Innovating for sustainable growth

2016 Activity and Sustainable Development Report
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Rexel supports its customers on the residential, commercial and industrial markets by providing them with a broad range of sustainable and innovative products, services and solutions in the field of technical supply, automation and energy management for construction, renovation, maintenance and production. Rexel’s ambition is to foster growth and create value for all players in the world of energy.

CHAPTER 1
06. LANDMARKS
12. STRATEGY
18. GOVERNANCE
22. SUSTAINABLE DEVELOPMENT
A leader in the professional distribution of products and services for the energy world, Rexel is already operating in emerging markets, and is also strengthening its position in mature markets.

**Global footprint**

- **North America**
  - Canada, United States
  - 550 branches
  - 8,000 employees

- **Europe**
  - Austria, Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland, United Kingdom
  - 54%* of 2016 global sales

- **Asia-Pacific**
  - Australia, China (including Macau and Hong Kong), India, Indonesia, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore, Thailand, United Arab Emirates, Vietnam
  - 10%* of 2016 global sales

- **Total**
  - 108 logistics structures
  - 27,000 employees
  - 2,000 branches
  - 32 countries

*% of 2016 global sales.
Group Facts and Figures

1m

REFERENCE ELECTRICAL PRODUCTS

REFERENCE ELECTRICAL PRODUCTS

OVER 650,000 ACTIVE CUSTOMERS IN THREE END-MARKETS

NEARLY 100% INCREASE IN SALES OF ENERGY EFFICIENCY PRODUCTS AND SOLUTIONS SINCE 2011

-5.5% DECREASE IN THE GROUP GREENHOUSE GAS EMISSIONS VS. 2015

ost of the Rexel Group's employees had the opportunity to participate in a capital increase under preferential conditions. 17.60% of eligible employees took part in Opportunity16.

Governance
Rexel adopted in 2016 a new governance structure and split the roles of Chairman of the Board (Ian Meakins) and Chief Executive Officer (Patrick Berard). This new organization allows the management team to be entirely dedicated to the implementation of the Group's strategy. A new Executive Committee focusing on operations, and including five members in charge of key business units, has been appointed to this end.

Opportunity16
Rexel launched its fifth employee share purchase plan – Opportunity16 – in 14 countries. Nearly 90% of the Rexel Group's employees had the opportunity to participate in a capital increase under preferential conditions. 17.60% of eligible employees took part in Opportunity16.

SALES OF ENERGY EFFICIENCY SOLUTIONS IN 2016, UP 12.6% VS. 2015

-5.5% DECREASE IN THE GROUP GREENHOUSE GAS EMISSIONS VS. 2015
Rexel organized two Rexel Expo trade shows in 2016, in Nantes and Bordeaux. Each event gave 150 suppliers the opportunity to meet 4,000 visitors in order to present their latest products. A large part of the events was dedicated to innovative solutions for the residential, commercial, industrial and multi-energy markets, including connected products, digital innovations as well as energy efficiency solutions.

**Contract**
Rexel Sweden signed a contract with BAE Systems (a British defense and aerospace company), in order to equip their production plant in Örnsköldsvik (situated 440 km north of Stockholm) with the largest vertical solar installation in Sweden, including 1,400 solar panels mounted on the facade.

**Rexel Foundation**
Following the successful project conducted in partnership with Maverlinn and Faurecia in 2014, the Rexel Foundation decided to partner with Netspring in order to equip a remote school in rural China with a solar power station, which will improve the children’s living and learning conditions. The creation of a green IT classroom connected to the Internet will give students the opportunity to acquire indispensable computer skills and discover the world.

**315 MILLION EUROS IN SALES OF RENEWABLE ENERGY SOLUTIONS IN 2016**
**MORE THAN 4,000 PEOPLE RECRUITED IN 2016**
**76.3% OF EMPLOYEES HAD AN ANNUAL PERFORMANCE REVIEW IN 2016**

**Employment:**
- **18,000** employees received training in 2016
- **More than 60%** of sales are made in countries where Rexel’s market share is above 10%
Message from IAN MEAKINS, Chairman of Rexel’s Board of Directors

“Rexel is a leader in its field with strong potential for further profitable growth.”

IAN MEAKINS

The year 2016 was marked by a major change in governance within the Group. The Board of Directors decided in June 2016 to split the roles of Chairman and Chief Executive Officer. This new structure aims primarily at allowing management to focus all of its efforts on implementing and executing the Group’s strategy – an updated version of which was presented at our Capital Markets Day in February 2017 – with the oversight and full support of the Board. A new Executive Committee composed of the Group’s key operational managers was also implemented to support this goal.

Following my joining the Board of Directors in July 2016, I was named as Non-Executive Chairman, while Patrick Berard was appointed Group Chief Executive Officer beginning July 1, 2016. I am truly convinced that our complementary experience and skills will allow us to foster a dynamic that will drive superior returns for shareholders and, more widely, for all our stakeholders.

Rexel’s performance in 2016 was in line with guidance. The Group’s sales of €13.2bn were slightly down 1.9%*. In parallel, Rexel continued to strengthen its financial structure, enabling us to pay a cash dividend of €0.40 per share, which is stable compared to last year and in line with our pay-out policy.

By capitalizing on its leading market positions, strong relationships with clients and suppliers, industrial expertise and highly competent teams, Rexel is on the right track to successfully transform its business model and accelerate its growth.

*On a constant and same-day basis.

Biographical information
Ian Meakins, 59 years old, has been Chairman of the Board of Directors of Rexel since October 1st, 2016. Prior to that, he was appointed Wolseley CEO in July 2009. He was previously Chief Executive Officer of Travelex, the international foreign exchange and payments business. Previously he was Chief Executive Officer of Alliance UniChem plc until its merger with Boots in July 2006. Prior to that, between 2000 and 2004, he was President, European Major Markets and Global Supply for Diageo plc, spending over 12 years with the company in a variety of international management positions. He is a Non-Executive Director and the Senior Independent Director of Centrica plc.
“In 2016, Rexel confirmed the strength of its business model and its ability to withstand adverse conditions in an economic environment that remained challenging across most of its markets.”

PATRICK BERARD

SOLID PERFORMANCE IN 2016
Rexel posted performance in line with guidance. Sales were slightly down 1.9%* to €13.2bn with a strong 58% increase in net income from continuing operations to €134.3m. Rexel demonstrated its resilience with an adjusted EBITA margin of 4.2% and free cash flow before interest and tax from continuing operations representing 69% of EBITA. In parallel, the Group continued to strengthen its financial structure with a drop in net debt, a stable indebtedness ratio and lower financial expenses, thanks in particular to several refinancing operations aimed at extending debt maturity while taking advantage of improved market conditions.
Our best performance was posted in the fourth quarter, with a sequential improvement in our organic sales in all three of our geographies, a first step that allows us to foresee a resumption of organic growth and increased profitability in 2017.

A STRATEGIC FOCUS ON PROFITABLE GROWTH
Thanks to its pivotal role in the value chain between manufacturers and customers, Rexel can boast many assets enabling it to seize growth opportunities: a broad and valuable customer base, a strong footprint in key geographies, key partnerships with global and leading manufacturers, best-in-class core capabilities and an increasingly multichannel customer approach.
To capitalize on these assets, I appointed ...
a new Executive Committee, comprising 10 members, whose composition is strongly operations-oriented. It brings together the heads of our key geographies as well as our key functional leaders. Among its members, I am delighted to welcome Laurent Delabarre, who joined us on May 15 as Group Chief Financial Officer. Together, we will implement the strategy that we presented at our Capital Markets Day on February 13, 2017 which will focus on three priorities.

First, accelerate organic growth to gain market share. To do this, we will rely on two fundamental pillars – net customer gains and increased share of wallet with each customer, summarized in a simple motto: “More customers and More SKUs” (Stock-Keeping Unit) – as well as on a customer approach that will be differentiated according to three main customer profiles: Proximity, Projects and Specialty.

Next, increase selectivity in capital allocation and strengthen financial structure. We will focus our investments on both organic growth enablers and productivity enhancers, through increasing digitization and optimization of the branch network on the one hand, and automation of logistics and back-office digitization on the other hand. At the same time, we intend to undertake a divestment program that will reduce the Group’s consolidated sales by around €800m by the end of 2018 in order to focus on those geographies and market segments that offer the best profitable growth and value creation opportunities. Rexel will continue its targeted bolt-on acquisition strategy from 2018 onwards, aiming at broadening our footprint in our key markets and segments.

