUP

Rexel, a global leader in the professional distribution of products and services for the energy world, addresses three main markets - residential, commercial and industrial. The Group supports its customers to be at their best in running their business, by providing a broad range of sustainable and innovative products, services and solutions in the field of technical supply, automation and energy management. Rexel operates through a network of some 2,100 branches in 35 countries, with c. 28,000 employees. The Group's sales amounted to €13.5 billion in 2015.

Rexel is listed on the Eurolist market of Euronext Paris (compartment A, ticker RXL, ISIN code FR0010451203). It is included in the following indices: SBF 120, CAC Mid 100, CAC AllTrade, CAC AllShares, FTSE EuroMid, STOXX600. Rexel is also part of the following SRI indices: DJSI Europe, FTSE4Good Europe & Global, EURO STOXX Sustainability, Euronext Vigeo Europe 120 and ESI Excellence Europe. Finally, Rexel is included on the Ethibel EXCELLENCE Investment Register in recognition of its performance in corporate social responsibility (CSR). For more information, visit Rexel's web site at www.rexel.com

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