

**R E X E L**

## **STRONG FIRST QUARTER 2007 RESULTS**

Rexel, the worldwide leader in the distribution of electrical supplies, recorded a strong performance in Q1 2007

### **Key Q1 07 highlights:**

- **Solid revenue growth:** 2,576 million EUR, +31.0% on a reported basis, +5.9% on a constant basis<sup>(1)</sup> and same number of days
- **Sharp rise in Adjusted EBITA<sup>(2)</sup>:** 157 million EUR or 6.1% of sales, +47.5% on a constant basis
- **Doubling of net income:** 49 million EUR, +114% on a reported basis
- **Very strong improvement in Free Cash Flow:** 197 million EUR before interest and taxes, +225%

### **Jean-Charles Pauze, President and CEO of Rexel, commented:**

*"Rexel's performance in Q1 2007 demonstrates its ability to deliver profitable growth. We improved our gross margin, our EBITA margin and our cash flow. Synergies with GE Supply are in line with our expectations and contributed to this performance. We also confirm that we are on track to deliver our targets for the Full Year in terms of organic growth and profit margins."*

(1) At 2007 constant scope of consolidation and exchange rates

(2) Operating income before other income & other expenses, excluding estimated non-recurring net impact on stock from changes in the price of copper-based cables of -12 million EUR in Q1 2007 and +4 million EUR in Q1 2006

On May 14, 2007, the Rexel Supervisory Board, chaired by Roberto Quarta, approved the Rexel Group unaudited consolidated financial statements as of March 31, 2007.

The unaudited consolidated financial statements as of March 31, 2007 do not reflect the changes in financial structure and costs associated with the IPO, since it was completed on April 11, 2007.

Rexel IFRS, unaudited, in million EUR	Q1 07 reported	Q1 06 reported	Q1 06 constant	Q1 07/Q1 06 reported	Q1 07/Q1 06 constant <sup>(1)</sup>
Sales	2,576.2	1,966.8	2,442.2	+31.0%	+5.5%
<i>Constant basis<sup>(1)</sup> and same number of days</i>					+5.9%
Gross profit	638.3	495.1	587.6	+28.9%	+8.6%
as % of sales	24.8%	25.2%	24.1%		
EBITA Adjusted <sup>(2)</sup>	157.4		106.7		+47.5%
as % of sales	6.1%		4.4%		
EBITA	145.2	94.7	110.3	+53.4%	+31.7%
as % of sales	5.6%	4.8%	4.5%		
Net Income	49.1	22.9	35.9	+114.4%	+36.8%
Free cash flow before net interest and income tax paid <sup>(3)</sup>	196.7	60.6		+224.6%	

(1) Constant basis: at 2007 constant scope of consolidation and exchange rates

(2) Operating income before other income & other expenses, excluding estimated non-recurring net impact on stock from changes in the price of copper-based cables of -12 million EUR in Q1 2007 and +4 million EUR in Q1 2006

(3) Cash from operating activities + net interest paid + income tax paid - net capital expenditures

### **Solid revenue growth: 2,576 million EUR, +31.0% on a reported basis, +5.9% on a comparable basis**

Rexel recorded Q1 07 sales of 2,576.2 million EUR, up 31.0% on a reported basis and 5.9% on a constant basis and same number of days versus Q1 06.

The rise in reported sales includes 545 million EUR from acquisitions completed in 2006, partially offset by 70 million EUR in adverse exchange rate fluctuations, principally the depreciation of the US and Canadian Dollars versus the Euro.

Sales growth in **Europe** (+11.5% on a constant basis and same number of days) was strong in all major markets, with Rexel benefiting from strong maintenance and renovation business.

In **North America**, sales were flat (-0.4% on a constant basis and same number of days). Sales growth to industrial customers continued, but was offset in the US by the downturn in residential construction and related commercial activity as well as the non-recurrence of last year's post-Hurricane Katrina rebuilding activity. Rexel continues to maintain its focus on the quality of its gross margin.

The **Asia-Pacific** region (+13.2% on a constant basis and same number of days) delivered high revenue expansion driven primarily by commercial construction projects.

