

## 2017 FIRST-QUARTER FINANCIAL INFORMATION

- **Organic sales growth of 1.2%<sup>1</sup> (4.4% excluding the Oil & Gas sector).**
- **Sales generated by submarine projects up 32% following production start-ups for two major projects (NordLink and Beatrice).**
- **Strategic initiatives progress as planned.**

**Paris, May 3, 2017** – Today, Nexans announced that its sales for the first quarter of 2017 amounted to 1,570 million euros (versus 1,433 million euros for first-quarter 2016). At constant metal prices<sup>2</sup> the sales figure came to 1,137 million euros, representing organic growth of 1.2% year on year and 5.5% compared with the fourth quarter of 2016.

This performance reflects the trends described at the end of 2016:

- Since December 2016, growth for all project-based business has remained buoyant despite lower billings for umbilical cables. Sales generated from projects rose 25% in the first quarter of 2017, thanks to the start-up of production under the NordLink and Beatrice contracts and a strong performance from land high-voltage cables.
- The industrial cables segments held up well, with automotive harnesses reporting growth of 4.9% and industrial activities other than the Oil & Gas sector reporting growth of 3.2%. Conversely, sales of industrial cables to the Oil & Gas sector were down 38.7% on an organic basis.
- Sales of Telecom infrastructure cables jumped 22%, whereas LAN cables and systems saw an 11.8% sales contraction. This drop for LAN cables and systems is temporary and is due to an unfavorable basis of comparison against the exceptionally high business volumes reported by this segment in the first quarter of 2016. It does not reflect any downward trends in the overall market, which is still very robust.
- In the Group's other cable businesses (low-voltage cables for the building market, medium-voltage cables for energy operators, and industrial cables excluding automotive harnesses), 2017 got off to a slow start, in line with the trends seen in the second half of 2016.

**Commenting on the Group's performance for the first quarter of 2017, Arnaud Poupart-Lafarge, Nexans' Chief Executive Officer, said:**

*Our business performance during the first quarter of 2017 was globally in line with expectations. Against the backdrop of persistently weak low-voltage markets, the upturn we anticipated for our project-based business has started to materialize and to drive growth for the Group as a whole. We remain confident that the Group's operating margin will continue to improve in 2017, particularly in the second half of the year.*

<sup>1</sup> The first-quarter 2016 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices adjusted for the effects of exchange rates and changes in the scope of consolidation. In first-quarter 2017, exchange rates and changes in the scope of consolidation impacted sales at constant non-ferrous metal prices by a positive 33 million euros and a negative 13 million euros respectively.

<sup>2</sup> To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using constant prices for copper and aluminum.

## CONSOLIDATED SALES BY DIVISION

(in millions of euros)	Q1 2016	Q1 2017	Organic growth	Organic growth
	At constant metal prices	At constant metal prices	Q1 2017 vs. Q1 2016	Q1 2017 vs. Q4 2016
Distributors & Installers	279	280	-3.0%	-0.6%
Industry	301	295	-0.7%	+4.7%
Transmission, Distribution & Operators	449	485	+5.9%	+8.7%
<i>o/w Distribution &amp; Operators</i>	-	-	-6.5%	+1.3%
<i>o/w Transmission</i>	-	-	+25.0%	+18.7%
Other Activities	76	76	-3.6%	+12.5%
<b>Group total</b>	<b>1,104</b>	<b>1,137</b>	<b>+1.2%</b>	<b>+5.5%</b>

### Distributors & Installers

The Distributors & Installers division posted sales of 280 million euros for the first quarter of 2017. After the moderate organic growth achieved by this division for full-year 2016, this figure represents a slight 3% organic decrease compared with the first quarter of 2016.

Sales of LAN cables and systems (which represent approximately one quarter of the division's business) decreased by 11.8% on an organic basis in first-quarter 2017 compared with a strong organic growth figure in the first quarter of 2016. The first-quarter 2017 contraction therefore reflects an unfavorable basis of comparison as distributors and installers in the United States reduced their inventory levels during the period whereas they increased them during the first three months of 2016. Overall market trends are still positive, however.

Sales of low-voltage power cables retreated 0.1% year on year on an organic basis. All geographic areas experienced a decrease in business volumes during the period except for the Middle East/Africa Area, where sales surged 20.5% thanks to a particularly strong start to the year in Turkey and Lebanon.

- Sales generated in Europe contracted 2.4%, with business remaining stable in France.
- In North America, sales continued to pick up in the United States, whereas weak business volumes and strong price pressure persisted in Canada.
- In South America, the natural disasters in Chile and Peru as well as delays in certain projects adversely impacted sales, resulting in a 9.7% organic decrease.
- The Asia-Pacific Area recorded a 6.4% drop in sales after a strong fourth-quarter 2016.

The Group continued to roll out its measures to optimize its customer/product portfolio in all of its geographic areas, with a view to focusing on higher value-added solutions, especially in Europe where the Group is preparing its offering of fire-resistant products for the introduction of the new EU Construction Products Regulation (CPR). Margins were up compared with the second half of 2016.

## Industry

Sales for the Industry division amounted to 295 million euros in the first quarter of 2017, down 0.7% year on year on an organic basis but up 4.7% compared with the fourth quarter of 2016.

After stabilizing at a high level in 2016, sales of automotive harnesses grew again, advancing 4.9% in the first quarter of 2017.

The morose Oil & Gas sector (which reported an overall 38.7% organic sales decrease) continued to weigh on sales of cables to Asian shipyards and AmerCable sales, although the pace of new orders has picked up since the beginning of 2017.

The other segments in the Industry division recorded 3.2% growth led by buoyant momentum in the aeronautical, robotics, medical and rail infrastructure sectors. Business in the wind farm segment stabilized at the high level achieved in 2016.