Finally, improve our operational and financial performance. Rexel aims at continuously increasing its profitability through gross margin enhancement and strict cost control. The Group will also enhance its performance in key geographies, mainly the USA, Germany, the UK and Australia, which offer significant turnaround potential.

**SHARED PERFORMANCE**

As a signatory to the United Nations Global Compact, Rexel is committed to incorporating its ten key principles into its strategy and procedures, reporting on their implementation and promoting them to all of its partners.

The technological advances in energy efficiency, smart solutions for industrial and building automation, and the empowerment of end-users to optimize their energy management will allow the Group to continue to generate sustainable growth opportunities for its customers and all its stakeholders.
The Board of Directors

AS OF MAY 23, 2017

Rexel is a French société anonyme with a Board of Directors. The Board of Directors works in coordination with the Executive Committee to set the Group strategic priorities and supervise their implementation.

NEW GOVERNANCE STRUCTURE

On June 23, 2016, Rexel adopted a new governance structure and split the roles of Chairman of the Board and Chief Executive Officer. This new structure allows management to focus all its efforts on implementing and executing the Group’s strategy.

Consequently, Ian Meakins was nominated by the Board of Directors as its Chairman with effect from October 1, 2016, and Patrick Berard was appointed as Rexel’s new Chief Executive Officer, with effect from July 1, 2016.

CORPORATE GOVERNANCE

Rexel’s corporate governance principles are based on the corporate governance code for listed companies established by the Association française des entreprises privées (French Association of Private Companies, Afep) and the Mouvement des entreprises de France (French Business Confederation, Medef).

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors comprises ten members. To help it fulfill its duties and facilitate its decisions, the Board of Directors relies on the opinions, proposals and recommendations of two specialized Committees whose members and attributions are set by the Board.

80% OF DIRECTORS ARE INDEPENDENT

40% OF DIRECTORS ARE WOMEN

Composition

- Ian Meakins* Chairman of the Board of Directors
- François Henrot* Deputy Chairman of the Board of Directors, Senior Independent Director, Chairman of the Nomination and Compensation Committee
- Fritz Fröhlich* Chairman of the Audit and Risk Committee
- Marcus Alexanderson
- Patrick Berard
- Thomas Farrell*
- Elen Phillips*
- Maria Richter*
- Agnès Touraine*
- Herna Verhagen*

*Independent members

To ensure its efficient functioning and promote a best-in-class governance, a Secretary of the Board of Directors assists the Board in its missions:

Sébastien Thierry
Secretary of the Board of Directors and General Secretary

THE COMMITTEES’ MAIN RESPONSIBILITIES

Audit and Risk Committee
- Evaluates the accuracy and integrity of the corporate and consolidated accounts.
- Makes recommendations in the areas of finance, accounting and internal control.

Nomination and Compensation Committee
- Proposes the nomination, revocation, dismissal and renewal of the Directors, Board of Directors’ Chairman and CEO, and ensures Directors comply with independence criteria.
- Makes recommendations and advises on the Board of Directors’ Chairman’s compensation and on the policy for the allotment of stock options and free shares.
The Executive Committee

AS OF JUNE 21, 2017

The Executive Committee helps manage the Group’s operations. It is a special body that deliberates on strategic planning, coordinates initiatives, monitors performance and follows the implementation of cross-disciplinary projects.

In the Executive Committee appointed by Patrick Berard on October 28, 2016, the representation of the Group’s main geographic regions has been increased, enabling the management team to be entirely dedicated to operational efficiency in the coming years.

1. Patrick Berard
   Chief Executive Officer

GROUP FUNCTIONS

2. Laurent Delabarre
   Group Chief Financial Officer

3. Sébastien Thierry
   General Secretary and Secretary of the Board of Directors

4. Mathieu Larroumet
   Group Business Transformations Director

5. Frank Waldmann
   Group Human Resources Director

6. Brian McNally
   CEO North America

7. Éric Gauthier
   CEO Asia-Pacific

8. John Hogan
   UK General Manager

9. Joakim Forsmark
   Nordics General Manager

10. Jeff Baker
    President and CEO Platt Electric Supply and Rexel Commercial & Industrial
Our sustainable development policy

A powerful tool for value creation, sustainable development is an integral part of Rexel’s business: for its customers by promoting the adoption of more efficient and more sustainable products and solutions, for the value chain by supporting the efforts made by all stakeholders, in its daily operations by reducing its consumption of natural resources and energy as well as attaching a particular importance to its employees, and for society as a whole, via its Foundation for a better energy future.

Since 2015, the Group’s sustainable development policy has been based on the results of an analysis conducted among 30 external stakeholders and internal managers (see detailed results page 25).

THE THREE PILLARS OF REXEL’S SUSTAINABLE DEVELOPMENT STRATEGY

→ Developing energy management solutions for our clients and society in order to encourage energy efficiency and renewable energy use:
  – provide energy efficiency and energy management products, services and solutions;
  – provide renewable energy products, services and solutions;
  – raise demand and awareness of energy management;
  – improve access to energy efficiency for all.

Rexel expresses its commitment to promoting the development of energy efficiency through a practical objective inherent to its business and its expertise: by 2020, at least double its sales of energy efficient products and services compared to 2011.

→ Fostering sustainability in our value chain to improve our suppliers’ and our customers’ environmental and social performance:
  – ensure sustainable supplier relationships;
  – develop circular economy in our value chain;
  – drive health and safety in our value chain;
  – ensure high-quality and sustainable relationships with our customers.

As a distributor with a central position in the value chain, Rexel maintains a close relationship with manufacturers and works to engage them on sustainability. The Group has thus set the objective of evaluating the sustainable development performance of 80% of its direct purchase volume in euros by 2020.

→ Improving the social and environmental performance of our operations to engage our employees and preserve the environment:
  – promote our employees’ welfare;
  – reduce Rexel’s carbon footprint;
  – reduce the Group’s resource consumption;
  – behave ethically and comply with legal obligations.

Determined to improve constantly, the Group intends to lower the carbon emissions of its operations by at least 30% by 2020 (compared to 2010).

Through these three pillars, the Rexel Group contributes to sustainable, shared growth for all of its stakeholders.
SUSTAINABLE DEVELOPMENT

REXEL, A WORLD OF ENERGY

2016 ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT

... SUSTAINABLE DEVELOPMENT

GOVERNANCE

The strategy, implementation and follow-up of the Group’s sustainable development performance involve every level of the organization’s hierarchy. Subjects relating to sustainable development are brought before the Executive Committee, the key authority on the operational implementation of the Group’s strategy, by the General Secretary. In Rexel’s operating countries, more than 70 environmental correspondents, coordinated by the Group’s Sustainable Development department, are in charge of implementing and running Rexel’s policy in the matter. They gather, process and analyze data to monitor performance indicators and lead initiatives in the field to improve the Group’s environmental performance.

MANAGING THE APPROACH

Each of Rexel’s areas of commitment is managed via the implementation of dedicated actions.

- Rexel has developed an Environmental Charter explaining its commitment and aiming to mobilize employees. The Group also encourages the rollout of Environmental Management Systems (EMS) that define procedures to master the environmental impact of the Group’s activities. Finally, it supports its local subsidiaries in their certification processes: late 2016, close to 25% of the Group’s locations using an EMS were ISO14001-certified*, including 100% of the sites in Austria. By the same token, around 20% of the Group’s locations are now ISO50001-certified**.

- In the social and societal fields, an Ethics Guide presents the Group’s standards, beyond local regulations, in matters of ethics, transparency and anti-corruption. In every country and subsidiary, an ethics correspondent is tasked with anonymously gathering Rexel’s stakeholders’ requests or questions, whether from employees or from partners. A Community Involvement Charter further defines a shared commitment of the Group and its subsidiaries; improving access to energy efficiency for all.

- Finally, concerned about the safety and well-being of its employees, Rexel has implemented a comprehensive informative and awareness-raising campaign entitled “Our safety. Our responsibility” throughout its logistics centers, its branches and its offices. Recognizable by a distinctive color code, it focuses on ten key safety principles common to all of the Group’s employees and calls upon each person’s vigilance and responsibility.

