

Consolidated financial statements

1. Consolidated income statement

<i>(in millions of euros)</i>	Notes	2019 ⁽¹⁾	2018
NET SALES	1.E.a, 4 and 5	6,735	6,490
Metal price effect ⁽²⁾		(2,129)	(2,081)
SALES AT CONSTANT METAL PRICES⁽²⁾	1.E.a and 4	4,605	4,409
Cost of sales		(5,949)	(5,728)
Cost of sales at constant metal prices ⁽²⁾		(3,820)	(3,646)
GROSS PROFIT		786	762
Administrative and selling expenses		(442)	(469)
R&D costs		(94)	(105)
OPERATING MARGIN⁽²⁾	1.E.b and 4	249	188
Core exposure effect ⁽³⁾	1.E.c	(11)	(15)
Other operating income and expenses ⁽⁴⁾	7 and 8	2	(9)
Reorganization costs	23.B	(251)	(53)
Share in net income of associates		(0)	0
OPERATING INCOME (LOSS)	1.E.d	(11)	112
Cost of debt (net) ⁽⁵⁾	1.E.e	(38)	(47)
Other financial income and expenses	1.E.e and 10	(24)	(9)
INCOME BEFORE TAXES		(73)	56
Income taxes	11	(44)	(44)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		(118)	13
Net income from discontinued operations		-	-
NET INCOME (LOSS)		(118)	13
▪ attributable to owners of the parent		(122)	14
▪ attributable to non-controlling interests		5	(1)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	12		
▪ basic earnings (loss) per share		(2.81)	0.32
▪ diluted earnings (loss) per share		(2.81)	0.32

(1) IFRS 16 has been applied for the preparation of the consolidated financial statements for the year ended December 31, 2019, using the retrospective approach without restating prior-year comparative data (see **Note 3**).

(2) Performance indicators used to measure the Group's operating performance.

(3) Effect relating to the revaluation of Core exposure at its weighted average cost (see **Note 1.E.c**).

(4) As explained in **Notes 7 and 8**, "Other operating income and expenses" for 2018 included a 44 million euro net disposal gain and 44 million euros in net asset impairment.

(5) Financial income amounted to 4 million euros in both 2019 and 2018.

2. Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Notes	2019	2018
NET INCOME (LOSS)		(118)	13
Recyclable components of comprehensive income (loss)		64	(82)
▪ Currency translation differences		21	(14)
▪ Cash flow hedges	26	43	(68)
Tax impacts on recyclable components of comprehensive income (loss)	11.C	(11)	17
Non-recyclable components of comprehensive income (loss)		(32)	(8)
▪ Actuarial gains and losses on pensions and other long-term employee benefit obligations	22.B	(31)	(7)
▪ Financial assets at fair value through other comprehensive income		(1)	(1)
▪ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income (loss)	11	8	2
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		29	(70)
TOTAL COMPREHENSIVE INCOME (LOSS)		(88)	(58)
▪ attributable to owners of the parent		(93)	(57)
▪ attributable to non-controlling interests		5	(1)

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

3. Consolidated balance sheet

<i>(At December 31, in millions of euros)</i>	Notes	2019	2018
ASSETS			
Goodwill	8	242	243
Intangible assets	13	126	131
Property, plant and equipment ⁽¹⁾	14	1,382	1,135
Investments in associates	15	37	39
Deferred tax assets	11.D	175	162
Other non-current assets	16	92	60
NON-CURRENT ASSETS		2,053	1,770
Inventories and work in progress	17	1,113	1,110
Contract assets	5	69	95
Trade receivables	18	1,015	1,021
Current derivative assets	26	40	38
Other current assets	19	186	184
Cash and cash equivalents	24.A	642	901
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		3,065	3,349
TOTAL ASSETS		5,117	5,119

⁽¹⁾ At December 31, 2019, property, plant and equipment included 113 million euros in right-of-use assets recognized on the Group's first-time application of IFRS 16, "Leases" from January 1, 2019 (see **Note 3**).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

(At December 31, in millions of euros)	Notes	2019	2018
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,167	1,339
Other components of equity		42	(14)
Equity attributable to owners of the parent		1,209	1,325
Non-controlling interests		42	42
TOTAL EQUITY	21	1,251	1,367
Pensions and other long-term employee benefit obligations	22	373	363
Non-current provisions	23	106	84
Long-term debt ⁽¹⁾	24	923	778
Non-current derivative liabilities	26	7	11
Deferred tax liabilities	11.D	118	109
NON-CURRENT LIABILITIES		1,527	1,345
Current provisions	23	191	63
Short-term debt ⁽¹⁾	24	190	453
Contract liabilities	5	256	252
Current derivative liabilities	26	33	51
Trade payables	25	1,319	1,290
Other current liabilities	25	350	298
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		2,339	2,407
TOTAL EQUITY AND LIABILITIES		5,117	5,119

(1) At December 31, 2019, the Group's debt included 116 million euros in liabilities for future lease payments recognized on the first-time application of IFRS 16, "Leases" from January 1, 2019 (see **Note 3**).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

4. Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding ⁽⁵⁾	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other	Changes in fair value and other	Currency translation differences	Equity attributable to owners of	Non-controlling interests	Total equity
JANUARY 1, 2018⁽¹⁾	43,412,614	43	1,605	(4)	(286)	17	36	1,411	47	1,458
Net income for the year	-	-	-	-	14	-	-	14	(1)	13
Other comprehensive income (loss)	-	-	-	-	(5)	(52)	(14)	(71)	1	(70)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-	9	(52)	(14)	(57)	(1)	(58)
Dividends paid	-	-	-	-	(30)	-	-	(30)	(3)	(33)
Cancellation of treasury stock	-	(0)	(12)	12	-	-	-	-	-	-
Share buyback program	(702,336)	-	-	(24)	-	-	-	(24)	-	(24)
(Purchases)/sales of treasury stock	150,089	-	-	7	(7)	-	-	-	-	-
OCEANE bonds	1,418	-	-	-	(0)	-	-	(0)	-	(0)
Employee share-based and stock option plans:										
▪ Service cost ⁽²⁾	-	-	-	-	9	-	-	9	-	9
▪ Proceeds from share issues ⁽³⁾	510,211	1	13	-	-	-	-	14	-	14
Transactions with owners not resulting in a change of control	-	-	-	-	0	-	(0)	0	(0)	(0)
Other	-	0	0	0	1	(0)	(0)	1	0	1
DECEMBER 31, 2018	43,371,996	44	1,606	(8)	(303)	(36)	22	1,325	42	1,367
JANUARY 1, 2019⁽⁴⁾	43,371,996	44	1,606	(8)	(309)	(36)	22	1,319	42	1,361
Net income (loss)	-	-	-	-	(122)	-	-	(122)	5	(118)
Other comprehensive income	-	-	-	-	(24)	33	21	29	0	29
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-	(146)	33	21	(93)	5	(88)
Dividends paid	-	-	-	-	(13)	-	-	(13)	(2)	(15)
Share buyback program	-	-	-	-	-	-	-	-	-	-
(Purchases)/sales of treasury stock	77,839	-	-	3	(3)	-	-	-	-	-
OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee share-based plans										
▪ Service cost	-	-	-	-	6	-	-	6	-	6
▪ Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	(13)	-	4	(9)	(3)	(12)
Other	-	0	0	0	0	0	(1)	(1)	0	(1)
DECEMBER 31, 2019	43,449 835	44	1,606	(5)	(479)	(4)	47	1,209	42	1,251

(1) "Retained earnings and other reserves" at January 1, 2018 include the impacts of the application of IFRS 9.

(2) Including a 2 million euro expense related to the ACT 2018 plan.

(3) Corresponding to the impact of the Act 2018 plan following the share settlement-delivery that took place on July 18, 2018 (see Note 21.F).

(4) "Retained earnings and other reserves" at January 1, 2019 include the impacts of the application of IFRIC 23.

(5) The number of shares outstanding at December 31, 2019 corresponds to 43,606,320 issued shares less 156,485 shares held in treasury.

5. Consolidated statement of cash flows

<i>(in millions of euros)</i>	Notes	2019	2018
Net income		(118)	13
Depreciation, amortization and impairment of assets <i>(including goodwill)</i>	8, 13 and 14	151	180
Cost of debt (gross)		43	51
Core exposure effect ⁽¹⁾		11	15
Current and deferred income tax charge (benefit)	11	44	44
Net (gains) losses on asset disposals	9	(7)	(44)
Other restatements ⁽²⁾		135	(68)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX⁽³⁾		260	191
Decrease (increase) in working capital ⁽⁴⁾	20	56	117
Impairment of current assets and accrued contract costs		19	0
Income taxes paid		(36)	(45)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		40	72
NET CASH GENERATED FROM OPERATING ACTIVITIES		300	263
Proceeds from disposals of property, plant and equipment and intangible assets		12	51
Capital expenditure	13, 14	(238)	(207)
Decrease (increase) in loans granted and short-term financial assets		(1)	10
Purchase of shares in consolidated companies, net of cash acquired		(1)	(13)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(1)	-
NET CASH USED IN INVESTING ACTIVITIES		(228)	(158)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		71	105
Proceeds from (repayments of) long-term and short-term borrowings ⁽⁵⁾	24	(261)	88
▪ of which repayment of 2016-2019 OCEANE bonds		(269)	-
▪ of which proceeds from 2018-2023 ordinary bond issue		-	323
▪ of which repayment of the 2012-2018 ordinary bonds		-	(250)
Cash capital increases (reductions)	21	-	(10)
Interest paid ⁽⁵⁾		(52)	(47)
Transactions with owners not resulting in a change of control		(5)	-
Dividends paid		(15)	(33)
NET CASH USED IN FINANCING ACTIVITIES		(332)	(2)
Net effect of currency translation differences		0	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(260)	93
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24.A	886	794
CASH AND CASH EQUIVALENTS AT YEAR-END	24.A	626	886
• of which cash and cash equivalents recorded under assets		642	901
• of which short-term bank loans and overdrafts recorded under liabilities		(16)	(15)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see Note 1.E.c).

(2) "Other restatements" in 2019 primarily included (i) 103 million euros to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) 13 million euros related to the cash impact of hedges and (iii) 6 million euros to cancel the cost of share-based payments. "Other restatements" in 2018 primarily included (i) a negative 75 million euros to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) a negative 7 million euros related to the cash impact of hedges and (iii) a positive 9 million euros to cancel the cost of share-based payments.

(3) The Group also uses the "cash from operations" concept, which is mainly calculated after adding back cash outflows relating to reorganizations (129 million euros and 61 million euros in 2019 and 2018 respectively) and after restating the income taxes paid.

(4) In 2018, the Group sold 20 million euros worth of tax receivables. As the sales concerned transferred substantially all the risks and rewards of ownership, they met the derecognition criteria in IFRS 9 and the receivables were therefore derecognized.

(5) In 2019, these lines included principal and interest payments in respect of lease liabilities.

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Note 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans (the Company) is a French joint stock corporation (*société anonyme*) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code (*Code de commerce*). The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters is at Le Vinci, 4 allée de l'Arche, 92400 Courbevoie, France.

Nexans is listed on the regulated market of Euronext Paris (Compartment A) and forms part of the SBF 120 index.

The consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes. They were approved by the Board of Directors on February 19, 2020 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 13, 2020 on first call.

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. Except where otherwise indicated, these policies have been applied consistently to all the financial years presented.

Basis of preparation

The consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union at December 31, 2019.

The Group has applied all of the new standards, interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2019, and which were as follows:

- IFRS 16, "Leases". This standard replaces IAS 17 "Leases" and all related interpretations. IFRS 16 applies to all of the Group's lease contracts. The changes resulting from applying IFRS 16 are presented in **Note 3**. A new paragraph entitled "Leases" has been added in **Note 1.F.m**;
- IFRIC 23, "Uncertainty over Income Tax Treatments";
- Amendments to IFRS 9, "Prepayment Features with Negative Compensation";
- Annual improvements to IFRSs (2015-2017), including IAS 12, "Income Tax Consequences of Dividends (Including Payments on Financial Instruments Classified as Equity)", IAS 23, "Borrowing Costs Eligible for Capitalisation", and IFRS 3 and IFRS 11, "Previously Held Interests in a Joint Operation";
- Amendments to IAS 19, "Plan Amendments, Curtailments and Settlements";
- Amendments to IAS 28, "Long-Term Interests in Associates and Joint Ventures".