The Group's different measures to enhance operational performance, reduce fixed costs, optimize margins and move towards a more favorable product mix means that margins are more stable.

## Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division came to 485 million euros in the first quarter of 2017, representing organic growth of 5.9% compared with the same period of 2016 and 8.7% versus the fourth quarter of 2016.

### *Distribution*

With lower business volumes in all geographic areas apart from North America – where there was a sharp 27.8% upturn – sales of distribution cables retreated 11.3% on an organic basis in the first quarter of 2017.

This trend was particularly pronounced in South America, where the falloff was 26.4%, reflecting the effect of the natural disasters in Peru and Chile and the fact that there were no overhead power line contracts in Brazil.

The Middle East/Africa Area also saw a sales decrease (down 24.7%), mainly in Morocco where the pace of exports slowed and there was an unfavorable basis of comparison with the first quarter of 2016 when sales were boosted by high demand for power transformers.

In Europe, after a very poor fourth quarter in 2016 (when sales fell 26.1%), business gradually began to recover, with organic growth coming in at 7.8% versus the fourth quarter of 2016. However, compared with the first quarter of 2016 (which was characterized by high sales levels), the figure for the first three months of 2017 represented an organic decrease of 17.3%.

Sales in the Asia-Pacific Area edged back just 2.6% on an organic basis, as the significant 22.7% rise in New Zealand almost offset the 25.7% contraction in South Korea caused by low levels of capital spending by energy operators in that country.

## *Operators*

Sales to telecommunications operators continued the growth trajectory that began in the second quarter of 2016. This business remained dynamic thanks to the Group's offering of optical fiber cables and accessories, and year-on-year organic growth came to 22%.

Momentum was also positive in North America and the Middle East/Africa Area, despite lower sales volumes.

## *Land high-voltage*

This segment continued its recovery that began in the second quarter of 2016, fueled by a strong order book for European and US plants and despite weak order levels in China.

Overall, year-on-year organic growth for the land high-voltage segment totaled 6.7% in the first quarter of 2017 and this upward trend is expected to continue throughout the year.

## *Submarine high-voltage*

Sales for the submarine high-voltage segment were 31.7% higher than in first-quarter 2016 on an organic basis.

This figure reflects the fact that NordLink and Beatrice – two major contracts won by the Group in 2015 and 2016 – have now entered production. As expected, sales of submarine high-voltage cables (excluding umbilicals) increased sharply, climbing 70.6% on an organic basis, as deliveries began for these contracts.

Sales of umbilical cables were adversely affected by lower capital expenditure levels in the Oil & Gas sector, which resulted in a 45.7% organic decrease. The Group does however expect to report a recovery in these sales over the rest of the year on the back of several orders taken in the second half of 2016.

The Group anticipates further strong growth over the coming quarters for all of its project-related business.

## **Other Activities**

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 76 million euros, down 3.6% on the first quarter of 2016.

A conference call is scheduled today at 2:00 p.m. (Paris time).

To take part, please dial one of the following numbers:

- In France: +33 (0)1 70 77 09 34
- In the United Kingdom: +44 (0)203 367 9462
- In the United States: +1 855 402 7763

The local numbers to call to listen to a replay of the conference (available within 2 hours) are:

- In France: +33 (0)1 72 00 15 00
- In the United Kingdom: +44 (0)203 367 9460
- In the United States: +1 877 642 3018

To listen to the conference, when requested, please enter 308113 followed by the hash (#) sign.

## Financial calendar

May 11, 2017: Annual Shareholders' Meeting

July 27, 2017: 2017 First-Half Results

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### About Nexans

Nexans brings energy to life through an extensive range of cables and cabling solutions that deliver increased performance for our customers worldwide. Nexans' teams are committed to a partnership approach that supports customers in four main business areas: Power transmission and distribution (submarine and land), Energy resources (Oil & Gas, Mining and Renewables), Transportation (Road, Rail, Air, Sea) and Building (Commercial, Residential and Data Centers). Nexans' strategy is founded on continuous innovation in products, solutions and services, employee development, customer training and the introduction of safe, low-environmental-impact industrial processes.

In 2013, Nexans became the first cable player to create a Foundation to introduce sustained initiatives for access to energy for disadvantaged communities worldwide.

Nexans, acting for the energy transition, has an industrial presence in 40 countries and commercial activities worldwide, employing close to 26,000 people and generating sales in 2016 of 5.8 billion euros.

Nexans is listed on NYSE Euronext Paris, compartment A.

For more information, please consult: [www.nexans.com](http://www.nexans.com)

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## Appendices

(in millions of euros)

	<b>First-quarter</b>	
	<b>2016</b>	<b>2017</b>
<b>Sales at current metal prices by division</b>		
Transmission, Distribution & Operators	513	562
Industry	343	346
Distributors & Installers	396	446
Other Activities	180	216
<b>Group total</b>	<b>1,433</b>	<b>1,570</b>
<b>Sales at constant metal prices by division</b>		
Transmission, Distribution & Operators	449	485
Industry	301	295
Distributors & Installers	279	280
Other Activities	76	76
<b>Group total</b>	<b>1,104</b>	<b>1,137</b>

### Impact of changes in the scope of consolidation and exchange rates on sales at constant metal prices

	First-quarter 2016	Currency effect	Organic growth	Effect of changes in scope of consolidat ion	First- quarter 2017
Transmission, Distribution & Operators	449	15	27	-6	485
Industry	301	5	-2	-8	295
Distributors & Installers	279	9	-9	1	280
Other Activities	76	3	-3	-	76
<b>Total</b>	<b>1,104</b>	<b>33</b>	<b>13</b>	<b>-13</b>	<b>1,137</b>