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Materiality matrix

<table>
<thead>
<tr>
<th>REXEL’S PRIORITIES</th>
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<tbody>
<tr>
<td>Sell energy efficient products</td>
</tr>
<tr>
<td>Ensure high-quality customer relations</td>
</tr>
<tr>
<td>Sell renewable energy products and solutions</td>
</tr>
<tr>
<td>Support customers and end-users on energy management</td>
</tr>
<tr>
<td>Promote eco-designed products</td>
</tr>
<tr>
<td>Ensure employees’ welfare</td>
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<tr>
<td>Support customers and end-users on social aspects</td>
</tr>
<tr>
<td>Promote strong partnerships</td>
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<tr>
<td>Comply with anti-corruption and ethics standards</td>
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<tr>
<td>Support customers and end-users on financial aspects</td>
</tr>
<tr>
<td>Stewardship of natural resources</td>
</tr>
<tr>
<td>Supply high-quality products and services</td>
</tr>
<tr>
<td>Support customers and end-users on social aspects</td>
</tr>
</tbody>
</table>

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To download the full report, please visit the[Rexel’s official website](https://www.rexel.com).

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*Defines and frames the implementation of an EMS.
**Guarantees a strict and thrifty energy management.
The women and men who work at Rexel have developed unique expertise designed to meet customers’ needs as fully as possible, anytime and anywhere in the world: at the Group’s 2,000 branches, at its 108 logistics centers, on its various Internet websites and mobile apps, through its outside sales representatives or by phone. This performance is the result of their complementary skills, which are shared and constantly developed in order to ensure Rexel’s operational excellence.
Our customers’ everyday partners

Rexel receives and advises installers and electrical contractors at its branches all over the world. Whether customers need to pick up an order quickly, buy their everyday equipment or seek advice from a salesperson, Rexel’s women and men help make these tasks simpler and faster. This includes customers’ job sites, from which they can contact a Rexel expert anytime and order online, or before their project, which Rexel’s experts can help them design.

Branch managers
They act as a conductor, managing all branch activities including customer reception, administration, business development, and store layout.

Over 2,500 training modules aimed at our employees are available on Rexel Academy, including several dozen focusing specifically on energy efficiency. Today, our subsidiaries’ teams have taken on the subject and manage local training programs through a worldwide network of nearly 250 experts, with support from HR department training managers. The programs focus on several categories: lighting, engines, multi-energy, etc. Following an intensive awareness-raising phase, the topic of energy efficiency is now a permanent fixture among our salesforce, and has become an integral part of the Group’s commercial offering.

Expertise and Customer Relationship Center sales representatives
We are available to our customers from their job sites, and we bring them fast and reliable solutions. It’s the always-accessible remote service counter.”

Outside sales representatives
Rexel’s expertise extends beyond its branches to fully support its customers in their home automation, renovation, multi-energy projects and more, thanks to its specialists in public contracts, housing, renewable energies, etc.

Merchandisers
They redesign and optimize the branch layout in order to facilitate customers’ visits, enabling them to easily and quickly find what they are looking for and giving them the opportunity to talk to a salesperson whenever they need advice.

16,000 SALES REPRESENTATIVES WORLDWIDE INCLUDING 8,000 OUTSIDE SALES REPRESENTATIVES
Makers of logistics excellence

Rexel's customer commitment and efficiency relies on rigorous organization and know-how in distribution and supply: from the 4,000 SKUs immediately available in-store to the 50,000 SKUs ready for next-day delivery in every country, the women and men at Rexel make sure all orders are flawlessly processed.

The Group is committed to its employees. Rexel’s sustainable development policy is reflected in the constant attention paid to their health and safety. The campaign “Our safety. Our responsibility.” implemented throughout the whole Group, sets common standards and calls for everyone’s responsibility. Between 2015 and 2016, it helped lower the frequency of work-related accidents within the Group from 6.6 to 6.1 per million hours worked.

Waste reduction

To avoid using non-recyclable boxes and packaging materials, 30% of the French regional logistics centers use plastic containers to restock the branches or to deliver orders to large customers at their job sites. At the Group level, nearly 67% of waste is recovered or recycled.

Logistics centers teams

From stock management to product shipment, the logistics center is the backbone that enables on-time deliveries not only at branches level but also on large construction sites, for which dedicated stocks are set up with a unique ID system.

Delivery people

As the final link in the chain, delivery people guarantee that every order is delivered on time and in full, each time.

PROMOTING HEALTH AND SAFETY AT WORK
Expert know-how and an evolving offering

Rexel’s products and services offering constantly evolves in order to further support more customers. Installations are becoming more complex, include increasingly sophisticated technologies and require new skills. The women and men who work at Rexel meet this challenge with finely honed expertise and simpler, more affordable and sustainable solutions that leverage all possibilities, namely those related to digital development.

At the engineering consultancy Inoveha, engineers conduct condominium energy audits. Multi-skilled, their expertise extends from the field, where they collect installation-related data, to presenting the audit results to the condominium General Assembly - where they must convince co-owners, whose decision cycles can sometimes be long - and includes the analysis of buildings' energy situation in order to provide relevant and efficient renovation recommendations.

Home and Building Automation services managers

“With the help of expert engineers and dedicated offices, we can provide full turnkey solutions based on dedicated skills, such as product mix, customized pricing, training, etc. We thereby meet all of installers’ needs in a new type of market.”

Digital development officers

Rexel offers ever more digital solutions to its customers of all sizes, and provides them with comprehensive support in their transition to always-on digitalized solutions that complete the services offered at its branches or via one of its Expertise and Customer Relationship Centers.

1,000 by the end of 2017, Inoveha engineers will have conducted energy audits on nearly 1,000 households in France.
Supporting installers so they can become home automation or multi-energy integrators; managing complex worksites for our commercial customers; conforming to strict industrial specifications and implementing its know-how everywhere the Group operates: Rexel helps create value for all its customers.
Every day, Rexel supports independent contractors, SMBs (Small and Medium-sized Businesses), project managers, and electrical solutions specialists.

As key players in the housing construction and renovation markets, electricians and independent installers must constantly build their expertise and advisory skills in order to develop their business and meet their customers’ increasingly specific needs.

Installers, whether they are independent contractors, SMBs or project managers, thus become innovative solution advisors. With Rexel’s support, they are more efficient and can offer high added-value energy management solutions based on home automation, multi-energy or renewable energies, thereby improving their customers’ comfort and lowering their energy bills.

SUPPORTING INSTALLERS EVERY DAY

In order to meet installers’ needs as fully as possible, Rexel aims first and foremost to simplify their work. By offering multichannel access to its products and services, whether physically via its branches or digitally via its webshops, Rexel supports installers in their business endeavors and provides them with relevant training. This direct proximity, which is based on a vast network of branches and experts, lets installers direct their questions at any time to representatives who understand the particularities of their market and can provide them with tailored advice and added value services. By fostering a mutually beneficial relationship that is built to last, Rexel helps develop its installers’ business, improves their efficiency and retains...
CREATING VALUE FOR OUR CUSTOMERS

CUSTOMERS

... them as customers. Facilitating the everyday work of its installer and independent electrician customers lies at the center of Rexel’s business approach. The primary challenge: supplying professionals with the products they need, when they need them, where they need them. Thus, the “Nonstop 24/7” concept was implemented in Finland. A traditional branch was transformed into a continual, automatic procurement center open 24 hours a day, 7 days a week. By providing better access to products at any time, the initiative found immediate success among professionals, who have autonomous access to these various sites. A personal card gives them continuous access and the country’s 34 branches now operate outside their opening hours in “nonstop 24/7” mode. Of these, 13 are entirely automated.

TAILOR-MADE SERVICES AND SOLUTIONS

Procurement efficiency, correct supply management, and on-site inventory are essential to installers with major logistical constraints. The OASIS Mobile offering developed by Gexpro, one of the Group’s US subsidiaries, meets these challenges by offering a range of worksite storage solutions: from containers to vehicles to trailers, every unit is restocked according to the worksite’s needs and helps improve installers’ productivity. At the same time, among its services offering, Rexel is generalizing the ability to make orders without delay or difficulty out of the office. Rexel’s US subsidiary Platt offers a smartphone app that meets this aim: in the space of a few seconds, using a photo taken at the worksite, an installer can access a product’s full details and check its price and availability. Relying on a huge database of over 100,000 SKUs crossed with an advanced CRM tool, the service also includes live chat support with experts from Platt. Thanks to this tool, as well as to various assistance solutions, Platt has an installer retention rate that is two times greater than that of customers who only purchase their supplies at a branch.