Besides IFRS 16, described in **Note 3**, the other amendments and the new interpretation did not have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations published by the IASB but not yet effective

The IASB has not issued any new standards, amendments or interpretations that have been endorsed by the European Union but are not yet applicable.

The IASB has issued the following amendments that have not yet been endorsed by the European Union and are potentially applicable by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, "Definition of a Business";
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IAS 1 and IAS 8, "Definition of Materiality".

The Group does not expect its application of these amendments to have a material impact on its consolidated financial statements.

Accounting estimates and judgments

The preparation of consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

The main sources of uncertainty relating to estimates are expanded upon where necessary in the relevant notes and concern the following items:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets, and determining the groups of cash-generating units (CGUs) used for goodwill impairment testing (see **Note 1.F.a**, **Note 1.F.b**, **Note 1.F.c** and **Note 8**).
- Recognition and recoverability of deferred tax assets for unused tax losses (see **Note 1.E.f** and **Note 11.E**).
- Margins to completion and percentage of completion on long-term contracts (see **Note 1.E.a**).
- The measurement of pension liabilities and other employee benefits (see **Note 1.F.j** and **Note 22**).
- Provisions and contingent liabilities (see **Note 1.F.k**, **Note 23** and **Note 30**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.F.n** and **Note 26**).
- Cancelable lease terms for real estate leases (see **Note 1.F.m**).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group's future financial statements may differ from the estimates used in these financial statements. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

B. CONSOLIDATION METHODS

The consolidated financial statements include the financial statements of (i) Nexans, (ii) the subsidiaries over which Nexans exercises control, and (iii) companies accounted for by the equity method (associates). The financial statements of subsidiaries and associates are prepared for the same period as those of the parent company. Adjustments are made to harmonize any differences in accounting policies that may exist.

Subsidiaries (companies controlled by Nexans) are fully consolidated from the date the Group takes over control to the date on which control is transferred outside the Group. Control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to benefit from its activities.

Other companies over which the Group exercises significant influence are classified as associates and accounted for by the equity method. Significant influence is presumed to exist when the Group's direct or indirect interest is over 20%.

The type of control or influence exercised by the Group is assessed on a case-by-case basis using the presumptions set out in IFRS 10, IFRS 11 and the revised version of IAS 28. A list of the Group's main subsidiaries and associates is provided in **Note 32**.

Intra-group balances and transactions, including any intra-group profits, are eliminated in consolidation.

C. FOREIGN CURRENCY TRANSLATION

The Group's financial statements are presented in euros. Consequently:

- The balance sheets of foreign operations whose functional currency is not the euro are translated into euros at the year-end exchange rate.
- Income statement items of foreign operations are translated at the average annual exchange rate, which is considered as approximating the rate applicable to the underlying transactions.

The resulting exchange differences are included in other comprehensive income under "Currency translation differences". The functional currency of an entity is the currency of the primary economic environment in which the entity operates and in the majority of cases corresponds to the local currency.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Cash flow statement items are also translated at the average annual exchange rate.

Since January 1, 2006, no Group subsidiary has been located in a hyperinflationary economy within the meaning of IAS 29.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. When these transactions are hedged and the hedge concerned is documented as a qualifying hedging relationship for accounting purposes, the gain or loss on the spot portion of the corresponding derivative directly affects the hedged item so that the overall transaction is recorded at the hedging rate in the income statement.

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign currency monetary items in the balance sheet are translated at the year-end closing rate. Any exchange gains or losses arising on translation are recorded as financial income or expense except if they form part of the net investment in the foreign operation within the meaning of IAS 21, in which case they are recognized directly in other comprehensive income under "Currency translation differences".

Foreign exchange derivatives are measured and recognized in accordance with the principles described in **Note 1.F.n**.

D. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, whereby the identifiable assets acquired, liabilities assumed and any contingent liabilities are recognized and measured at fair value.

For all business combinations the acquirer must (other than in exceptional cases) recognize any non-controlling interest in the acquiree either (i) at fair value (the "full goodwill" method) or (ii) at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets measured at their acquisition-date fair value, in which case no goodwill is recognized on non-controlling interests (the "partial goodwill" method).

Goodwill, determined as of the acquisition date, corresponds to the difference between:

- The aggregate of (i) the acquisition price, generally measured at acquisition-date fair value, (ii) the amount of any non-controlling interest in the acquiree measured as described above, and (iii) for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

The Group has a period of 12 months from the acquisition date to complete the initial accounting for a business combination, during which any "measurement period adjustments" may be made. These adjustments are notably made to reflect information obtained subsequent to the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any contingent consideration at the acquisition date is systematically included in the initial fair value measurement of the consideration transferred in exchange for the acquiree, based on probability tests. Any changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date and which do not correspond to measurement period adjustments as described above – such as meeting an earnings target different from initial expectations – are accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 is measured at fair value, with any resulting gain or loss recognized in the income statement (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

The Group accounts for acquisition-related costs for subsidiaries as expenses in the periods in which the costs are incurred and the services received. However, if the acquisition of a subsidiary is financed through the issuance of equity or debt instruments, the related costs are recognized in equity or debt respectively in accordance with IFRS 9 and IAS 32.

E. INCOME STATEMENT ITEMS

a. Sales

Net sales

Net sales (at current metal prices) represent revenue from sales of goods held for resale, as well as sales of goods and services deriving from the Group's main activities, for which consideration has been promised in contracts drawn up with customers.

The Group's main activities correspond to sales of cables produced in its plants, as well as cable installation services. Cables are sold either separately under specific contracts with customers (see below, "Sales of goods") or together with installation services under contracts that combine both sales of cables and installation services (see below, "Goods and services contracts").

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.

For all business, the sales amount recognized in revenue corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices. Penalties are deducted from revenue from the underlying contract as soon as they are accepted. Revenue also includes certain variable consideration, notably relating to discounts and rebates, which are measured using the expected value method or based on the single most likely amount, depending on the specific terms and conditions of the contracts concerned.

For all of the Group's activities, the revenue recognized as the consideration promised from customers for the transfer of goods or services takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales of goods

Customer contracts covering sales of goods include a single performance obligation for each delivery.

Revenue from sales of goods is recognized at a specific point in time, corresponding to the moment when control of the asset concerned is transferred to the customer, which is generally when the goods are delivered.

In addition, as the delivery of goods also corresponds to the moment when the Group obtains an enforceable right to payment, the contra-entry to the recognized amount of sales is presented in "Trade receivables" on the assets side of the consolidated balance sheet.

Goods and services contracts

Contracts covering both sales of goods and cable installation services essentially concern the Group's high-voltage cable and umbilical cable activities. They are contracts that are specifically negotiated for constructing and installing an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the customer cannot use an asset or a group of assets during their production or installation due to the specific features of their design and interdependency as provided for contractually, then a single performance obligation is identified per contract.

Performance obligations under goods and services contracts are considered to be satisfied over time if (i) the asset or group of assets created in connection with a goods and services contract is specific to the requirements of the customer and cannot have an alternative use, and (ii) Nexans has an enforceable right to payment for the services performed up until the date in question. The input method is used to measure progress towards fulfilling the performance obligation based on costs incurred. The costs taken into account do not include any inefficiencies that were not anticipated and cannot therefore trigger any revenue recognition.

For each goods and services contract, the cumulative amount of revenue recognized in respect of all of the Group's service obligations under the contract, less any advance payments received from customers and trade receivables which are recognized separately, is presented in the consolidated balance sheet under "Contract assets" or "Contract liabilities".

When it is probable that total contract costs will exceed total contract revenue, the expected loss to completion is recognized immediately in cost of sales in the consolidated income statement, and under "Short-term provisions" or "Long-term provisions" in the consolidated balance sheet.

Customer advance payments

The Group may receive partial payments from customers before the corresponding work is performed, which are referred to as customer advance payments. In accordance with IFRS 15, these advance payments are recorded under "Contract liabilities" or "Contract assets" depending on the net balance sheet position of the related goods and services contract.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

In the same way as for recognition of consideration promised by customers, when recognizing customer advance payments the Group takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales (and cost of sales) at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices.

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figures based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For both 2019 and 2018, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne for aluminum.

b. Operating margin

Operating margin, a key indicator, measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see **Note 1.F.a**).

Share-based payments (see **Note 1.F.i**), pension operating costs (see **Note 1.F.j**) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of: (i) revaluing Core exposure (see **Note 1.E.c**); (ii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (iii) changes in fair value of non-ferrous metal derivatives; (iv) gains and losses on asset disposals; (v) acquisition-related costs when they concern acquisitions that have been completed and acquisition fees and costs related to planned acquisitions; (vi) expenses and provisions for antitrust investigations; (vii) reorganization costs; (viii) share in net income of associates; (ix) financial income and expenses; (x) income taxes; and (xi) net income (loss) from discontinued operations.

The Group also uses EBITDA and ROCE as operating performance indicators.

Consolidated EBITDA is defined as restated operating margin before depreciation and amortization, while ROCE corresponds to the return on capital employed and is calculated as operating margin divided by capital employed.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also **Note 27.C**):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence on a permanent basis of a minimum inventory of metal that is not hedged (called "Core exposure").
The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.
- A "volume" effect: At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, whereas at operating income level it is valued at weighted average cost (see **Note 1.F.e**) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, except for any structural change, in accordance with the management principles described in **Note 27.C**.

d. Operating income

Operating income includes operating margin (see **Note 1.E.b**), Core exposure effect (see **Note 1.E.c**), reorganization costs (see **Note 1.F.k**), share in net income of associates, and other operating income and expenses. Other operating income and expenses are presented in **Note 7** and mainly include impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests (see **Note 1.F.c**), gains and losses on asset disposals, and expenses and provisions for antitrust investigations.

e. Financial income and expenses

Financial income and expenses include the following:

- Cost of debt, net of financial income from investments of cash and cash equivalents.
- Other financial income and expenses, which primarily include (i) foreign currency gains and losses on transactions not qualified as cash flow hedges, (ii) additions to and reversals of provisions for impairment in value of financial investments, (iii) net interest expense on pensions and other long-term benefit obligations, and (iv) dividends received from non-consolidated companies.

Details on the majority of these items are provided in **Notes 10** and **24**.

f. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12, no deferred tax assets or liabilities are recognized for temporary differences resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see **Note 1.F.c**).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference, and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

F. ITEMS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

a. Intangible assets

See **Notes 1.D** and **1.F.c** for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:

- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between five and twenty-five years). Supply contracts can be deemed to have an indefinite useful life when they are automatically renewable and where there is evidence, notably based on past experience, indicating that the contractual rights will be renewed. Otherwise, their useful lives generally correspond to the term of the contract.
- The costs for acquired or developed software, usually intended for internal use, and development costs, to the extent that their cost can be reliably measured and it is probable that they will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (between three and five years).
- Development costs that meet the recognition criteria in IAS 38. Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available. Research costs, as well as development costs that do not meet the recognition criteria in IAS 38, are expensed as incurred. Research and development costs to be rebilled to or by customers under the terms of construction contracts are included in "Contract assets" and "Contract liabilities".