### **Gross margin improvement: +70 bps on a constant basis**

The gross margin increased to 24.8% in Q1 07 compared with 24.1% in Q1 06 on a constant basis. On a reported basis, the gross margin decreased to 24.8% in Q1 07 from 25.2% in Q1 06, mainly as a consequence of the acquisition of GE Supply in August 2006, whose gross margin was historically lower than that of Rexel.

The 70 bps gross margin increase on a constant basis reflects:

- An on-going improvement of +20 bps resulting from the successful implementation of gross margin improvement initiatives, and GE Supply purchasing synergies,
- A non-recurring favourable effect of +50 bps stemming from one-offs, including commercial initiatives and inflation on non-copper related products, partly offset by deflation in copper-based cables.

### **Sharp rise in Adjusted EBITA: 157 million EUR or 6.1% of sales + 47.5% on a constant basis**

Restated for the non-recurring copper-based cable deflation effect of 12 million EUR, the Adjusted EBITA margin rose to 6.1% of sales in Q1 07 compared to 4.4% in Q1 06 on a constant basis.

This increase was due to the gross margin improvement and disciplined containment of selling, general and administrative expenses.

On a reported basis, EBITA rose to 145.2 million EUR, up 53.4%. The reported EBITA margin increased to 5.6% of sales in Q1 07 versus 4.8% in Q1 06.

### **Doubling of net income: 49 million EUR, +114% on a reported basis\***

Net income was up 114.4% on a reported basis, to 49.1 million EUR in Q1 07 versus 22.9 million EUR in Q1 06.

Net financial expenses were 70.8 million EUR in Q1 07 versus 57.6 million EUR in Q1 2006. This increase was due principally to higher average net debt as a result of acquisitions, including GE Supply, and to an increase in the effective interest rate from 5.9 % in Q1 06 to 6.2% in Q1 07.

Income taxes were 24.0 million EUR in Q1 07 versus 10.0 million EUR in Q1 06, due to the rise in taxable income and a higher effective tax rate in Q1 07 (32.8%) versus Q1 06 (30.5%) resulting from the increased weight of higher tax rate countries in the Group's taxable income.

### **Very strong improvement in Free Cash Flow: 197 million EUR before interest and taxes, + 225%\***

Free cash flow before net interest and income tax paid was 196.7 million EUR in Q1 07 versus 60.6 million EUR in Q1 06, reflecting mainly:

- The strong improvement in EBITDA,
- The decrease in working capital requirements as a percentage of sales from 14.6% at March 31, 2006 to 14.2% at March 31, 2007 on a comparable basis, principally due to on-going inventory management improvements,
- A net positive inflow of 32.3 million EUR in capital expenditures in Q1 07 due to a sale and partial leaseback real estate agreement in Switzerland, versus a net outflow of 6.0 million EUR in Q1 06.

After net interest paid and income tax paid, free cash flow amounted to 129.4 million EUR in Q1 07 versus (18.5) million EUR in Q1 06.

*\* The unaudited consolidated financial statements as of March 31, 2007 do not reflect the changes in financial structure and costs associated with the IPO, since it was completed on April 11, 2007*

With the Group still under private equity ownership at March 31, 2007, net financial debt stood at 3,795 million EUR versus 3,901 million EUR at December 31, 2006. Shareholders' equity was 1,028 million EUR versus 989 million EUR at December 31, 2006.

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## Outlook

Rexel confirms that it is on track to deliver its Full Year 2007 targets\* of an increase in organic sales of 3% to 5% and an Adjusted EBITA margin above the 2006 pro forma adjusted level of 5.4%. This takes into account Rexel's expectations for lower sales growth year-on-year in Q2 and Q3, as a result of the high base effect in the equivalent quarters of 2006.

*\* Chapter 13.1.2 page 126 of the Document de Base registered with the AMF on February 21, 2007, reference number I.07-011. Adjusted EBITA excludes estimated non-recurring net impact on stock from changes in the price of copper-based cables*

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## Post March 31 events

On April 4, 2007, Rexel shares were admitted to listing on the Eurolist market of Euronext Paris following an initial public offering which comprised a retail offering in France and an international private placement to institutional investors. This offering was completed on April 11, 2007. The price for this offering was set at 16.50 EUR per share and the offering consisted of a capital increase of 1,015 million EUR for Rexel. An offering reserved for employees increased this amount by 33 million EUR.