DIGITAL AGILITY AND SALES SUPPORT

Now a well-integrated part of Rexel, the multichannel approach provides installers with a streamlined, efficient, always-on service. Two thirds of installers regularly visit distributors’ websites to check product information, price and availability. To encourage this dynamic, Rexel has, among other things, opened an online forum where installers and electricians can connect with Rexel’s experts on products, regulations or market trends. Rexel provides its customers with a wide range of complementary, efficient channels and extends its support to every step of their projects. For instance, the Esabora software suite developed by Rexel enables installers to conduct pre-on-site energy audits, hone their sales approach and design optimal recommendations for their customers. It gives them the ability to create a full, detailed installation plan quickly and simply, and to generate the associated quote. Finally, it includes powerful functions to ease their administrative tasks on a daily basis. At each level of their business activity, Rexel provides its customers with the ability to simplify their tasks, improve their efficiency and offer services with greater added value.

BRANCHES: INTELLIGENT PROXIMITY

Rexel has designed its distribution network to offer its customers maximum proximity and responsiveness. The Group’s 2,000 branches lie at the center of its product and services distribution approach. The branch provides its customers with assistance in choosing ...
CREATING VALUE FOR OUR CUSTOMERS

2,500 to 4,000

SKUs available in the branches, including several hundred in multi-energy (800).

50,000 SKUs available on a next-day basis in every country.

... and installing the products it distributes and offers flexible delivery. Its skilled staff has thorough knowledge of the local market and its development potential. The branch itself is an open and friendly customer reception space. The “assisted free movement” sales model is a good example: the customers are free to move about and choose the products they need. If they want any advice, there is a dedicated service area in the middle of the branch where customers and salespeople can connect. In around 300 branches in France, even the waiting time – when an order is being prepared, for example – is productive for customers. InexelTV programs are shown on various screens, with how-to workshops, new information on regulations and norms, customer testimonials, worksite reporting or new product presentations, etc. The branch network’s organization enables Rexel’s customers to remain as close as possible to their projects. They offer logistics services such as product pickup, including outside opening hours, or fast on-site delivery.

SUPPORTING SKILLS DEVELOPMENT

In order to meet the market’s evolving needs, Rexel helps installers to adapt, acquire new skills and develop their business. Rexel Expo, two of which were held in 2016 – in Nantes (June) and Bordeaux (October) – is one of the sector’s highlights. It is both a showcase for Rexel’s products and services as well as a place where independent contractors, installers, manufacturers, integrators, local authorities and opinion leaders can gather information and share knowledge and know-how. Around 4,000 customers connected with Group employees in a 12,000 m² (130,000 ft²) venue, and discovered new solutions, innovative products, and digital applications dedicated to energy management, as well as smart control with connected technologies for the residential, commercial and industrial sectors. The flagship exhibit was an “Active Home” presenting the year’s best connected eco-efficient solutions enabling intelligent control in order to improve occupants' comfort and reduce the amount of energy consumed by their home. Thanks to an augmented reality program, installers learned about Energeasy Connect, a home automation solution developed by Rexel (see page 56).

To broaden their offering and operate in new high-added value markets such as home automation, energy efficiency or multi-energy, the Group provides training programs designed for installers. Rexel also offers them a full set of tools to increase their efficiency: sales presentations, savings estimations, and financial aid options.

In France, the acquisition of Sofinther, a distributor specializing in thermal, heat and control solutions, reflects a similar logic of skill development. Moving into the multi-energy segment with Sofinther, the Group is strengthening its presence in the market of thermal control and connected solutions, while consolidating its proximity to its French clientele in collective housing and buildings.

Rexel’s experts play a central role in supporting installers. Having been trained by the Rexel Academy which offers around 2,500 training modules covering every product category, they organize their own skills improvement modules for installers around the world. The Group’s employees constantly hone their expertise in order to meet professionals’ needs and create new growth perspectives with them.

For example, ABM Rexel in Spain organized a three-day event in April 2016, attracting over 800 participants who came to learn about and receive training on the offers presented.
CREATING VALUE FOR OUR CUSTOMERS

An integrated offering, energy control solutions advice, logistics support: Rexel accompanies major installers as well as public and private customers in the commercial sector.

Managing the complexity of large projects

Energy efficiency is Rexel’s core business. In this area, as in others, the Group’s role is changing. From general distributor, it is transforming into a multi-specialist partner with high added value, providing its customers with the most efficient solutions and the best conditions in which to implement them.

FINANCING INSTALLATIONS WITH ENERGY SAVINGS
Over a 30-year period, a building’s use represents as much as 75% of its overall cost. In France, the benefits that come with replacing inefficient installations are notably demonstrated by the example of Toys ‘R’ Us, which contacted Rexel in 2015 for a technical assessment and a financing solution for new LED lighting in one of its largest stores in Europe, located in La Défense, near Paris. The savings resulting from Rexel’s recommendations enabled the project to pay for itself, without any extra cost to Toys ‘R’ Us. Over the course of one year, lighting-related electrical consumption was reduced by 30%, avoiding the equivalent of four tons of CO₂ emissions, and maintenance operations were divided by five. The lighting quality improved by 50%, offering employees better work conditions and customers a better in-store experience. ...
CREATING VALUE FOR OUR CUSTOMERS

Satisfied with the results of this operation, Toys “R” Us contacted Rexel again in 2016 to renovate eight additional stores. Thanks to more efficient solutions and better energy management, the savings made over 10 years are estimated at around 1.5 million euros, with a total cost of ownership divided by 3.5. The return on investment from energy efficient solutions is obvious, but, sometimes, a large initial investment can have a dissuasive effect. In order to address this issue, Rexel now offers solutions aimed at investing in new supplies financed by the anticipated energy savings. The projects rely on partnerships with companies specializing in professional end customer financing.

The economic and environmental challenges of better energy management are among Rexel’s customers’ leading concerns. In the US, Gexpro has put together an offering to design and transform buildings into “net zero”: the lowest possible drain on the power grid, with clean, sustainable operations. Gexpro helps its customers design lighting, heating and air conditioning solutions, as well as manage the best-suited installations for their needs. Renewable energies – especially solar, wind, geothermal and biomass – help provide a large part, if not all, of the energy required to complete a project. In addition to demonstrating its expertise in high-efficiency buildings, the “Net Zero” offering expresses the Group’s commitment to limiting the environmental impact of the products and solutions that it markets.

In 2016, sales of energy efficient and renewable energy solutions represented nearly 1.8 billion euros for Rexel, an increase of 12.6% compared to 2015.

Since 2011, the Group’s sales of energy efficiency solutions have been multiplied by 1.97. In posting this strong progression, Rexel has virtually reached its goal of doubling its sales of energy efficiency products and solutions by 2020, which was announced at COP21 in Paris. As a result, these sales reached €1.5bn in 2016.
1,500

Tons of WEEE (Waste Electronic and Electrical Equipment) were collected and recycled by Rexel in 2016. The Group has established a WEEE management and recovery system for its customers in 15 countries.

QUICKPIX

The Gexpro Quickpix app, available for tablets, helps major installers to automate their orders from their worksites and can manage at many as five sites at once. Intuitive, user-friendly, and offering made-to-order configuration for each project, Quickpix was used on almost 250 construction sites in 2016.

QUICKMADE LOGISTICS SERVICES

One of Rexel’s primary strengths is its logistical excellence. Rather than managing multiple deliveries from several different sources, Rexel’s customers benefit from reliable, fast solutions tailored to their needs. They can receive a delivery of supplies that may be preassembled, at specific times, at hard-to-reach locations such as the renovation worksite at La Grande Arche in Paris-La Défense or the The Peninsula Paris (see page 43), near Place de l’Étoile.

In addition to receiving supplies in the best conditions, customers have access to a wide range of products and innovative logistical solutions to optimize costs and improve productivity.