Intangible assets are derecognized when the risks and rewards of ownership of the asset are transferred.

b. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

The Group applies the cost model for the measurement of property, plant and equipment rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Property, plant and equipment are depreciated by the straight-line method based on the following estimated useful lives:

INDUSTRIAL BUILDINGS AND EQUIPMENT	
▪ Buildings for industrial use	20 years
▪ Infrastructure and fixtures	10-20 years
▪ Equipment and machinery:	
- Heavy mechanical components	30 years
- Medium mechanical components	20 years
- Light mechanical components	10 years
- Electrical and electronic components	10 years
▪ Small equipment and tools	3 years
BUILDINGS FOR ADMINISTRATIVE AND COMMERCIAL USE	
	20-40 years

The depreciation method and periods applied are reviewed at each year-end where necessary. The residual value of the assets is taken into account in the depreciable amount when it is deemed significant. Replacement costs are capitalized to the extent that they satisfy the criteria in IAS 16.

Property, plant and equipment are derecognized when the risks and rewards of ownership of the asset are transferred.

Property, plant and equipment also include right-of-use assets recognized for leases (see **Note 1.F.m**).

c. Impairment tests

At each period-end, the Group assesses whether there is an indication that an asset may be impaired. Impairment tests are also carried out whenever events or changes in the market environment indicate that property, plant and equipment or intangible assets (including goodwill), may have suffered impairment. An impairment loss is recognized where necessary for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets with indefinite useful lives and goodwill are tested for impairment at least once a year.

For operating assets that the Group intends to hold and use in its operations over the long term, the recoverable amount of a cash-generating unit (CGU) corresponds to the higher of fair value less costs to sell (where determinable) and value in use. Where the Group has decided to sell particular operations, the carrying amount of the related assets is compared with their fair value less costs to sell. Where negotiations in relation to such a sale are in progress, fair value is determined based on the best estimate of the outcome of the negotiations at the reporting date.

Value in use is calculated on the basis of the future operating cash flows determined in the Group's budget process and strategic plan, which represent Management's best estimate of the economic conditions that will prevail during the remainder of the asset's useful life. The assumptions used are made on the basis of past experience and external sources of information, such as discount rates and perpetual growth rates.

When an analysis of the related context reveals that a CGU, intangible asset, or item of property, plant and equipment that is in use or ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- CGU: a cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of goodwill is tested at the level of the CGU or group of CGUs to which it is allocated. The structure of the Group's CGUs is aligned with its operational organization and is based on a combined vision of market segments and geographic areas.
- Other intangible assets and property, plant and equipment: groups of assets with finite useful lives are tested for impairment if there is a specific indication that they may be impaired (as defined in IAS 36.12). Examples of indications that an asset may be impaired include a pronounced decline in profitability, a considerably lower performance than in the original business plan, or a significant loss of customers, market share or product certifications.
- The discount rate applied corresponds to the expected market rate of return for a similar investment, specific to each geographic area, regardless of the sources of financing. The discount rates used are post-tax rates applied to post-tax cash flows. The recoverable amounts determined using these post-tax rates are the same as those that would be obtained by using pre-tax rates applied to pre-tax cash flows.
- Five-year business plans are used, based on the Group's budget process and strategic plan, with an extrapolation calculated in conjunction with local management for the final years of the projection period if appropriate.
- Operational cash flows are extrapolated based on growth rates specific to each geographic area.

Impairment losses (net of reversals) are recorded in the income statement under "Other operating income and expenses" unless they directly relate to a reorganization operation (see **Note 1.F.k**).

d. Financial assets at fair value through profit or loss or other comprehensive income

Financial assets at fair value through profit or loss or through other comprehensive income relate to the shares in non-consolidated entities. They are initially recognized at fair value. For each of these assets, the Group decides whether to measure subsequent changes in fair value either through profit or loss or through other comprehensive income (without any possibility of subsequently being recycled to profit or loss). This choice is made at the initial recognition date and is irreversible.

e. Inventories and work in progress

Inventories and manufacturing work in progress are stated at the lower of cost and net realizable value. The costs incurred in bringing inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase cost according to the weighted average cost (WAC) method;
- Finished goods and work in progress: cost of materials and direct labor, and share of indirect production costs, according to the WAC method.

In compliance with IAS 23, qualifying inventories include directly attributable borrowing costs.

Inventories include Core exposure:

- With respect to continuous casting activities, the Core exposure represents the minimum quantity of non-ferrous metal inventories necessary to establish and maintain casting operations.
- In respect to Nexans cabling activities, the Core exposure represents the amounts of non-ferrous metals required for the Group's cable plants to operate effectively in the current business context.

Its overall volume is generally kept stable and is constantly replenished, however the level of Core exposure may have to be adapted at times, particularly in the event of a significant contraction or expansion in business volumes. In the event of structural reorganizations within the Group, the level of Core exposure may have to be revised.

The impact of changes in value of this component is shown in a separate line of the income statement and is included as a component of cash flows from operations in the statement of cash flows.

Net realizable value of inventories is the estimated sale price in the ordinary course of business, less estimated completion costs and the costs necessary to carry out the sale. If the carrying amount of non-ferrous metal inventories is higher than their market value at the year-end, an impairment loss is only recognized when the products to which the assets are allocated have a negative production margin. As stated in **Note 1.E.c**, impairment losses on Core exposure are recognized under "Core exposure effect" in the income statement. Any impairment losses related to other categories of inventories are recognized within operating margin.

f. Trade receivables and other receivables

Trade receivables are stated at their transaction price, determined in accordance with IFRS 15. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment losses for trade receivables are recognized based on two methods:

- A collective method based on a statistical approach that reflects the expected credit losses over the lifetime of receivables, including receivables not past due, in accordance with IFRS 9.

In order to apply this method, the Group has drawn up a matrix of the rates used to write down its trade receivables that factor in country risks, observed default probabilities and expected losses in the event of default. The base used to calculate these statistical loss allowances also takes into account any contractual guarantees received in relation to the receivables concerned.

The carrying amount of the asset is written down and the amount of the loss is recognized in the income statement under "Cost of sales".

- An individual method, whereby an impairment loss is recorded for a trade receivable whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction.

The following are indicators that a receivable may be impaired: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial reorganization; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate.

Receivables written down by the individual method are excluded from the calculation base for impairment losses determined by the collective method.

In the same way as for the collective method described above, under the individual method, the carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales".

These impairment methods also apply to "Contract assets" recognized in the consolidated balance sheet.

g. Cash and cash equivalents

Cash and cash equivalents, whose changes are shown in the consolidated statement of cash flows, comprise the following:

- Cash and cash equivalents classified as assets in the balance sheet, which include cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
- Bank overdrafts repayable on demand which form an integral part of the entity's cash management. In the consolidated balance sheet, bank overdrafts are recorded as current financial liabilities.

h. Assets and groups of assets held for sale

Presentation in the consolidated balance sheet

Non-current assets or groups of assets held for sale, as defined by IFRS 5, are presented on a separate line on the assets side of the balance sheet. Liabilities related to groups of assets held for sale are shown on the liabilities side, also on a separate line, except those for which the Group will remain liable after the related sale as a result of the applicable sale terms and conditions. Non-current assets classified as held for sale cease to be depreciated from the date on which they fulfill the classification criteria for assets held for sale.

In accordance with IFRS 5, assets and groups of assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The potential capital loss arising from this measurement is recognized in the income statement under "Other operating income and expenses" in "Net asset impairment".

Presentation in the income statement

A group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group if:

- It represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- It is a subsidiary acquired exclusively with a view to resale.

Where a group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group, it is classified as a discontinued operation and its income and expenses for all periods presented are shown on a separate line of the income statement, "Net income (loss) from discontinued operations", which comprises the total of:

- The post-tax profit or loss of discontinued operations; and
- The post-tax gain or loss recognized on the measurement at fair value less costs to sell or on the disposal of assets or groups of assets held for sale constituting the discontinued operation.

When a group of assets previously presented as "held for sale" ceases to satisfy the criteria in IFRS 5, each related asset and liability component – and, where appropriate, income statement item – is reclassified to the relevant items of the consolidated financial statements.

i. Share-based payments

Stock options, performance shares and free shares may be granted to senior managers and certain other Group employees. These plans correspond to equity-settled share-based payment transactions and are based on the issue of new shares in the parent company (Nexans S.A.).

In accordance with IFRS 2, "Share-based Payment", stock options, performance shares and free shares are measured at fair value at the grant date (corresponding to the date on which the plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

The fair value of vested stock options, performance shares and free shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity recorded under "Retained earnings and other reserves".

If stock options or share grants are subject to internal performance conditions their fair value is remeasured at the year-end. For plans that are subject to market performance conditions, changes in fair value after the grant date do not affect the amounts recognized in the financial statements.

The Group has also set up employee stock ownership plans that entitle employees to purchase new shares at a discount to the market price. These plans are accounted for in accordance with IFRS 2, taking into consideration the valuation effect of the five-year lock-up period that generally applies.

j. Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where it operates, the Group provides pensions, early retirement benefits and statutory retirement bonuses.

For basic statutory plans and other defined contribution plans, expenses correspond to contributions made. No provision is recognized as the Group has no payment obligation beyond the contributions due for each accounting period.

For defined benefit plans, provisions are determined as described below and recognized under "Pensions and other long-term employee benefit obligations" in the balance sheet (except for early retirement plans which are deemed to form an integral component of a reorganization plan, see **Note 1.F.k**):

- Provisions are calculated using the projected unit credit method, which sees each service period as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations take into account assumptions with respect to mortality, staff turnover, discounting, projections of future salaries and the return on plan assets.
- Plan assets are measured at fair value at the year-end and deducted from the Group's projected benefit obligation.
- In accordance with the revised version of IAS 19, actuarial gains and losses – resulting from experience adjustments and the effects of changes in actuarial assumptions – are recognized as components of other comprehensive income that will not be reclassified to the income statement, and are included in "Changes in fair value and other" within equity.
- The Group analyzes the circumstances in which minimum funding requirements in respect of services already received may give rise to a liability at the year-end.

When the calculation of the net benefit obligation results in an asset for the Group, the recognized amount (which is recorded under "Other non-current assets" in the consolidated balance sheet) cannot exceed the present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements.

Provisions for jubilee and other long-service benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations. They are recognized in the consolidated balance sheet under "Pensions and other long-term employee benefit obligations". Actuarial gains and losses on provisions for jubilee benefits are recorded in the income statement.

In the event of an amendment, curtailment or settlement of a defined benefit pension plan, the Group's obligation is remeasured at the date when the plan amendment, curtailment or settlement occurs and the gain or loss on remeasurement is included within operating margin. When a defined benefit pension plan is subject to a reduction in liquidity or an amendment as a result of a reorganization plan, the related impact is presented in "Reorganization costs" in the income statement.

The financial component of the annual expense for pensions and other employee benefits (interest expense after deducting any return on plan assets calculated based on the discount rate applied for determining the benefit obligations) is included in other financial expenses (see **Note 10**).

k. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of discounting is material, the provisions are determined by discounting expected future cash flows applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities concerned. The effect of unwinding the discounting is recognized as a financial expense and the effects of any changes in the discount rate are recognized in the same account as that through which the provision was accrued.

A provision is set aside to fully cover reorganization costs when they relate to an obligation by the Group to another party resulting from a decision made at an appropriate managerial or supervisory level, backed by a detailed formal plan that has been announced before the year-end to the party or parties concerned. Such costs primarily correspond to severance payments, early retirement benefits (except where qualified as employee benefits, see **Note 1.F.j**), costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs directly linked to the shutdown of facilities.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Asset retirements and impairment of inventories and other assets, as well as other cash outflows directly linked to reorganization measures but which do not meet the criteria for the recognition of a provision are also recorded under reorganization costs in the income statement. In the consolidated balance sheet, this type of impairment is presented as a deduction from the related non-current or current assets.

Reorganization costs also include costs directly related to the programs undertaken by the Group under the transformation strategy announced on November 9, 2018.

I. Financial liabilities

Financial liabilities are initially recognized at fair value, corresponding to their issue price less transaction costs directly attributable to the acquisition or issue of the financial liability. If the liability is issued at a premium or discount, the premium or discount is amortized over the life of the liability using the effective interest method. The effective interest method calculates the interest rate that is necessary to discount the cash flows associated with the financial liability through maturity to the net carrying amount at initial recognition.