As a result of the IPO, the Group debt structure changed as follows:

- Capitalization of the 1,053 million EUR shareholders' loan on April 4, 2007,
- Reimbursement of the 600 million EUR Senior Subordinated Notes on April 16 and 18, 2007,
- Refinancing of the 2005 Senior Credit Agreement by a new 2007 Senior Credit Agreement of 1.8 billion EUR and drawn for 1.3 billion EUR on April 17, 2007.

IPO-related transactions and costs (to be booked principally in Q2 07) are detailed in the Q1 07 Condensed Consolidated Interim Financial Statements.

Restated to reflect the new financial structure resulting from the IPO, the balance sheet at March 31, 2007 would have shown shareholders' equity of 2,985 million EUR (representing 255,993,827 shares with a 5 EUR nominal value) and net financial debt of 1,911 million EUR.

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## Financial calendar

### August 2, 2007

- 7:30 AM CET: Q2 07 sales and earnings announcement
- 10:00 AM CET: conference call

### November 13, 2007

- 7:30 AM CET: Q3 07 sales and earnings announcement
- 10:00 AM CET: conference call

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**About Rexel Group**

Rexel is the n°1 worldwide distributor of electrical supplies, serving three main end markets: industrial, commercial and residential. The Group is present in 27 countries, with a network of 1,930 branches, and employs 25,300 people. Rexel's sales were 9.3 billion EUR in 2006. Its majority shareholders are an investor group led by Clayton, Dubilier & Rice, Eurazeo and Merrill Lynch Global Private Equity.

Rexel is listed on the Eurolist market of Euronext Paris (compartment A, ticker RXL, ISIN code FR0010451203).

*For more information, visit Rexel's web site at [www.rexel.com](http://www.rexel.com)*

Certain of the statements contained in this release may be statements of future expectations and other forward-looking statements that are based on management's estimates, views, expectations and assumptions. Words such as "expects", "anticipates", "plans", "aims", "projects", "believes", "estimates", "target", "will", "may", "could", "should" and variations of these words and similar expressions are intended to identify forward-looking statements which include but are not limited to projections of revenues, earnings, segment performance, cash flows, contract awards. By their nature, forward-looking statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond under the control of Rexel, as they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements are not guarantees of Rexel's future performance. Rexel's actual results of operations, financial condition and liquidity as well as development of the industry in which Rexel operates may differ materially from those made in or suggested by the forward-looking statements contained in this release. All forward-looking statements speak only as of the date of this release. Rexel expressly disclaims any obligation or undertaking to review or confirm analyst expectations or estimates, to release publicly any updates or revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this release.

## Annex 1

### Condensed Income Statement

EUR million	Q1 2007 IFRS unaudited	Q1 2006 IFRS unaudited
Sales	2,576.2	1,966.8
Cost of goods sold	(1,937.9)	(1,471.7)
Gross profit	638.3	495.1
In % of sales	24.8%	25.2%
Operating expenses	(476.3)	(385.9)
EBITDA	162.1	109.1
In % of sales	6.3%	5.5%
Depreciation	(16.8)	(14.5)
<b>EBITA</b>	<b>145.2</b>	<b>94.7</b>
<b>In % of sales</b>	<b>5.6%</b>	<b>4.8%</b>
Other income	0.8	0.6
Other expenses	(2.1)	(4.8)
Operating income	143.9	90.5
Net financial expenses	(70.8)	(57.6)
Income tax	(24.0)	(10.0)
Net income	49.1	22.9

### Change in net debt

EUR million	Q1 2007 IFRS unaudited	Q1 2006 IFRS unaudited
EBITDA	162.1	109.1
Other operating revenues & costs	(1.7)	(1.1)
Change in Working capital	4.0	(41.4)
Net capital expenditures	32.3	(6.0)
Free cash flow before interest and tax paid	196.7	60.6
Net interest paid / received	(54.3)	(52.6)
Income tax paid	(13.0)	(26.5)
Free cash flow after interest and tax paid	129.4	(18.5)
Net financial investments	(16.4)	(190.3)
Dividends paid and other	6.1	8.2
Change in net debt	<b>119.1</b>	<b>(200.6)</b>