Setting up a container at a construction site, for example, provides an on-site logistics base for early morning supply delivery. It is restocked on a just-in-time basis by the logistics center or branch, where dedicated stock is set aside for the construction site’s needs, avoiding the risk of inventory shortage and theft, for guaranteed just-in-time deliveries. This solution enables Rexel to lower prices and only charge its customers for supplies upon delivery.

The delivery of preassembled supplies, labeled by installation area, frees customers from having to amass inventory. They can thus streamline their procurement process: by integrating and managing the construction site’s various parts, primarily in logistics centers, Rexel offers its customers the ability to concentrate their resources on the installation’s progress rather than on logistics.

On commercial projects, Rexel has an added-value service offering tailored to each customer’s specific constraints. “By generalizing our services, we generate value and bring our customers greater productivity, safety and comfort,” says Clément d’Abbadie, Large Projects & Export Director at Rexel France.

In 2016, the construction of a logistics space for a major French distributor provided the opportunity to promote Rexel’s expertise and advisory skills by placing a technical sales representative on-site. In the morning, he would take care of delivery reception and unpacking, on-site kitting and delivery to each service made possible by early identification of each work zone’s needs. In the afternoon, the technical sales representative would directly advise the customer, begin resupplying, share Rexel’s logistical center’s data on a direct access basis, and organize further deliveries.

This service, which was billed to the customer, led to considerable productivity improvement and provided permanent access to a contact person who gave advice on the best solution at each step of the construction project. Satisfied, the customer chose to use this service again at their next worksite: the renovation of a major historic building in Lyon.
Rexel offers its industrial customers a dedicated organization and tailor-made logistics services.

**CREATING VALUE FOR OUR CUSTOMERS**

Revelex’s industrial customers desire better productivity, more efficiency and greater simplicity in their operations. Whether it is Original Equipment Manufacturers (OEM) or petrochemical, mining or food processing companies, the Group ensures large-scale inventory management and offers them the reliability of its supply chain, procurement from the largest electrical supply manufacturers, tailor-made tools, and the vertical expertise of its field office teams.

**STREAMLINED PROCUREMENT**

Managing the costs and quality of supplies for a major industrial construction project depends to a large extent on correctly forecasting and perfectly executing procurement. Rexel is involved at an early stage of a project, often beginning with the calls for tenders to which its key account customers respond.

The purchasing cost of supplies is a leading parameter that the Group controls, thanks to partnerships that were strengthened in 2016 with the largest manufacturers in Europe, Asia and North America. Of Rexel’s procurement, 50% is made with 25 strategic suppliers. Beyond this, a reliable, on-time procurement process is a determining factor since the highest cost is often that of on-site labor. Any additional delay thus translates ...

---

“We have the ability to draw on specialized resources and expertise in every industry in order to provide innovative solutions tailored to meet every project’s specific needs.”

PIERRE ALLARD-COULON, VP REXEL IPG

The Group has developed T3 (Total Cost of Ownership Tracking Tool), a reporting tool used for identifying and monitoring the implementation of customer savings. Significant reductions in TCO have been achieved thanks to T3. Implemented in eight countries in Europe, North America and South East Asia, the use of T3 led to 1,171 actions in 2016 that enabled 779 users in 124 companies to save six million euros.

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**DEVELOPING EXPERT KNOW-HOW IN SPECIALIZED MARKETS**
... into additional costs. Moreover, from the start of the project, Rexel removes the risks of supply shortages, which represent an immediate added cost, by offering solutions that make the process more dependable.

An example of Rexel’s industrial know-how is the project carried out in 2016 at a liquefied natural gas worksite for one of the largest EPC in North America (see sidebar). To meet the needs of this type of customer, Rexel’s dedicated team for these prime contractors, Rexel IPG is Rexel’s industrial customers’ needs. Specialized teams in direct contact with the customer propose tailor-made solutions. Their technical expertise allows them to initiate or extend partnerships, which can go as far as developing original concepts or specific product ranges for an industrial sector.

Finally, with a high added-value approach, Rexel relies on highly specialized banners. For example, in the United States, Capitol Light has been part of the Group since 2006. As a lighting specialist, its offer is mainly aimed at hotels, restaurants, and retail chains.

In addition, Rexel continues to follow a policy of selective acquisitions that enable the Group to develop new areas of expertise. In the US, the Group finalized the 2016 acquisition of a specialist in services related to industrial automation and MRO (Maintenance, Repair and Operations): Brohl & Appell. This operation completes Rexel’s MRO offering and presents additional opportunities for its customers, including energy efficiency and new technologies.
New markets, macro trends, digital opportunities in client interfacing and back office applications: Rexel is strengthening its know-how, broadening its offering and leveraging its fundamentals in order to innovate and transform its business model. The Group’s expertise in new sectors is thus widening, and its services are becoming more accessible, enabling a continuous improvement of its customer service.
Rexel’s service offering is evolving.
New markets, new know-how, online services: its customers benefit from cutting-edge expertise.

Renewing the solutions offering

Electric vehicles
In Sweden, Rexel won a contract to install 500 charging stations for electric vehicles in several local airports managed by Swedavia, one of the country’s main airport operators. Intended for the airport personnel’s vehicles, as well as those of passengers, they will lead to an average CO2 reduction of 20 kg for vehicles traveling to and from these airports.

W
thin the value chain, Rexel is on the cutting edge of market trends. The Group helps installers to master new technical solutions and relays leading manufacturers’ innovations. By broadening its expertise with innovative solutions, Rexel enables its customers to enter new markets, such as electric mobility or energy auditing.

ACCOMPANYING OUR CUSTOMERS IN GROWING MARKETS
As an example, the services and infrastructures designed for electric vehicles represent a fast-growing, fast-changing market. In order to enable its customers to efficiently operate in this market, Rexel develops high value-added solutions. In 2016, at the Swedish Schneider Electric HQ near Stockholm, Rexel Energy Solutions in Sweden – which specializes in solar PV – implemented a customized installation: a solar charging station for electric vehicles dependent on the entire electrical network of the building, which was used as a virtual energy storage unit. When there is no electric vehicle charging, the electricity produced by solar panels is stored or used to power the HQ offices, from lighting to computers. When a vehicle is plugged in, the stored energy is redirected toward the charging station via the electrical network. The car can therefore be fully charged, with no carbon footprint, even in winter.

DEVELOPING NEW SKILLS
Committed to offering its customers ever greater expertise and service, Rexel accompanies them throughout their projects, supporting them from the design phase to the rollout. In the field of energy audits and renovation, which requires collecting precise data, harnessing advanced technical skills and using an efficient analytical approach, Rexel facilitates the task of building managers in France via its design consultancy, Inoveha.

SPECIALIZING IN ENERGY AUDITS FOR THE COLLECTIVE RESIDENTIAL MARKET

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SPECIALIZING IN ENERGY AUDITS FOR THE COLLECTIVE RESIDENTIAL MARKET

CAPITALIZING ON DIGITAL TECHNOLOGY TO INNOVATE
New technologies enable Rexel to design and offer its customers high value-added tools that are increasingly user-friendly. Available in several European countries including France, Esabora is a software suite developed by Rexel Digital Applications. Designed for independent contractors and small and medium-size companies, this solution increases their efficiency and credibility. The suite includes “Vesta,”...
... a software application that facilitates installers’ pre-sales work. “Schema” is an intuitive and efficient CAD design app tailored to installers’ business needs, allowing them to design a full technical study that can be turned into a quotation in a few clicks via the “Business” app. This multifunction assistant improves business management thanks to an activity dashboard and makes administrative tasks easier: preparing quotations with access to specific products, prices and conditions reserved for Rexel installers, invoicing and order management, works management, etc. The Esabora suite is a turnkey solution with great business content, enabling installers to optimize and improve the profitability of their business.

For fields such as home automation, or more specifically, the connected home, which require strong technical expertise, Rexel designed Energeasy Connect, a controller that renders the main market standards interoperable and makes cable and radio technologies complementary. Rexel offers installers a turnkey solution for implementing easy-to-manage residential installations operated via a smartphone app that allows end-users to intuitively customize it according to their needs. The offering also includes Rexel’s assistance in answering technical questions and helping installers. If needed, the Energeasy Connect app allows them to conduct a remote online diagnosis beforehand, at a client’s request. The contractor is always in touch with the installation. Thanks to its close collaboration with manufacturing partners, Rexel has the latest information, updates and product innovations at all times. Last but not least, an expert team, the housing development managers, is always available to support installers and thus ensure effective follow-up.