Convertible bonds and other borrowings

Under IAS 32, "Financial Instruments: Presentation", if a financial instrument has both a liability and an equity component, the issuer must account for these components separately according to their nature.

This treatment applies to OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares, as the conversion option meets the definition of an equity instrument.

The liability component is measured on the issue date on the basis of contractual future cash flows discounted applying the market rate (taking into account the issuer's credit risk) for a similar instrument but which is not convertible/redeemable for shares.

The value of the conversion option is calculated as the difference between the issue price of the bonds and the value of the liability component. This amount is recognized under "Retained earnings and other reserves" in equity.

Following initial measurement of the liability and equity components, the liability component is measured at amortized cost. The interest expense relating to the liability is calculated using the effective interest method.

Put options given to minority shareholders

Put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. In accordance with the revised version of IFRS 3, the impact of changes in the exercise price of these options is recognized in equity.

m. Leases

Leases are recognized in the balance sheet at their inception for an amount corresponding to the present value of the future lease payments. The discount rates used for the present value calculations are based on the Group's incremental borrowing rate to which a spread is added to take into account the economic environments specific to each country.

This amount is recognized under "Lease liabilities" on the liabilities side and "Right-of-use assets" on the assets side. The right-of-use asset recognized for a lease is then depreciated over the term of the lease, which generally corresponds to the non-cancelable period of a lease, together with optional periods, i.e., periods where the Group is reasonably certain that it will exercise an extension option or not exercise a termination option.

In the income statement, due to the balance sheet treatment referred to above, lease payments are recognized as (i) depreciation of the right-of-use asset, included in "Operating margin", and (ii) interest on the lease liability, included in "Cost of debt (net)". The tax impact of the restatements carried out on consolidation is accounted for via the recognition of deferred taxes.

In the statement of cash flows, lease payments are included in cash flows from financing activities, under "Proceeds from (repayments of) long-term and short-term borrowings" for the portion corresponding to the repayment of the lease liability and under "Interest paid" for the interest portion.

Payments under leases corresponding to low-value assets or short-term leases are recognized directly as expenses.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

n. Derivative instruments

Only derivatives negotiated with external counterparties are deemed eligible for hedge accounting.

Foreign exchange hedges

The Group uses derivatives (mainly forward purchases and sales of foreign currencies) to hedge the risk of fluctuations in foreign currency exchange rates. These instruments are measured at fair value, calculated by reference to the forward exchange rates prevailing at the year-end for contracts with similar maturity profiles.

➤ Foreign exchange cash flow hedges

When foreign exchange derivatives are used to hedge highly probable future transactions (forecast cash flows or firm orders) that have not yet been invoiced, and to the extent that they satisfy the conditions for cash flow hedge accounting, the change in the fair value of the derivative comprises two elements:

- The “effective” portion of the unrealized or realized gain or loss on the hedging instrument, which is recognized directly in equity under “Changes in fair value and other”. Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income, for example when the forecast sale takes place. These gains or losses are included in operating margin when they relate to commercial transactions.
- The “ineffective” portion of the realized or unrealized gain or loss, which is recognized directly in the income statement as financial income or expense.

➤ Foreign exchange derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly in the income statement as financial income or expense.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

Hedging of risks associated with fluctuations in non-ferrous metal prices

Forward purchases of non-ferrous metals used in the Group's operations and which require physical delivery of the metals concerned are not included within the scope of IAS 39 and are recognized at the time of delivery.

The Group uses futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge its exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead). These contracts are settled net in cash and constitute derivative instruments falling within the scope of application of IAS 39.

➤ Cash flow hedges of risks associated with fluctuations in non-ferrous metal prices

Due to the sharp volatility in non-ferrous metal prices over the past several years, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39. Consequently, whenever these instruments are used to hedge future transactions (mainly purchases of copper wires and cathodes) that are highly probable but not yet invoiced, and meet the requirements in IAS 39 for cash flow hedge accounting, they are accounted for similarly to the above-described foreign exchange hedges that qualify for cash flow hedge accounting, as follows:

- The “effective” portion of the unrealized gain or loss on the hedging instrument is recognized directly in equity under “Changes in fair value and other” and the corresponding realized gain or loss is recognized within operating margin.
- The “ineffective” portion of the unrealized gain or loss is recognized in the consolidated income statement under “Other operating income and expenses” and the corresponding realized gain or loss is recognized within operating margin, which, in accordance with the Group's management model, includes all of the realized impacts relating to non-ferrous metals.

The majority of the metal derivatives used by the Group qualify as hedges.

➤ Hedges of risks associated with fluctuations in non-ferrous metal prices that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly within operating income under “Changes in fair value of non-ferrous metal derivatives”. Any realized gains or losses are recorded in operating margin when the derivatives expire.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

Note 2. Significant events of the year

A. FRAMEWORK AGREEMENT FOR NORTH AMERICAN OFFSHORE WIND FARM DEVELOPMENT

On December 3, 2019, Nexans, the group Eversource, New England's premier transmission builder, and Ørsted, the world leader in offshore wind, announced a framework agreement. The agreement will reinforce their long-term partnership and will result in Nexans having the opportunity to provide up to 1,000 km of subsea high voltage export cables for Ørsted's offshore wind farms in North America. The first delivery is expected by 2022 and the agreement extends until 2027.

B. FINANCING THE CONSTRUCTION OF THE AURORA CABLE-LAYING VESSEL

In 2018, work began on a new cable-laying ship which is due to be delivered to the Group in 2021 to support growth in the submarine high-voltage cables business. The financing contract for this cable-laying vessel is worth 1,050 million Norwegian kroner and was signed on May 10, 2019.

(see **Note 14** and **24** for further details).

C. REDEMPTION OF BONDS CONVERTIBLE INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES (OCEANE BONDS)

All of the outstanding 2019 OCEANE bonds were redeemed at maturity at the beginning of January 2019, for a total of 276 million euros including accrued interest.

D. EUROPEAN REORGANIZATION PROJECT

On January 24, 2019, Nexans launched an information and consultation procedure and announced a European reorganization plan with the objective of:

- Overhaul the organization by focusing on core businesses, eliminating regional structures and streamlining the overall structure;
- Creating a more agile and more efficient Nexans by reducing the number of reporting levels.

This plan is now being implemented and enables Nexans to:

- Resize corporate business activities at the global head office level;
- Pool certain functional activities between countries;
- Adapt selected manufacturing infrastructure.

This plan also enhances the way Innovation and Technology is organized and optimized within the Group alongside the shift to more scaleable and versatile businesses and services.

The main social impact are in Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy. Nexans is working closely with all stakeholders to minimize the social impact of the plan, in accordance with the applicable laws. Nexans is deeply committed to working closely with the affected employees and the union representatives to provide the appropriate support.

As a consequence of the plan, the Group recorded 184 million euros of net reorganization costs in the income statement for 2019, including a provision which stood at 128 million euros in the balance sheet at December 31, 2019 (see **Note 23**).

Note 3. Changes in accounting methods: IFRS 16

IFRS 16, "Leases" – which is effective from January 1, 2019 – requires lessees to account for leases covered by the standard by recognizing:

- Right-of-use assets, under fixed assets; and
- Lease liabilities, under debt, for future lease payments.

The application of IFRS 16 also resulted in the following changes in presentation:

- In the income statement, lease payments, which were previously recognized as expenses within "Operating margin", are now recognized as (i) depreciation of the right-of-use asset, included in "Operating margin", and (ii) interest on the lease liability, included in "Cost of debt (net)".
- In the statement of cash flows, lease payments were previously all included in cash flows from operating activities, whereas in accordance with IFRS 16, the portion corresponding to the repayment of lease liabilities is now recognized under "Proceeds from (repayments of) long-term and short-term borrowings" and the portion corresponding to the payment of interest on lease liabilities is recognized under "Interest paid", with both of these portions recognized in cash flows from financing activities.

The Group has elected to use the modified retrospective approach for its transition to IFRS 16. Under this approach, comparative data is not restated and any cumulative effect of first-time application of the standard is recognized as an adjustment to equity at the date of initial application.

The Group has also applied the simplified options provided for in the standard. Consequently, lease payments corresponding to a low-value asset or a short-term lease (less than 12 months) have been recognized directly as expenses.

The following practical expedients were also applied for the transition to IFRS 16:

- No assets or liabilities were recognized for leases with a residual term of less than 12 months from January 1, 2019.
- The discount rates applied at the transition date were based on the Group's incremental borrowing rate to which a spread was added to take into account the economic environments specific to each country. These discount rates were determined taking into consideration the residual terms of the leases from the date of the Group's first-time application of IFRS 16, i.e., January 1, 2019.

The impact of applying IFRS 16 at January 1, 2019 resulted in a 126 million euro increase in the Group's debt and a corresponding 126 million euro increase in property, plant and equipment.

The table below shows an opening-balance reconciliation at January 1, 2019 between (i) lease liabilities recognized under IFRS 16 (representing the value of future lease payments), and (ii) the amount recognized for future lease payments at December 31, 2018 for operating leases, as defined in IAS 17.

<i>(in millions of euros)</i>	Future payments under non-cancelable operating leases	Exemption for short-term leases	Exemption for leases relating to low-value assets	Portion of leases corresponding to services	Change in estimates of lease terms	Discounting of lease payments	Lease liabilities under IFRS 16
JANUARY 1, 2019	156	(6)	(1)	(4)	3	(22)	126

The impact of applying IFRS 16 resulted in a 29 million-euro increase in EBITDA compared with 2018.

At both January 1, 2019 and December 31, 2019, the Group's lease contracts that resulted in the recognition of right-of-use assets and lease liabilities mainly corresponded to real estate leases.

Note 4. Operating segments

The Group has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.
- **High Voltage & Projects:** This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).
- **Telecom & Data:** This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug-and-play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.
- **Industry & Solutions:** This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled "**Other Activities**", which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Two specific facts should be noted for the "**Other Activities**" column:

- A total of 92% of the sales at constant metal prices recorded under "Other Activities" in 2019 were generated by the Group's Electrical Wires business (compared with 93% in 2018).
- Operating margin for "Other Activities" was a negative 29 million euros in 2019, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

In the following tables, the information for 2019 includes the consequences of the first-time application of IFRS 16, "Leases".

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

A. INFORMATION BY REPORTABLE SEGMENT

2019 (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,799	779	572	1,374	1,212	6,735
Net sales at constant metal prices	1,807	715	515	1,159	409	4,605
EBITDA	155	103	52	105	(2)	413
Depreciation and amortization	(47)	(41)	(11)	(38)	(27)	(163)
Operating margin	108	62	41	67	(29)	249
Net impairment of non-current assets (including goodwill) (see Note 8)	-	15	-	(1)	-	13

2018 (in millions of euros)	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,774	745	561	1,390	1,020	6,490
Net sales at constant metal prices	1,742	683	496	1,160	329	4,409
Net sales at constant metal prices and 2019 exchange rates	1,747	671	500	1,164	334	4,416
EBITDA	120	68	44	86	7	325
Depreciation and amortization	(48)	(34)	(11)	(35)	(10)	(137)
Operating margin	72	34	34	51	(2)	188
Net impairment of non-current assets (including goodwill) (see Note 8)	(2)	(46)	-	-	3	(44)

The Executive Committee also analyzes the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2019 (in millions of euros)	France	Germany	Norway	Other ⁽³⁾	Group total
Net sales at current metal prices ⁽¹⁾	1,040	819	758	4,118	6,735
Net sales at constant metal prices ⁽¹⁾	660	741	691	2,514	4,605
Non-current assets (IFRS 8) ^{(1) (2)} (at December 31)	203	195	291	1,097	1,786

⁽¹⁾ Based on the location of the assets of the Group's subsidiaries.

⁽²⁾ Non-current assets include right-of-use assets recognized on first-time application of IFRS 16.