## Annex 2

### Condensed Balance Sheet

EUR million	March 31, 2007 IFRS unaudited	December 31, 2006 IFRS audited
<b>ASSETS</b>		
Net intangible assets & Goodwill	3,246.1	3,250.5
Property, plant & equipment	266.2	268.5
Long term investments	38.6	39.3
Deferred tax assets	138.9	136.2
<b>Total non-current assets</b>	<b>3,689.8</b>	<b>3,694.5</b>
Inventories	1,119.3	1,117.0
Trade accounts receivable	1,988.8	2,026.9
Other accounts receivables	444.4	491.6
Assets held for sale	10.2	50.7
Cash and cash equivalents	507.5	473.1
<b>Total current assets</b>	<b>4,070.2</b>	<b>4,159.3</b>
<b>TOTAL ASSETS</b>	<b>7,760.0</b>	<b>7,853.8</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>1,028.0</b>	<b>988.6</b>
Interest bearing debt	3,667.8	3,747.4
Other non current liabilities	369.6	365.2
<b>Total non-current liabilities</b>	<b>4,037.4</b>	<b>4,112.6</b>
Interest bearing debt + accrued interest	634.2	626.7
Trade accounts payable	1,569.4	1,616.1
Other current liabilities	487.4	507.4
Liabilities held for sale	3.6	2.4
<b>Total current liabilities</b>	<b>2,694.6</b>	<b>2,752.6</b>
<b>Total liabilities</b>	<b>6,732.0</b>	<b>6,865.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,760.0</b>	<b>7,853.8</b>

## Annex 3

### Pro forma sales by quarter\*

EUR million IFRS, unaudited	Q1 06	Q2 06	Q3 06	Q4 06	FY 06**
Group	2,551.5	2,701.0	2,698.5	2,722.9	10,673.9
<i>Of which:</i>					
Europe	1,107.4	1,166.7	1,150.0	1,287.5	4,711.6
North America	1,280.3	1,352.3	1,360.9	1,250.9	5,244.4
Asia-Pacific	149.6	167.1	173.2	169.7	659.6
Other	14.2	14.9	14.4	14.8	58.3

\* Include all acquisitions made in 2006 on a full year basis at average exchange rates.

\*\* Takes into account acquisitions in Asia Pacific for an amount of 8.4 million EUR, not included in pro forma Sales of 10,665.5 million EUR as disclosed in the *Document de Base*.

### Pro forma sales evolution by quarter on a comparable basis

(At constant scope of consolidation, exchange rates and number of working days)

IFRS, unaudited	Q1 06	Q2 06	Q3 06	Q4 06	FY 06
Group	11.5%	15.7%	14.7%	7.9%	12.3%
<i>Of which:</i>					
Europe	6.6%	11.8%	12.4%	11.5%	10.5%
North America	16.8%	19.9%	17.3%	4.0%	14.3%
Asia-Pacific	5.6%	10.0%	9.9%	10.8%	9.1%
Other	24.8%	30.2%	16.5%	17.7%	22.1%

### Pro forma EBITA & EBITA margins by quarter

(Operating income before other income & other expenses,  
2006 scope of consolidation and exchange rates)

IFRS, unaudited	Q1 06 M€	Q1 06 % of sales	Q2 06 M€	Q2 06 % of sales	Q3 06 M€	Q3 06 % of sales	Q4 06 M€	Q4 06 % of sales	FY 06 M€	FY 06 % of sales
Group	114.9	4.5%	170.8	6.3%	183.1	6.8%	167.9	6.2%	636.7	6.0%
<i>Of which:</i>										
Europe	62.4	5.6%	74.4	6.4%	97.9	8.5%	99.1	7.7%	333.8	7.1%
North America	51.0	4.0%	88.3	6.5%	74.8	5.5%	64.9	5.2%	279.0	5.3%
Asia-Pacific	7.0	4.7%	10.1	6.0%	11.7	6.7%	9.3	5.5%	38.1	5.8%
Other	(5.5)	(38.5) %	(2.0)	(13.4) %	(1.3)	(9.0)%	(5.4)	(37.0) %	(14.2 )	(24.4) %

### Non-recurring estimated copper effect on pro forma EBITA by quarter

M€ IFRS, unaudited	Q1 06	Q2 06	Q3 06	Q4 06	FY 06	Q1 07
Copper adjustment	4	20	26	7	57	(12)
Adjusted EBITA margin	4.4%	5.6%	5.8%	5.9%	5.4%	6.1%