Rexel offers a dedicated interface to all its customers, from independent contractors to leading global companies, based primarily on an updated e-commerce platform and advanced CRM tools.

WEBSHOP AND COMMERCIAL NETWORK
Since 2015, Rexel has been rolling out a new global e-commerce platform. With nearly 250 configurable features designed to meet customers’ needs as closely as possible, depending on their specific markets and context, the platform is being gradually implemented at local level. It is already operational in Germany, France, Austria, Sweden and the Netherlands, as well as at Gexpol in the US, and its rollout is ongoing in North America, the UK and Scandinavia. All European countries will have adopted this platform by 2018. The webshop completes Rexel’s service offering, allowing customers to place orders or to search for information on products, their price and their availability anytime, anywhere. As an example, just like in the Group’s branches, the live chat feature allows customers to connect with a salesperson whenever needed. Webshops include new functionalities: the guest checkout allows unregistered customers to quickly place an order without requesting the creation of an account. Automatic customer account registration, e.g. based on the company’s SIRET number (identifier of businesses) in France, is a functionality that centralizes, simplifies and accelerates processes that previously required ...
INNOVATION

INNOVATING TO STRENGTHEN OUR BUSINESS MODEL

several steps with longer delays. Concurrently with the local rollout, the e-commerce platform continues to be improved and enhanced with new features.

The broadening of Rexel’s multichannel offering, including an increasing number of digital tools, has a direct impact on the Group’s business growth. Whenever customers use traditional channels at the same time as they use digital ones, such as webshops or mobile applications, their purchase volume is far superior to that of customers using a single channel alone. In Sweden, a multichannel customer thus represents 27% higher sales on average than a branch-only customer. The multichannel offering has a leveraging effect on the Group’s overall business activity, including via its traditional channels.

CUSTOMER RELATIONSHIP MANAGEMENT

The Group is preparing the launch of a next generation CRM tool. This CRM system optimizes customer portfolio management according to pre-defined profiles: it enables Rexel to provide them with the services and offers they need at the right moment. Data analysis and predictive models facilitate the identification of commercial opportunities for Rexel’s salesforce, while ensuring better customer retention. Customer lifecycle management is fine-tuned with tools suggesting actions for each account analyzed. Precise and customized actions are designed for each customer according to their position in a model cycle. Analyzing their orders also allows their needs to be anticipated and the corresponding equipment or services to be proposed. In France, the Rubrics app offers office-based and traveling sales representatives real-time monitoring of their customer relationships. The Electronic Data Interchange (EDI), operating from system to system between Rexel and its key customers, is another important back office development. This system offers large groups direct access to Rexel’s services via their own ERP (Enterprise Resource Planning) system, from catalog browsing, to ordering, to invoicing. In Europe, over 1,000 key large companies rely on EDI.

“Digital development enables us to be ever closer to our customers and to innovate, in order to make our expertise more accessible and create greater value for them.”

LUC SIRI,
EUROPE E-COMMERCE DIRECTOR
Innovating to Strengthen our Business Model

Innovation

Improving back office efficiency

Product availability and fast order delivery require unflinching organization. In 2016, Rexel launched a major initiative to design its new ERP (Enterprise Resource Planning) tool. Aiming to integrate all of the Group’s functions, its rollout will be progressive and should start in Europe by the end of 2017. The next generation ERP tool is tied to another major initiative, also launched in 2016: the migration of all of Rexel’s IT systems to a cloud structure.

Logistics Excellence

Rexel’s logistics chain encompasses supply, stock management and delivery functions. The number of ranges and references increases continuously in order to meet increasingly specific needs. In 2016, a logistics center managed 30% more SKUs on average than three years before. The product lifecycle is also shortening, with increasingly technically advanced products and frequent renewals. Efficient warehouse management tools (WMS, Warehouse Management System) are constantly improved and ensure optimal management of the daily variations in the load, representing 20% to 30% on average. Serving the customer at the best cost efficiency while ensuring product availability requires an ERP.

Rexel’s logistics are evolving toward automated learning systems, with predictive stock and product range management, minimizing the lead times between the launch of a new reference at the manufacturer and its delivery to a customer. In three years, Rexel has successfully reduced its error rate in order preparation in France from 0.20% to 0.10%.

Another initiative run at the global level aims to further reduce the lead times between order placement, preparation and delivery. In France in 2016, the lean approach implemented in the logistics centers enabled the deadline for placing an order for next day delivery to be pushed back from 5 p.m. to 6 p.m.. In 2015, 85% of the orders placed by 6 PM were delivered the next day; in 2016, 99.7% of them were.

Certain services facilitate customers’ access to products: the “click and collect” or “drive” services, deliveries to large work sites with dedicated teams and vehicles, delivery commitments on urgent orders, etc.

Innovative Storage

A fully automated storage and product selection solution, Autostore illustrates Rexel’s innovation potential to improve its service: in an aluminum structure, thousands of boxes are stored on high shelves. At the top of the structure, robotized carts retrieve the boxes containing the right product allowing the direct delivery to the operator preparing the order shipment. ElektroMaterial, Rexel’s Swiss subsidiary, adopted this solution, which was also rolled out in Sweden.

Rexel also offers its customers a tailored supply solution via SmartVan. This offering combines equipment, a long-term rental vehicle, a mobile app and services.
In 2016, Rexel’s logistics center in Nantes shipped over 3.2 million parcels and processed over 3,550 orders each day.

Installers benefit from a specially fitted vehicle and on-board equipment functioning as inventory. Whenever they need to use a product, installers simply scan a bar code using the app. The new inventory is then prepared at the chosen branch, and the product is automatically invoiced in complete transparency.

**SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN**

The Group’s environmental responsibility and logistics performance are intertwined. In 2016, in partnership with EcoVadis, Rexel continued the assessment of its suppliers’ environmental and social practices. Nearly 43% of the Group’s direct purchase volume was assessed based on 21 criteria focusing on four themes: environmental, social, ethical and supply chain. The Group aims to cover 80% of its direct purchase volume (in value) for these CSR performance assessments by 2020. The Group has also included environmental and social provisions in its procurement contracts.

At the core of the Group’s operations, logistics centers are directly involved in its sustainable development efforts. In 2016, in Canada, 80% of storage and retail surfaces were equipped with low consumption lighting fixtures and LED bulbs, reducing electrical consumption by 50% on average.

In Stockholm, the logistics center is now equipped with solar panels, a 100% LED lighting installation and charging stations for electric vehicles. In the UK, the Microlise tool was installed in 2016 in nearly all of Rexel’s fleet of utility vehicles. The app captures data on drivers’ behavior, their fuel consumption and vehicles’ CO₂ emissions, in real time. The use of Microlise has led to a reduction in fuel consumption and to improved driver behavior.

In 2016, Rexel’s subsidiaries in Germany, Austria and the UK received ISO50001 certification, an energy management standard. These countries represent around 17% of the Group’s overall energy consumption.
Technological progress, smart solutions, increased comfort and safety for end-users, management of energy consumption: Rexel supports all its stakeholders, customers, manufacturers, employees and the communities in which the Group operates, in a sustainable growth approach leading to shared performance for a better energy future.
To continually earn the trust of its shareholders, Rexel is committed to regular and transparent financial communication.

Find out more about the Group’s financial news on www.rexel.com

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**Shares and Shareholders**

To continually earn the trust of its shareholders, Rexel is committed to regular and transparent financial communication.

**Share price**

- **base 100 on 12/31/2016**
- **€12.280** (12/31/2016)
- **€17.020** (03/31/2017)
- **€15.635** (12/03/2016)

**Shareholding structure**

- **as at 12/31/2016**
- **0.5%** Treasury Shares
- **97.9%** Public
- **1.6%** Management, Board of Directors and employees

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**Market Capitalization**

- **5.156** Billion Euros

**Dividends per share**

- **2016** €0.40
- **2015** €0.40
- **2014** €0.75
- **2013** €0.75
- **2012** €0.75

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**Indices**

- Listed on the EuroList Market of Euronext Paris, Rexel is included in the following indices: SBF 120, CAC Mid 100, CAC AllTrade, CAC AllShares, FTSE EuroMid, STOXX600.
Our employee shareholding policy

Employee shareholding is an essential part of Rexel’s corporate culture. In order to allow its employees to be involved in the Group's development and to strengthen their mutual commitment, Rexel launched its 5th employee shareholding plan in September 2016.