⁽³⁾ Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2018 (in millions of euros)	France	Germany	Norway	Other ⁽²⁾	Group total
Net sales at current metal prices ⁽¹⁾	1,038	829	693	3,930	6,490
Net sales at constant metal prices ⁽¹⁾	644	745	631	2,389	4,409
Net sales at constant metal prices and 2019 exchange rates ⁽¹⁾	644	745	615	2,412	4,416
Non-current assets (IFRS 8) ⁽¹⁾ (at December 31)	169	161	204	1,015	1,548

⁽¹⁾ Based on the location of the assets of the Group's subsidiaries.

⁽²⁾ Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

C. INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2019 or 2018.

Note 5. Revenue from contracts with customers

A. CONSOLIDATED SALES

Consolidated sales can be analyzed as follows:

2019 <i>Sales (in millions of euros)</i>	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,799	105	572	1,374	1,212	6,062
Performance obligations satisfied over time	-	674	-	-	-	674
NET SALES AT CURRENT METAL PRICES	2,799	779	572	1,374	1,212	6,735

2018 <i>Sales (in millions of euros)</i>	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,774	121	561	1,390	1,020	5,866
Performance obligations satisfied over time	-	624	-	-	-	624
NET SALES AT CURRENT METAL PRICES	2,774	745	561	1,390	1,020	6,490

B. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities can be analyzed as follows:

<i>(in millions of euros)</i>	December 31, 2019		December 31, 2018	
	Sales of goods	Goods and services contracts	Sales of goods	Goods and services contracts
Contract assets	-	69	-	95
Contract liabilities	(54)	(203)	(56)	(195)
TOTAL NET ASSETS/(LIABILITIES)	(54)	(134)	(56)	(100)

Sales of goods

Contract liabilities correspond to customer advance payments. The related performance obligation is satisfied within two years of receipt of the advance payment. The majority of the amounts reported at December 31, 2018 are included in 2019 sales.

Goods and services contracts

Contract assets correspond mainly to revenue recognized in respect of services rendered but not yet invoiced at the period-end. Amounts recorded in "Contract assets" are transferred to "Trade receivables" when the Group obtains an enforceable right to payment.

The 34 million euro increase in contract liabilities, net of contract assets, reflects:

- Billings of items included in the opening balance (negative impact of around 100 million euros),
- A net increase in advances received by the Group (negative impact of around 40 million euros), and
- Reduction in timing differences between the satisfaction of the performance obligation and the Group obtaining enforceable rights to payment (negative impact of around 20 million euros), partly offset by
- Revenue recognized by the percentage-of-completion method on projects in progress at the beginning of the year (positive impact of 130 million euros).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

C. UNSATISFIED PERFORMANCE OBLIGATIONS

Sales of goods

Due to the nature of the business, performance obligations related to sales of goods are satisfied within the short term. Consequently, no details are provided of unsatisfied performance obligations.

Goods and services contracts

Goods and services contracts mainly concerns the Group's high-voltage cable and umbilical cable activities. The amount of unsatisfied performance obligations for these activities is greater than 1,060 million euros, of which more than 85% should be satisfied over the next two years.

The framework agreement signed with Eversource and Ørsted for the development of offshore wind farms in North America is not included in the above amount of unsatisfied performance obligations. The agreement provides for the supply of up to 1,000 kilometers of export cable for multiple Ørsted projects through 2027 in the United States.

Note 6. Payroll costs and headcount

		2019	2018
Payroll costs (including payroll taxes)	<i>(in millions of euros)</i>	1,150	1,192
Staff of consolidated companies at year-end	<i>(in number of employees)</i>	25,890	27,058

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 7 million euros in 2019 (including payroll taxes). See **Note 21** for further details.

Compensation paid to employees affected by reorganization plans in progress is not included in the above table.

Note 7. Other operating income and expenses

<i>(in millions of euros)</i>	Notes	2019	2018
Net asset impairment	8	13	(44)
Changes in fair value of non-ferrous metal derivatives		1	(5)
Net gains (losses) on asset disposals	9	7	44
Acquisition-related costs (completed and planned acquisitions)		(1)	(3)
Expenses and provisions for antitrust investigations		(19)	(1)
OTHER OPERATING INCOME AND EXPENSES		2	(9)

Other operating income and expenses include a net expense of 19 million euros corresponding primarily to provision allowances recorded further to the reassessment of the risks associated with potential civil claims arising from antitrust investigations in the submarine and underground high-voltage power cable industry.

Note 8. Net asset impairment

<i>(in millions of euros)</i>	2019	2018
Impairment losses – non-current assets	(1)	(47)
Reversals of impairment losses – non-current assets	14	3
Impairment losses – goodwill	-	-
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	13	(44)

The Group carries out impairment tests on goodwill at least once a year, on intangible assets with an indefinite useful life at least once a year, and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired (see **Note 1.F.c.**).

Impairment tests are performed on goodwill at the level of the CGUs to which it is allocated, and an impairment loss is recognized if the carrying amounts of the underlying assets are lower than their recoverable amounts.

Following the Group's operational reorganization announced in late 2018 and included in the transformation plan announced on November 9, 2018, the CGUs were adapted and restructured effective from January 1, 2019. These changes to the CGUs did not have any impact on the net asset impairment figure because the calculations were performed based on both the old and new CGU structure.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2019

As described in **Note 1**, and in accordance with IAS 36, impairment tests were first carried out on individual assets when an indication of impairment was identified.

The tests performed in 2019 did not result in any material impairment losses being recognized and the review of business projections led to the reversal of 11 million euros of previously recognized impairment losses, mainly on the United States high-voltage business, following the strategic refocusing of the plant's business.

The 47 million euro impairment loss recorded in 2018 mainly concerned property, plant and equipment. Of this amount, 18 million euros concerned assets in China and 28 million euros concerned the Europe Land high-voltage business.

B. GOODWILL BREAKDOWN

Goodwill balances and movements in goodwill in 2019 can be analyzed as follows by CGU based on the new organization:

<i>(in millions of euros)</i>	Asia-Pacific Building & Territories CGU	South America Building & Territories CGU	Europe Industry & Solutions CGU	North America Industry & Solutions CGU	Other CGUs	Total
DECEMBER 31, 2018	66	65	31	27	54	243
Business combinations	-	-	-	-	-	-
Disposals/acquisitions	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Exchange differences and other	1	(0)	(0)	1	(3)	(2)
DECEMBER 31, 2019	67	64	31	28	51	242

No impairment loss on goodwill was recognized by the Group in 2019 or 2018.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Following the reorganization of the CGUs, the main items of goodwill are allocated as follows:

- The Asia-Pacific Building & Territories CGU includes the goodwill recognized on acquisition of Nexans Yanggu New Rihui, which joined the Group in 2011, and most of the goodwill recognized on the 2006 acquisition of the Olex sub-group.
- The South America Building & Territories CGU, mainly comprises the Madeco sub-group acquired in 2008, but also includes Nexans' long-standing business in Brazil.
- The Europe Industry & Solutions CGU includes Intercond and Cabloswiss, which were merged into Nexans Intercablo in 2012, and Nexans Industry Solutions, acquired in 2018.
- The North America Industry & Solutions CGU corresponds to AmerCable.

C. MAIN ASSUMPTIONS

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- Stable discount rates in the Group's main monetary areas at December 31, 2019 compared with December 31, 2018, except for the discount rate used for the euro zone, which was 75 basis points lower, and that for Australia, which was 50 basis points lower.
- The perpetuity growth rates used for the Group's CGUs at December 31, 2019 were downgraded for most of the main regions compared with those used at December 31, 2018.
- The cash flow assumptions used for impairment calculations were based on the latest projections approved by Group Management and therefore factor in Management's most recent estimates of the Group's future business levels (as contained in the 2020 Budget and the Strategic Plan). Cash flows are projected over a five-year period for the purpose of these assumptions.

D. SENSITIVITY ANALYSES

The main assumptions described above are used for measuring the CGUs that are tested for impairment. In addition, analyses are performed to test the sensitivity of the calculations to a 50 basis point increase or decrease in the discount rate and perpetuity growth rate.

The sensitivity analysis performed at December 31, 2019 did not reveal the need to recognize any impairment losses.

Note 9. Net gains (losses) on asset disposals

<i>(in millions of euros)</i>	2019	2018
Net gains (losses) on disposals of fixed assets	7	44
Net gains (losses) on disposals of investments	-	1
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	7	44

In 2019, gains and losses on asset disposals mainly concerned disposals of real estate assets in France and Switzerland.

The 44 million euro net gain recorded under "Net gains (losses) on disposals of investments" in 2018 corresponded mainly to the net gain on the sale of the Lyon industrial site.

Note 10. Other financial income and expenses

<i>(in millions of euros)</i>	2019	2018
Dividends received from non-consolidated companies	1	1
Provisions	(0)	-
Net foreign exchange gain (loss)	(11)	6
Net interest expense on pensions and other long-term employee benefit obligations ⁽¹⁾	(5)	(5)
Other	(9)	(10)
OTHER FINANCIAL INCOME AND EXPENSES	(24)	(9)

⁽¹⁾ See Note 22.B.

Note 11. Income taxes

A. ANALYSIS OF THE INCOME TAX CHARGE

<i>(in millions of euros)</i>	2019	2018
Current income tax charge	(52)	(43)
Deferred income tax (charge) benefit, net	8	(1)
INCOME TAX CHARGE	(44)	(44)

Nexans S.A. heads up a tax group in France that comprised 11 companies in 2019. Other tax groups have been set up where possible in other countries, including in Germany, North America, Italy and South Korea.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows for 2019 and 2018:

Tax proof <i>(in millions of euros)</i>	2019	2018
Income before taxes	(73)	56
- of which share in net income of associates	0	0
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	(73)	56
Standard tax rate applicable in France (in %) ⁽¹⁾	34.43	34.43
THEORETICAL INCOME TAX CHARGE	25	(19)
Effect of:		
- Difference between foreign and French tax rates	16	12
- Change in tax rates for the period	0	2
- Unrecognized deferred tax assets	(76)	(32)
- Taxes calculated on a basis different from "Income before taxes"	(7)	(7)
- Other permanent differences	(2)	0
ACTUAL INCOME TAX CHARGE	(44)	(44)
EFFECTIVE TAX RATE (IN %)	-60.42	77.80

⁽¹⁾ For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.

The theoretical income tax charge is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income of associates.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in 2019 can be analyzed as follows:

(in millions of euros)	January 1, 2019	Gains (losses) generated during the year ⁽¹⁾	Amounts recycled to the income statement ⁽¹⁾	Total other comprehensive income (loss)	December 31, 2019
Currency translation differences	(5)	(1)	-	(1)	(7)
Cash flow hedges	(10)	(8)	(3)	(10)	(1)
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME⁽²⁾	5	(9)	(3)	(11)	(8)
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Actuarial gains and losses on pensions and other long-term employee benefit obligations	50	8	N/A	8	58
Share of other non-recyclable comprehensive income of associates	-	-	-	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	50	8	-	8	58

(1) The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the year and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.

(2) These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see Notes 1.C and 1.F.n).

D. DEFERRED TAXES RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

Deferred taxes break down as follows by type:

(in millions of euros)	December 31, 2018	Impact on income	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2019
Fixed assets	(45)	4	(0)	-	(0)	(42)
Other assets	(76)	(2)	-	-	(1)	(79)
Employee benefit obligations	60	(4)	-	7	0	64
Provisions for contingencies and charges	18	17	-	-	0	36
Other liabilities	15	8	-	(10)	2	15
Unused tax losses	563	42	(0)	-	(3)	601
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	535	65	(0)	(3)	(2)	596
Unrecognized deferred tax assets	(482)	(57)	-	-	0	(538)
NET DEFERRED TAXES	53	8	(0)	(3)	(2)	57
- of which recognized deferred tax assets	162					175
- of which deferred tax liabilities	(109)					(118)
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	3					(1)

At December 31, 2019, deferred tax assets of 538 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable (482 million euros at December 31, 2018). These mainly concern the tax losses described in Note 11.E below.