Open to nearly 90% of employees in 14 countries, the plan granted a 20% discount (outside the United States, and the United Kingdom where a specific mechanism applied) as well as an employer matching contribution in the form of free shares outside France, and cash payments in France, which was twice as much as in previous years, as part of a reserved capital increase.

Employees were able to subscribe online in most countries. A web portal, customized for each country and its language, gave employees clear and appropriate information, allowing them to understand how the plan works and to easily subscribe. Employee participation in Opportunity16 is the result of a shared commitment by the Group headquarters’ teams and those of its subsidiaries. Additional support was provided by ambassadors working closely with the local teams in each country, informative brochures, videos and presentation materials.

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## The Rexel Group’s communication on progress for the United Nations Global Compact

### PRINCIPLES OF THE GLOBAL COMPACT

<table>
<thead>
<tr>
<th>OUR COMMITMENTS</th>
<th>OUR INITIATIVES AND INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support and respect the protection of internationally proclaimed human rights</td>
<td>Ethics Guide</td>
</tr>
<tr>
<td>Refuse to be complicit in human rights abuses</td>
<td>Social responsibility provisions to be included in all purchasing contracts</td>
</tr>
<tr>
<td></td>
<td>Social responsibility policies</td>
</tr>
<tr>
<td>Uphold freedom of association and recognize the right to collective bargaining</td>
<td>Ethics Guide</td>
</tr>
<tr>
<td></td>
<td>Social responsibility provisions to be included in all purchasing contracts</td>
</tr>
<tr>
<td></td>
<td>Social responsibility policies</td>
</tr>
<tr>
<td>Eliminate all forms of forced and compulsory labor</td>
<td>Ethics Guide</td>
</tr>
<tr>
<td>Effectively abolish child labor</td>
<td>Environmental responsibility provisions to be included in all purchasing contracts</td>
</tr>
<tr>
<td></td>
<td>Social responsibility policies</td>
</tr>
<tr>
<td>Support a precautionary approach to environmental challenges</td>
<td>Environmental Charter</td>
</tr>
<tr>
<td>Undertake initiatives to promote greater environmental responsibility</td>
<td>Environmental policies</td>
</tr>
<tr>
<td>Encourage the development and diffusion of environmentally friendly technologies</td>
<td>Environmental Charter</td>
</tr>
<tr>
<td>Rexam 2020 Strategic Roadmap</td>
<td>Community Involvement Charter</td>
</tr>
<tr>
<td>Work against corruption in all its forms, including extortion and bribery</td>
<td>Community Involvement Charter and the Rexel Foundation</td>
</tr>
<tr>
<td>for a better energy future</td>
<td>Anti-corruption and anti-laundering policies</td>
</tr>
</tbody>
</table>

### A recognized sustainable performance: SRI indices

Since Rexel was listed on the French stock exchange in 2007, the efforts made by the Group to consolidate its sustainable development policy have been recognized by many independent organizations, resulting in its inclusion in various SRI (Socially Responsible Investment) indices. The Group also adopted several voluntary commitments on transparency, and since 2011 has reported annually to the independent, non-profit Carbon Disclosure Project, which assesses the carbon performance of major companies and their climate change strategies on behalf of more than 820 institutional investors.

#### SRI INDICES

- **Dow Jones Sustainability Indices**
- **FTSE4Good**
- **STOXX Global ESG Impact**
- **STOXX Low Carbon Indices Global, Europe & EURO**
- **Ethibel Excellence**

The Rexel Group was also named in 2017 in the Global 100, a ranking of the world’s top 100 most sustainable companies by Canadian-based media and research company, Corporate Knights, specializing in CSR.
As a responsible company, Rexel publishes an annual environmental and social report, which is an essential tool for the management of its sustainable development strategy. This report covers up to 100% of the Group’s total sales, and is verified by an independent third party.

**Social indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2015</th>
<th>Variation</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce</td>
<td>27,273</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>% of women (out of total workforce)</td>
<td>23.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of managers (out of total workforce)</td>
<td>17.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of employees with Fixed Term Contracts</td>
<td>1.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average age of employees (Fixed Term and Unlimited Contracts)</td>
<td>43.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of outside recruitments</td>
<td>4,067</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% turnover</td>
<td>14.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work organization</td>
<td>3.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% absenteeism rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees trained during the year</td>
<td>18,239</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of employees reporting handicap (out of total workforce)</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency rate (per million working hours)</td>
<td>6.1</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Severity rate (for 1,000 working hours)</td>
<td>0.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of employees trained in safety (out of total workforce)</td>
<td>48.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee shareholding</td>
<td>0.59</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*For further details on the scope, see paragraph 4.2.7 “Note on methodology” in Rexel’s 2016 Registration Document.

**Environmental indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2015*</th>
<th>Variation</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMPTION OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption MWh</td>
<td>290,371</td>
<td>324,688</td>
<td>-10.6%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Electricity consumption MWh</td>
<td>150,683</td>
<td>158,624</td>
<td>-5.0%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Gas consumption MWh PCS</td>
<td>120,607</td>
<td>146,047</td>
<td>-17.4%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Fuel consumption MWh PCS</td>
<td>9,056</td>
<td>9,716</td>
<td>-6.8%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Water consumption m³</td>
<td>305,612</td>
<td>320,590</td>
<td>-4.7%</td>
<td>96.1%</td>
<td></td>
</tr>
<tr>
<td>Packaging consumption, including: Tons</td>
<td>12,446</td>
<td>12,081</td>
<td>3.0%</td>
<td>99.3%</td>
<td></td>
</tr>
<tr>
<td>Cardboard</td>
<td>4,500</td>
<td>4,773</td>
<td>-5.7%</td>
<td>99.3%</td>
<td></td>
</tr>
<tr>
<td>Plastics</td>
<td>768</td>
<td>748</td>
<td>2.6%</td>
<td>99.3%</td>
<td></td>
</tr>
<tr>
<td>Wood</td>
<td>6,790</td>
<td>6,153</td>
<td>10.4%</td>
<td>99.3%</td>
<td></td>
</tr>
<tr>
<td>Paper consumption, including: Tons</td>
<td>2,601</td>
<td>2,713</td>
<td>-4.2%</td>
<td>99.6%</td>
<td></td>
</tr>
<tr>
<td>Commercial paper</td>
<td>1,324</td>
<td>1,364</td>
<td>-3.0%</td>
<td>99.6%</td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
<td>99.6%</td>
<td></td>
</tr>
<tr>
<td>Quantity of waste generated Tons</td>
<td>25,322</td>
<td>25,797</td>
<td>0.4%</td>
<td>95.7%</td>
<td></td>
</tr>
<tr>
<td>Total quantity of waste recovered</td>
<td>16,934</td>
<td>15,663</td>
<td>8.1%</td>
<td>95.7%</td>
<td></td>
</tr>
<tr>
<td>Recovery rate</td>
<td>%</td>
<td>66.9</td>
<td>66.9</td>
<td>-4.7pts</td>
<td></td>
</tr>
<tr>
<td><strong>GREENHOUSE GAS EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td>95.7%</td>
<td></td>
</tr>
<tr>
<td>Scope 1 direct emissions TCO₂e</td>
<td>77,856</td>
<td>76,957</td>
<td>0.8%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Emissions related to on-site energy combustion TCO₂e</td>
<td>27,032</td>
<td>29,676</td>
<td>-8.9%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Emissions related to the transportation of products by the internal fleet TCO₂e</td>
<td>20,874</td>
<td>20,496</td>
<td>1.0%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Emissions related to business travel by company cars TCO₂e</td>
<td>29,950</td>
<td>26,785</td>
<td>11.6%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Scope 2 indirect emissions TCO₂e</td>
<td>38,282</td>
<td>45,647</td>
<td>-16.2%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Emissions related to the production of purchased and consumed electricity TCO₂e</td>
<td>35,433</td>
<td>43,312</td>
<td>-18.3%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Emissions related to the production of purchased and consumed heat TCO₂e</td>
<td>2,850</td>
<td>2,334</td>
<td>22.1%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td><strong>SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>Sales of energy efficiency solutions €m</td>
<td>-</td>
<td>1,450.1</td>
<td>12.6%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Sales of photovoltaic solutions €m</td>
<td>-</td>
<td>206.5</td>
<td>-11.1%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Sales in the wind market €m</td>
<td>-</td>
<td>108.4</td>
<td>-16.5%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

*On a like-for-like basis. For further details on the scope, see paragraph 4.3.5 “Note on methodology and summary table” in Rexel’s 2016 Registration Document.
The Rexel Foundation for a better energy future

Created in 2013 under the aegis of the Fondation de France, the Rexel Foundation is dedicated to improving access to energy efficiency for all.