E. UNUSED TAX LOSSES

Unused tax losses carried forward represented potential tax benefits for the Group of 601 million euros at December 31, 2019 (563 million euros at December 31, 2018). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 196 million euros (162 million euros at December 31, 2018), of which 37 million euros were recognized in deferred tax assets at December 31, 2019 (34 million euros at December 31, 2018).
- French subsidiaries, in an amount of 205 million euros (187 million euros at December 31, 2018), of which 13 million euros were recognized in deferred tax assets at December 31, 2019 (13 million euros at December 31, 2018).

For countries in a net deferred tax asset position after offsetting deferred tax assets and deferred tax liabilities arising from temporary differences, the net deferred tax asset recognized in the consolidated balance sheet is determined based on updated business plans (see **Note 1.E.f**).

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(At December 31, in millions of euros)	2019	2018
Year Y+1	3	3
Years Y+2 to Y+4	14	12
Year Y+5 and subsequent years ⁽¹⁾	583	548
TOTAL	601	563

⁽¹⁾ This line includes the potential tax benefits derived from unused tax losses that may be carried forward indefinitely.

F. TAXABLE TEMPORARY DIFFERENCES RELATING TO INTERESTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

No deferred tax liabilities have been recognized in relation to temporary differences where (i) the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, or (ii) the reversal of the temporary difference will not give rise to a significant tax payment.

Note 12. Earnings per share

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	2019	2018
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ⁽¹⁾	(122)	14
Interest expense on OCEANE convertible bonds, net of tax ⁽¹⁾	N/A	Anti-dilutive
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ⁽¹⁾	(122)	14
Average number of shares outstanding	43,405,477	43,307,515
Average number of dilutive instruments		
- of which free shares and performance shares	Anti-dilutive	908,085
- of which convertible bonds	N/A	Anti-dilutive
Average number of diluted shares	43,405,477	44,215,600
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
- Basic earnings per share ⁽²⁾	(2.81)	0.32
- Diluted earnings per share ⁽²⁾	(2.81)	0.32

⁽¹⁾ In millions of euros.

⁽²⁾ In euros.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Note 13. Intangible assets

<i>(in millions of euros)</i>	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	Total
Gross value	56	193	96	37	48	429
Accumulated amortization and impairment	(25)	(175)	(79)	-	(20)	(298)
NET AT JANUARY 1, 2019	31	18	17	37	28	131
Acquisitions and capitalizations	-	-	3	6	-	9
Disposals	-	-	-	(1)	(2)	(3)
Amortization expense for the year	-	(3)	(7)	-	(3)	(13)
Impairment losses, net of reversals ⁽¹⁾	-	-	-	-	-	-
Changes in Group structure	-	-	-	-	-	-
Exchange differences and other	-	-	14	(13)	(1)	1
NET AT DECEMBER 31, 2019	31	16	27	29	22	126
Gross value	57	195	113	29	45	438
Accumulated amortization and impairment	(26)	(179)	(86)	-	(23)	(313)

(1) See Note 8.

Note 14. Property, plant and equipment

<i>(in millions of euros)</i>	Land and buildings	Plant, equipment and machinery	Right-of-use assets ⁽¹⁾	Property, plant and equipment under construction	Other	Total ⁽⁴⁾
Gross value	927	2,245	126	104	236	3,637
Accumulated depreciation and impairment	(576)	(1,625)	-	(6)	(170)	(2,377)
NET AT JANUARY 1, 2019	351	620	126	98	66	1,261
Acquisitions and capitalizations	3	43	15	179	3	243
Disposals	(5)	(9)	(1)	(0)	(0)	(14)
Depreciation expense for the year	(23)	(90)	(26)	-	(9)	(149)
Impairment losses, net of reversals ⁽²⁾	7	6	-	(1)	0	12
Changes in Group structure	(0)	(0)	-	-	(0)	(0)
Exchange differences and other	33	64	(0)	(43)	(23)	30
NET AT DECEMBER 31, 2019	367	634	113	232	36	1,382
Gross value	950	2,279	135	234	195	3,793
Accumulated depreciation and impairment	(583)	(1,646)	(22)	(1)	(159)	(2,410)

(1) Right-of-use assets result from the application of IFRS 16, "Leases", using the modified retrospective approach (see Note 3). The gross value of property, plant and equipment at December 31, 2018, i.e., before applying IFRS 16, was 3,470 million euros.

(2) See Note 8.

Right-of-use assets primarily concern real estate leases for 100 million euros at December 31, 2019.

Note 15. Investments in associates – Summary of financial data

A. EQUITY VALUE

<i>(At December 31, in millions of euros)</i>	% control	2019	2018
Qatar International Cable Company	30.33%	13	16
Cobrecon/Colada Continua	50%/41.00%	10	8
Recycables	36.50%	4	4
IES Energy	27.80%	11	12
TOTAL		37	39

B. FINANCIAL DATA RELATING TO ASSOCIATES

The information below is presented in accordance with the local GAAP of each associate as full balance sheets and income statements prepared in accordance with IFRS were not available at the date on which the Group's consolidated financial statements were published.

Condensed balance sheet

<i>(At December 31, in millions of euros)</i>	2019	2018
Property, plant and equipment and intangible assets	122	121
Current assets	109	136
TOTAL CAPITAL EMPLOYED	230	257
Equity	115	123
Net financial debt	42	37
Other liabilities	73	97
TOTAL FINANCING	230	257

Condensed income statement

<i>(in millions of euros)</i>	2019	2018
Sales at current metal prices	228	289
Operating income	(1)	5
Net income	(6)	(1)

Note 16. Other non-current assets

<i>At December 31, in millions of euros (net of impairment)</i>	2019	2018
Long-term loans and receivables	33	19
Shares in non-consolidated companies	31	21
Pension plan assets	8	5
Derivative instruments	9	3
Other	11	12
TOTAL	92	60

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The maturity schedule for non-current assets at December 31, 2019 is presented below, excluding (i) shares in non-consolidated companies, and (ii) pension plan assets:

<i>(At December 31, 2019, in millions of euros)</i>	Value in the consolidated balance sheet	1 to 5 years	> 5 years
Long-term loans and receivables	33	31	2
Derivative instruments	9	9	-
Other	11	2	8
TOTAL	53	43	10

Movements in impairment losses recognized for other non-current assets carried at net realizable value were as follows:

<i>(in millions of euros)</i>	Long-term loans and receivables	Other
AT DECEMBER 31, 2018	6	3
Additions	1	-
Disposals/reversals	(1)	-
Other	(1)	-
AT DECEMBER 31, 2019	4	3

Note 17. Inventories and work in progress

<i>(At December 31, in millions of euros)</i>	2019	2018
Raw materials and supplies	384	356
Industrial work in progress	323	319
Finished products	462	483
GROSS VALUE	1,170	1,158
Impairment	(56)	(48)
NET VALUE	1,113	1,110

Note 18. Trade receivables

<i>(At December 31, in millions of euros)</i>	2019	2018
Gross value	1,056	1,061
Impairment	(41)	(40)
NET VALUE	1,015	1,021

At December 31, 2019 and 2018, as part of a receivables securitization program set up by the Group in 2010, renewed for five years on March 30, 2015 and amended in May 2017 (referred to as the "On Balance Sheet" program), Nexans France SAS had respectively sold 66 million euros and 87 million euros worth of euro denominated trade receivables to a bank (excluding security deposit). The receivables sold under this program cannot be derecognized, as they do not meet the required criteria under IAS 27 and IFRS 9.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 27.D** for details on the Group's policy for managing customer credit risk):

<i>(in millions of euros)</i>	At January 1	Additions	Utilizations	Reversals	Other (currency translation differences, IFRS 5 requirements)	At December 31
2019	40	9	(3)	(5)	0	41
2018	45	3	(3)	(4)	(1)	40

Receivables more than 30 days past due at the year-end but not written down were as follows:

<i>(in millions of euros)</i>	Between 30 and 90 days past due	More than 90 days past due
December 31, 2019	32	20
December 31, 2018	40	14

At December 31, 2019 and 2018, the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecommunications operators, and major resellers.

Note 19. Other current assets

<i>(At December 31, in millions of euros)</i>	2019	2018
Prepaid and recoverable income taxes	33	46
Other tax receivables	75	56
Cash deposits paid	7	9
Prepaid expenses	27	29
Other receivables, net	45	44
NET VALUE	186	184

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year-end (see **Note 27.C**) is presented under "Cash deposits paid" in the above table and amounted to 3 million euros at December 31, 2019 (3 million euros at December 31, 2018).

Note 20. Decrease (increase) in working capital

<i>(At December 31, in millions of euros)</i>	2019	2018
Inventories and work in progress	(23)	(32)
Trade receivables and other receivables	10	58
Trade payables and other debts	69	91
DECREASE (INCREASE) IN WORKING CAPITAL	56	117

The Group did not sell any tax receivables in 2019.

Note 21. Equity

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2019, Nexans S.A.'s capital stock comprised 43,606,320 fully paid-up shares with a par value of 1 euro each, compared with 43,606,320 shares at December 31, 2018.

The Company's shares have not carried double voting rights since said rights were removed by way of a resolution passed at the Shareholders' Meeting of November 10, 2011.

B. DIVIDENDS

At the Annual Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 0.40 euros per share, representing an aggregate payout of 17.4 million euros based on the 43,606,320 shares making up the Company's capital stock at December 31, 2019.

In the event that the Company holds treasury stock at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be appropriated to retained earnings. The total amount of the dividend could be increased in order to reflect the number of additional shares that may be issued between January 1, 2020 and the date of the Annual Shareholders' Meeting called to approve the dividend payment.

At the Annual Shareholders' Meeting held on May 15, 2019 to approve the financial statements for the year ended December 31, 2018, the Company's shareholders authorized payment of a dividend of 0.30 euros per share, representing an aggregate payout of 13 million euros based on the 43,606,320 shares making up the Company's capital stock on the payment date (May 21, 2019).

C. TREASURY STOCK

During 2019, 77,839 shares were delivered under free share and performance share plans.

In 2018, Nexans S.A. purchased 702,336 shares into treasury under the buyback programs approved by the Board of Directors on November 22, 2017 and June 19, 2018.

At December 31, 2019, 156,485 shares were held in treasury stock.

At December 31, 2018, 234,324 shares were held in treasury stock.

D. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 319,700 free shares and performance shares in 2019 and 265,317 in 2018.

At December 31, 2019, there were 996,625 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.3% of the Company's capital stock (762,584 shares at December 31, 2018, representing 1.7% of the Company's capital stock).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The free shares and performance shares outstanding at December 31, 2019 can be analyzed as follows:

a. Plan characteristics

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
January 1, 2016	30,000	30,000	January 1, 2020
May 12, 2016	253,200	219,117	May 12, 2020
November 23, 2016	3,900	3,400	November 23, 2020
March 14, 2017	225,300	200,850	March 14, 2021
March 13, 2018	211,100	189,950	March 13, 2022
July 27, 2018	39,717	19,858	July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
March 19, 2019	319,700	318,950	March 19, 2023
TOTAL	1,097,417	996,625	

b. Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	762,584
Shares granted during the year	319,700
Shares canceled during the year	(7,820)
Shares vested during the year ⁽¹⁾	(77,839)
SHARES OUTSTANDING AT THE YEAR-END	996,625

(1) Including 77,839 shares allocated from treasury stock.

c. Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2019 and 2018 were as follows:

Grant date	July 24, 2014	July 28, 2015	Jan. 1, 2016	May 12, 2016	Nov. 23, 2016	Mar. 14, 2017	Mar. 13, 2018	July 27, 2018	Mar. 19, 2019
Share price at grant date (in euros)	34.85	36.19	33.84	43.47	49.80	48.31	44.64	29.28	28.22
Vesting period	3 to 4 years	3 to 4 years	4 years	4 years	4 years	4 years	4 years	3-4 years	4 years
Volatility (%) ⁽¹⁾	42%	35%	35%	37%	37%	38%	35%	42%	35%
Risk-free interest rate (%)	0.25%	0.00%	0.00%	0.00%	0.00%	0.06%	0.02%	0.00%	-0.22%
Dividend rate (%)	2.3%	2.0%	2.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%
Fair value of each share (in euros)	11.61 - 31.79	12.04 - 33.41	17.27 - 31.24	28.50 - 41.76	25.76 - 47.85	23.48 - 44.59	21.14 - 41.21	12.53 - 28.70	10.90 - 26.05

(1) Only for shares subject to a stock market performance condition.