View a video presentation of the Rexel Foundation at www.rexelfoundation.com

ITS MISSION FOCUSES ON FIVE KEY AREAS:

- FACILITATING ACCESS TO AFFORDABLE, EFFICIENT AND SUSTAINABLE ENERGY
- SUPPORTING THE FIGHT AGAINST FUEL POVERTY
- DEVELOPING RENEWABLE ENERGIES AND THEIR FUNDING
- ENCOURAGING THE ACCELERATION OF ENERGY RETROFITTING
- INFORMING AND EDUCATING THE GENERAL PUBLIC ABOUT THE ENERGY TRANSITION

20 COMMUNITY PROJECTS
They are carried out by associations and NGOs that encourage the involvement of the most disadvantaged communities in managing their energy consumption and improving their living conditions.

23 SOCIAL INNOVATION PROJECTS
They are driven by social entrepreneurs who develop new economic models with high social impact.

15 KNOWLEDGE PROJECTS
They include projects co-created by energy efficiency researchers and experts to be shared with the general public.

In order to succeed in its mission, the Foundation supports three types of programs:

- Raising awareness of energy efficiency
Mobile homes are essential resources for disadvantaged areas of the United States and for many elderly low-income owners. The Rexel Foundation launched a strategic partnership with Next Step, with a triple objective: promote a model of innovative, affordable and energy efficient housing, offer sustainable home ownership opportunities to vulnerable communities and raise their awareness of energy efficiency.

- Electrical vocational training
Thanks to the Seeds of Hope program spearheaded by the EICD (European Institute for Cooperation and Development), 720 students between the ages of 15 to 30 will be professionally trained as electricians in Vietnam. The three-year training program focuses on energy efficiency and renewable energies in order to better meet the industry's needs. The Foundation supports this program with funds, equipment and skills sponsorship.

- Energy retrofitting
The EcoBlock project, launched in Oakland (California), aims to test the hypothesis that retrofitting on the block scale is more efficient than on the individual house scale because it shares the flows and savings across multiple units. Its objective is to demonstrate an energy, water, and wastewater treatment and reuse platform and a highly efficient and cost-effective retrofitting process that can be replicated anywhere.

50+ PARTNERS
20 COUNTRIES OF INVOLVEMENT
100,000+ PEOPLE BENEFITTING FROM THE FOUNDATION’S ACTIONS

10 EMPLOYEE PROJECTS
Among the projects supported by the Foundation, several community initiatives are sponsored by group employees.
### Consolidated income statement

**IN MILLIONS OF EUROS - AS OF DECEMBER 31**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>13,162.1</td>
<td>13,537.6</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(9,989.3)</td>
<td>(10,315.1)</td>
</tr>
<tr>
<td>Gross profit</td>
<td><strong>3,172.8</strong></td>
<td><strong>3,222.6</strong></td>
</tr>
<tr>
<td>Distribution and administrative expenses</td>
<td>(2,651.8)</td>
<td>(2,666.6)</td>
</tr>
<tr>
<td>Operating income before other income and expenses</td>
<td><strong>521.0</strong></td>
<td><strong>555.9</strong></td>
</tr>
<tr>
<td>Other income</td>
<td>5.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(129.5)</td>
<td>(181.7)</td>
</tr>
<tr>
<td>Operating income</td>
<td><strong>397.0</strong></td>
<td><strong>379.4</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Interest expense on borrowings</td>
<td>(104.3)</td>
<td>(122.9)</td>
</tr>
<tr>
<td>Non-recurring redemption costs</td>
<td>(16.3)</td>
<td>(52.5)</td>
</tr>
<tr>
<td>Other financial expenses</td>
<td>(27.7)</td>
<td>(36.4)</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>(146.3)</td>
<td>(210.0)</td>
</tr>
<tr>
<td>Net income before income tax</td>
<td><strong>250.7</strong></td>
<td><strong>169.4</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>(116.4)</td>
<td>(84.4)</td>
</tr>
<tr>
<td>Net income from continuing operations</td>
<td><strong>134.3</strong></td>
<td><strong>85.0</strong></td>
</tr>
<tr>
<td>Net income / (loss)</td>
<td><strong>143.3</strong></td>
<td>15.7</td>
</tr>
</tbody>
</table>

**Portion attributable:**

- to the equity holders of the parent | **137.9** | **16.9** |
- to non-controlling interests | (3.6) | (1.2) |

**Earnings per share:**

- Basic earnings per share (in euros) | 0.46 | 0.06 |
- Fully diluted earnings per share (in euros) | 0.46 | 0.06 |

**Earnings per share from continuing operations (in euros):**

- Basic earnings per share from continuing operations | 0.46 | 0.29 |
- Fully diluted earnings per share from continuing operations | 0.46 | 0.29 |

### Consolidated balance sheet

**IN MILLIONS OF EUROS - AS OF DECEMBER 31**

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>4,300.2</td>
<td>4,266.6</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,109.5</td>
<td>1,108.0</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>282.4</td>
<td>288.7</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>41.8</td>
<td>33.8</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>128.4</td>
<td>159.0</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td><strong>5,862.3</strong></td>
<td><strong>5,856.2</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,579.3</td>
<td>1,535.0</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>2,187.3</td>
<td>2,129.4</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>23.5</td>
<td>47.6</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>489.6</td>
<td>495.3</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>0.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>619.3</td>
<td>804.8</td>
</tr>
<tr>
<td>Total current assets</td>
<td><strong>4,899.3</strong></td>
<td><strong>5,065.8</strong></td>
</tr>
<tr>
<td>Total assets</td>
<td><strong>10,761.6</strong></td>
<td><strong>10,922.1</strong></td>
</tr>
</tbody>
</table>

**EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>1,514.5</td>
<td>1,509.4</td>
</tr>
<tr>
<td>Share premium</td>
<td>1,561.2</td>
<td>1,680.5</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td>1,302.4</td>
<td>1,154.1</td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the parent</td>
<td><strong>4,378.1</strong></td>
<td><strong>4,343.9</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>5.2</td>
<td>9.0</td>
</tr>
<tr>
<td>Total equity</td>
<td><strong>4,383.3</strong></td>
<td><strong>4,352.9</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest bearing debt (non-current part)</td>
<td>2,195.1</td>
<td>2,342.1</td>
</tr>
<tr>
<td>Net employee defined benefit liabilities</td>
<td>339.5</td>
<td>343.4</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>240.0</td>
<td>211.2</td>
</tr>
<tr>
<td>Provision and other non-current liabilities</td>
<td>84.8</td>
<td>72.3</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td><strong>2,859.3</strong></td>
<td><strong>2,966.6</strong></td>
</tr>
<tr>
<td>Interest bearing debt (current part)</td>
<td>603.6</td>
<td>660.4</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>6.3</td>
<td>8.1</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>2,179.0</td>
<td>2,138.3</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>37.5</td>
<td>29.8</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>693.5</td>
<td>742.7</td>
</tr>
<tr>
<td>Liabilities related to assets held for sale</td>
<td>-</td>
<td>50.7</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td><strong>3,519.9</strong></td>
<td><strong>3,600.2</strong></td>
</tr>
<tr>
<td>Total liabilities</td>
<td><strong>6,378.3</strong></td>
<td><strong>6,569.1</strong></td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td><strong>10,761.6</strong></td>
<td><strong>10,922.1</strong></td>
</tr>
</tbody>
</table>

The above tables are excerpts from the 2016 Registration Document and are fully available on page 250 and following.