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. The cost recorded in the income statement totaled 6 million euros in 2019 (5 million euros in 2018).

E. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2019, Nexans had commitments under put options granted to non-controlling interests in Olex Australia and Olex New Zealand.

At December 31, 2018, there were no outstanding put options on non-controlling interests.

F. EMPLOYEE SHARE OWNERSHIP PLAN

In 2018, Nexans launched a new employee share ownership plan made up of an employee share issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on July 18, 2018 and resulted in the issuance of 496,477 new shares, representing an aggregate amount of 13.8 million euros. The expense relating to this plan (representing 2 million euros including the employer contribution) was recognized in 2018 and included the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund.

Out of the proceeds of this employee share issue (net of the related issue costs), 0.5 million euros was recognized in "Capital stock" and 12.6 million euros in "Additional paid-in capital".

Note 22. Pensions, retirement bonuses and other long-term benefits

There are a large number of retirement and other long-term employee benefit plans in place within the Group:

- In France, each Group employee is eligible for state pension plans and is entitled to statutory retirement indemnities paid by the employer. For historical reasons, certain employees are also members of defined benefit supplementary pension plans, one of which has been closed to new entrants since 2005, the other since 2014. Senior executive vice president members of the Executive Committee and corporate executive officers are members of a defined contributions supplementary pension plan that has been set up by the Company.
- In other countries, pension plans are subject to local legislation, and to the business and historical practices of the subsidiary concerned. Nexans takes care to ensure that its main defined benefit plans are funded in such a way as to ensure that they have plan assets that approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Provisions for jubilee and other long-term benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations, but actuarial gains and losses are not recognized in other comprehensive income but in benefit expense.

The Group also has certain guaranteed-yield plans that are not included in pension benefit obligations as defined in IAS 19 because they are not material.

A. MAIN ASSUMPTIONS

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The weighted average rates used for the main countries concerned are listed below (together, these countries represented some 94% of the Group's pension obligations at December 31, 2019).

	Discount rate 2019	Estimated future salary increases 2019	Discount rate 2018	Estimated future salary increases 2018
France	0.70%	1.80% - 2.30%	1.60%	2.00% - 2.30%
Germany	0.70%	3.00%	1.60%	3.00%
Norway	2.50%	N/A	2.85%	N/A
Switzerland	0.10%	1.00%	0.90%	1.00%
Canada	2.85%	3.50%	3.45%	3.50%
United States	3.60%	3.50%	4.15%	3.50%
Australia	1.90%	2.50%	3.35%	2.50%

The discount rates applied were determined as follows:

- By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. This approach was notably used to determine the discount rates in the Eurozone, Canada, the United States, Switzerland, South Korea, Australia and Norway.
- By reference to market yields on government bonds with similar maturities to those of the benefit payments under the pension plans concerned in countries or currency zones where there is no deep market for high-quality corporate bonds (including for bonds with short maturities).

B. PRINCIPAL MOVEMENTS

RETIREMENT COSTS FOR THE YEAR (in millions of euros)	2019	2018
Service cost	(13)	(14)
Net interest expense	(5)	(5)
Actuarial gains (losses) (on jubilee benefits)	(2)	0
Past service cost	7	12
Effect of curtailments and settlements	2	1
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	(11)	(6)
- of which operating cost	(6)	(1)
- of which finance cost	(5)	(5)

VALUATION OF DEFINED BENEFIT OBLIGATION (in millions of euros)	2019	2018
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT JANUARY 1	773	812
Service cost	13	14
Interest expense	13	13
Employee contributions	2	2
Plan amendments	(9)	(12)
Business acquisitions and disposals	(0)	(0)
Plan curtailments and settlements	(9)	(3)
Benefits paid	(45)	(58)
Actuarial (gains) losses	69	(1)
Exchange differences and other	17	6
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT DECEMBER 31	825	773

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

PLAN ASSETS (in millions of euros)	2019	2018
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	415	432
Interest income	8	8
Actuarial gains (losses)	37	(7)
Employer contributions	14	12
Employee contributions	2	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(9)	(3)
Benefits paid	(25)	(35)
Exchange differences and other	17	7
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	459	415
FUNDED STATUS (At December 31, in millions of euros)	2019	2018
Present value of wholly or partially funded benefit obligations	(538)	(497)
Fair value of plan assets	459	415
FUNDED STATUS OF BENEFIT OBLIGATION	(79)	(82)
Present value of unfunded benefit obligation	(287)	(276)
BENEFIT OBLIGATION NET OF PLAN ASSETS	(365)	(358)
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	(365)	(358)
- of which pension assets	8	5
CHANGE IN NET PROVISION (in millions of euros)	2019	2018
NET PROVISION RECOGNIZED AT JANUARY 1	358	380
Expense (income) recognized in the income statement	10	6
Expense (income) recognized in other comprehensive income	31	7
Utilization	(34)	(35)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(0)	(0)
NET PROVISION RECOGNIZED AT DECEMBER 31	365	358
- of which pension assets	8	5

C. SIGNIFICANT EVENTS OF THE YEAR

Actuarial losses recognized in 2019 were mainly due to the use of lower discount rates, the effect of which was partly offset by the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation).

Retirement costs for the year included the impact of 7 million euros in non-recurring income as a result of the reduction in pension and other retirement benefit obligations recorded due to the reorganization plans put in place for the Group's operations in Europe.

The Group's employer contributions relating to defined benefit plans are estimated at 8 million euros for 2020.

Other retirement benefits for which the Group's employees are eligible correspond to defined contribution plans under which the Group pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense. The amount of contributions paid in relation to defined contribution plans amounted to 98 million euros in 2019 (90 million euros in 2018).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

In 2018, the Board of Directors decided to terminate the Key Management Personnel's defined benefit supplementary pension plan for beneficiaries who are more than seven years younger than the age from which they can claim their pension under the standard government-sponsored pension regime. Compensation was granted for the potential rights already accrued under the defined benefit plan.

This plan curtailment resulted in the recognition of a 12 million euro gain in the Group's 2018 income statement.

As a result of this Board decision, Nexans S.A. also put in place a new defined contribution supplementary pension plan for senior executive vice president members of the Executive Committee and executive corporate officers.

The actuarial losses recognized in 2018 primarily reflected the return on plan assets excluding amounts included in net interest on the net defined benefit obligation and experience adjustments, partially offset by changes in the discount rates applied.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation (DBO) can be analyzed as follows:

	2019		2018	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	71	9%	(7)	-1%
Salary increases	(0)	0%	(5)	-1%
Mortality	(0)	0%	(0)	0%
Staff turnover	0	0%	0	0%
Other changes in assumptions	(1)	0%	3	0%
(GAINS) LOSSES FROM CHANGES IN ASSUMPTIONS	69	8%	(9)	-1%
(GAINS) LOSSES FROM PLAN AMENDMENTS	-	0%	-	0%
(GAINS) LOSSES FROM EXPERIENCE ADJUSTMENTS	(2)	0%	8	1%
OTHER	2	0%	0	0%
TOTAL (GAINS) LOSSES ARISING DURING THE YEAR	(69)	8%	(1)	0%

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

(At December 31)	2019		2018	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Equities ⁽¹⁾	146	32%	130	31%
Bonds and other fixed income products ⁽¹⁾	171	37%	160	39%
Real estate	90	20%	71	17%
Cash and cash equivalents	7	1%	14	3%
Other Activities	45	10%	41	10%
FAIR VALUE OF PLAN ASSETS	459	100%	415	100%

(1) All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

F. SENSITIVITY ANALYSES

The present value of the Group's obligation for pensions and other retirement benefits is sensitive to changes in discount rates. In 2019, a 50 basis-point decrease in the discount rates applied would have had the following impacts on the present value of the Group's defined benefit obligation:

	2019		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	613	652	6.36%
North America	176	187	6.25%
Asia	20	21	4.33%
Other countries	15	16	6.66%
TOTAL	825	876	6.18%

The present value of the Group's obligation for pensions and other retirement benefits is also sensitive to changes in inflation rates. Depending on the type of plan concerned, changes in inflation rates can affect both the level of future salary increases and the amounts of annuity payments. A 50 basis-point increase in the inflation rates used would have had the following impacts on the present value of the Group's defined benefit obligation (assuming that the discount rates applied remain constant):

	2019		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	613	632	3.09%
North America	176	176	0.00%
Asia	20	20	0.00%
Other countries	15	15	1.08%
TOTAL	825	843	2.26%

G. CHARACTERISTICS OF THE MAIN DEFINED BENEFIT PLANS AND ASSOCIATED RISKS

The two plans described below represent 58% of the total present value of the Group's defined benefit obligation at December 31, 2019.

Switzerland:

The pension plan of Nexans Suisse S.A. is a contribution-based plan with a guaranteed minimum rate of return and a fixed conversion rate on retirement. It offers benefits that comply with the Swiss Federal Law on compulsory occupational benefits (the "LPP/BVG" law).

As specified in the LPP/BVG law, the plan has to be fully funded. Therefore, if there is a funding shortfall, measures must be taken to restore the plan to a fully funded position, such as by the employer and/or employees contributing additional financing and/or by reducing the benefits payable under the plan.

The pension fund for Nexans Suisse S.A. is set up as a separate legal entity (a Foundation), which is responsible for the governance of the plan and is composed of an equal number of employer and employee representatives. The strategic allocation of plan assets must comply with the investment guidelines put in place by the Foundation, which are aimed at limiting investment risks.

Nexans Suisse S.A. is also exposed to risks related to longevity improvement concerning the plan as two thirds of the defined benefit obligation relates to employees who have already retired.

The weighted average life of the plan is approximately 12 years.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Germany:

Nexans Deutschland GmbH's most significant plan is a defined benefit plan that has been closed to new entrants since January 1, 2005. For other employees, their pension benefits will be calculated based on their vested rights as at the date the plan was closed.

This plan – which is unfunded – also provides for disability benefits. In general, any disability payments due will be made on top of the amount of future pension benefits. In addition, the plan provides for reversionary benefits.

The weighted average life of the plan is approximately 12 years.

Note 23. Provisions

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2019	2018
Accrued contract costs	38	32
Provisions for reorganization costs	159	34
Other provisions	101	81
TOTAL	297	147

Movements in these provisions were as follows during 2019 and 2018:

(in millions of euros)	TOTAL	Accrued contract	Provisions for reorganization	Other provisions
AT DECEMBER 31, 2017	173	36	48	89
Additions	41	16	19	6
Reversals (utilized provisions)	(39)	(9)	(26)	(4)
Reversals (surplus provisions)	(21)	(11)	(4)	(6)
Business combinations	-	-	-	-
Exchange differences and other	(7)	-	(3)	(4)
AT DECEMBER 31, 2018	147	32	34	81
Additions	212	19	172	21
Reversals (utilized provisions)	(56)	(11)	(39)	(6)
Reversals (surplus provisions)	(26)	(4)	(21)	(1)
Business combinations	-	-	-	-
Exchange differences and other	20	(1)	13	6
AT DECEMBER 31, 2019	297	38	159	101

The above provisions have not been discounted, as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts (see **Note 30**). They include provisions for construction contracts in progress, where applicable, in accordance with the method described in **Note 1.E.a**.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations, which amounted to 74 million euros at December 31, 2019 (59 million euros at December 31, 2018) (see **Note 30**).

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs amounted to 251 million euros in 2019, breaking down as follows:

<i>(in millions of euros)</i>	Redundancy costs	Asset impairment and retirements ⁽¹⁾	Other monetary costs	Total
Charges to provisions, net of reversals of surplus provisions	120	12	31	164
Other costs for the year	10	-	78	87
TOTAL REORGANIZATION COSTS	130	12	109	251

⁽¹⁾ Presented as a deduction from the corresponding assets in the consolidated balance sheet.

“Other monetary costs” primarily correspond to site maintenance costs, project management costs and the cost of reallocating assets within the Group.

In 2019, they also include 17 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018.

Reorganization costs for 2019 also include 184 million euros in costs related to the project to reorganize the Group's operations in Europe announced on January 24, 2019 (see **Note 2**). This amount corresponds mainly to provisions recognized for employee-related costs and, to a lesser extent, costs for which no provisions could be recorded in accordance with IFRS (notably in Germany, France and Belgium).

The remaining costs relate for the most part to reorganization plans in progress in the Asia-Pacific region, Brazil and North America.

Expenses that do not meet the recognition criteria for provisions are presented under "Other costs for the year" and include items such as (i) the salaries of employees working out their notice period, (ii) the cost of redeploying manufacturing assets or retraining employees within the Group, and (iii) the cost of maintaining sites beyond the dismantlement period or the originally expected sale date. The proceeds arising on the sales of assets carried out as part of reorganization plans are deducted from “Other monetary costs” when the sales are completed.

As was the case in previous years, wherever possible the reorganization plans implemented by the Group in 2019 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

The 53 million euro expense recognized under reorganization costs in 2018 corresponded mainly to (i) provisions for reorganization plans in Europe, South Korea and Brazil, and (ii) costs expensed as incurred, primarily in Europe and the United States.

Note 24. Net debt

At both December 31, 2019 and December 31, 2018 the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	Notes	2019	2018
Long-term – ordinary bonds ⁽¹⁾	24.C	772	771
Other long-term borrowings ⁽¹⁾		59	7
TOTAL LONG-TERM DEBT⁽²⁾		831	778
Short-term – OCEANE convertible bonds ⁽¹⁾	24.C	-	269
Short-term borrowings and short-term accrued interest not yet due ⁽²⁾		150	169
Short-term bank loans and overdrafts		16	15
TOTAL SHORT-TERM DEBT⁽²⁾		165	453
GROSS DEBT⁽²⁾		996	1,231
Short-term financial assets		-	-
Cash		(617)	(870)
Cash equivalents		(25)	(31)
NET DEBT EXCLUDING LEASE LIABILITIES		355	330
Lease liabilities ⁽³⁾		116	-
NET DEBT		471	330

(1) Excluding short-term accrued interest not yet due and lease liabilities.

(2) Excluding lease liabilities.

(3) Out of the total lease liabilities recognized at December 31, 2019, 92 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 4 million euros in 2019.

The amount recognized under “Other long-term borrowings” at December 31, 2019 includes a 51 million euro liability related to financing the construction of a cable-laying vessel (see **Note 2** and **Note 14**).

Since the second quarter of 2010, short-term borrowings have included a securitization program (the “On-Balance Sheet” program) set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 80 million euros (see **Note 18**).

Interest expense on lease liabilities amounted to 4 million euros in 2019.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. CHANGE IN GROSS DEBT

(in millions of euros)	December 31, 2018	New borrowings/repayments	Change in consolidation scope	Change in accrued interest	Transfers from long-term to short-term	Other ⁽¹⁾	December 31, 2019
Long-term – ordinary bonds	771	-	-	-	-	1	772
Other long-term borrowings	7	52	-	-	(0)	-	59
Short-term – ordinary bonds	-	-	-	-	-	-	-
Short-term – OCEANE convertible bonds	269	(269)	-	-	-	-	-
Other short-term borrowings	148	(20)	-	-	0	7	135
Lease liabilities	-	(24)	-	-	-	140	116
Short-term accrued interest not yet due	21	N/A	-	(7)	-	1	15
GROSS DEBT excluding short-term bank loans and overdrafts	1,216	(261)	-	(7)	-	149	1,097

(1) Including the non-cash impacts of (i) the transition to IFRS 16 and (ii) new leases signed during the year.

C. BONDS

(in millions of euros)	Carrying amount at end-2019	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2021	254	250	May 26, 2021	3.25%
Ordinary bonds redeemable in 2023	328	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	203	200	April 5, 2024	2.75%
TOTAL ORDINARY BONDS⁽¹⁾	786	775		

(1) Including 14 million euros in short-term accrued interest.

All of the OCEANE 2019 bonds were redeemed in early January for an aggregate amount of 276 million euros, including accrued interest.

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and had an annual coupon of 3.75%. The issue price was 100% of the bonds' par value.

On March 19, 2018, all of the ordinary bonds redeemable in 2018 were redeemed in cash as they had reached maturity. The total amount paid was 261 million euros including accrued interest.

D. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt

(At December 31, excluding short-term accrued interest not yet due)	Weighted average EIR ⁽¹⁾ (%)		in millions of euros	
	2019	2018	2019	2018
Ordinary bonds redeemable in 2021	3.40	3.40	249	249
Ordinary bonds redeemable in 2023	3.89	3.89	324	323
Ordinary bonds redeemable in 2024	2.87	2.87	199	199
Other	4.68	3.22	59	7
TOTAL⁽²⁾	3.55	3.47	831	778

(1) Effective interest rate.

(2) Excluding lease liabilities.

Over 90% of the Group's medium- and long-term debt is at fixed interest rates.

Long-term debt denominated in currencies other than the euro correspond primarily to loans granted to Nexans Norway for the financing of construction of the Aurora cable-laying vessel, loans to Liban Câbles at preferential rates, and loans to Nexans Côte d'Ivoire.

Short-term debt

(At December 31)	Weighted average EIR ⁽¹⁾ (%)		in millions of euros	
	2019	2018	2019	2018
2019 OCEANE convertible bonds	N/A	5.73	N/A	269
Euro (excluding ordinary bonds)	1.05	1.82	85	78
US dollar	3.98	4.24	7	16
Other	4.49	5.55	59	69
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED	2.51	4.94	150	432
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	15	21
TOTAL SHORT-TERM DEBT⁽²⁾	2.51	4.94	165	453

(1) Effective interest rate.

(2) Excluding lease liabilities.

At December 31, 2019, US dollar-denominated debt primarily concerned subsidiaries located in Lebanon and Brazil.

Debt denominated in currencies other than euros and US dollars corresponds to borrowings taken out locally by certain Group subsidiaries in Asia (China), the Middle East/Africa (Morocco and Côte d'Ivoire), and South America (primarily Brazil). In some cases such local borrowing is required as the countries concerned do not have access to the Group's centralized financing facilities. However, it may also be set up in order to benefit from a particularly attractive interest rate or to avoid the risk of potentially significant foreign exchange risk depending on the geographic region in question.

The vast majority of the Group's short-term debt is at variable rates.

E. ANALYSIS BY MATURITY (INCLUDING ACCRUED INTEREST)

Nexans Financial and Trading Services, a wholly-owned Nexans subsidiary, is responsible for the Group's centralized cash management. However, in its capacity as parent company, Nexans S.A. still carries out the Group's long-term bond issues.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Nexans Financial and Trading Services monitors changes in the liquidity facilities of the holding companies, as well as the Group's overall financing structure on a weekly basis (see **Note 27.A**).

In view of Nexans' available short-term liquidity facilities and long-term debt structure, the Group's debt maturity schedule set out below is presented on a medium- and long-term basis.

Maturity schedule at December 31, 2019

(in millions of euros)	Due within 1 year		Due in 1 to 5 years		Due beyond 5 years		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Ordinary bonds redeemable in 2021	-	8	250	8	-	-	250	16
Ordinary bonds redeemable in 2023	-	12	325	37	-	-	325	49
Ordinary bonds redeemable in 2024	-	6	200	22	-	-	200	28
Other long-term borrowings	-	3	46	7	13	0	59	9
Short-term bank loans and overdrafts	149	2	-	-	-	-	149	2
TOTAL	149	31	821	73	13	0	983	104

Notes concerning the preparation of the maturity schedule:

- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material for the Group as a whole.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2019.
- It has been assumed that the nominal amounts of short-term borrowings including short-term bank loans and overdrafts will be fully repaid at regular intervals throughout 2020.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2019 for variable-rate borrowings (see **Note 24.D** above).

Note 25. Trade payables and other current liabilities

(At December 31, in millions of euros)	2019	2018
TRADE PAYABLES	1,319	1,290
Social liabilities	230	201
Current income tax payables	46	43
Other tax payables	29	16
Deferred income	0	0
Other payables	45	39
OTHER CURRENT LIABILITIES	350	298

At December 31, 2019, trade payables included approximately 226 million euros (292 million euros at December 31, 2018) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets totaled 1 million euros at December 31, 2019 (8 million euros at December 31, 2018).

Note 26. Derivative instruments

(in millions of euros)	December 31, 2019						December 31, 2018			
	Notional amounts				Total	Market value		Notional amounts	Market value	
FOREIGN EXCHANGE DERIVATIVES	USD	NOK	EUR	Other		Assets	Liabilities		Assets	Liabilities
<i>FOREIGN EXCHANGE DERIVATIVES – CASH FLOW HEDGES</i>						19	12		21	28
Forward sales	372	604	688	248	1,912			1,857		
Forward purchases	289	909	427	298	1,923			1,853		
<i>FOREIGN EXCHANGE DERIVATIVES – ECONOMIC HEDGES</i>						17	22		17	14
Forward sales	245	28	99	313	685			975		
Forward purchases	221	25	224	213	683			977		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	Total	Assets	Liabilities	Notional amounts	Assets	Liabilities
<i>METAL DERIVATIVES – CASH FLOW HEDGES</i>						10	5		2	17
Forward sales	111	16	2	-	128			99		
Forward purchases	285	35	29	-	349			428		
<i>METAL DERIVATIVES – ECONOMIC HEDGES</i>						2	2		1	3
Forward sales	38	15	1	-	54			63		
Forward purchases	49	20	1	-	70			94		
TOTAL FOREIGN EXCHANGE AND METAL DERIVATIVES						48	41		41	62

Foreign exchange derivatives

In 2019, the Group recorded a 6 million euro loss relating to the ineffective portion of its foreign exchange derivatives. In the consolidated income statement this loss is included in "Other financial income and expenses" for the operations component of the hedge and in "Cost of debt (net)" for the financial component.

An aggregate 25 million euro net gain was recognized in the consolidated statement of comprehensive income in 2019 for foreign exchange derivatives designated as cash flow hedges; the net amount recycled to the income statement during the year was not material.

Metal derivatives

In 2019, the ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges represented a non-material amount that was recognized in the consolidated income statement on the line "Changes in fair value of non-ferrous metal derivatives" in "Other operating income and expenses".

An aggregate 14 million euro gain was recognized in the consolidated statement of comprehensive income in 2019 for metal derivatives designated as cash flow hedges and a 4 million euro loss was recycled to the income statement.

Note 27. Financial risks

The Group Finance Department determines the Group's overall policy for managing financial risks. It is assisted by the following two departments:

- The Treasury and Financing Department, which manages risks related to liquidity, foreign exchange, interest rates, credit and banking counterparties, deposits and investments.
- The Metals Management Department, which manages risks relating to changes in non-ferrous metal prices, as well as credit and financial counterparty risks for entities that trade in non-ferrous metals markets.

These two departments are part of the legal entity, Nexans Financial Trading Services.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Where permitted by local regulations, Group subsidiaries' foreign exchange and interest rate risks are managed on a centralized basis and their access to liquidity is managed through a cash pooling system.

The main subsidiaries that did not have access to the centralized cash management system at December 31, 2019 are located in Morocco, China, South Korea, Peru, Brazil and Colombia. These subsidiaries, which have their own banking partners, are nevertheless subject to Group procedures regarding their choice of banks and foreign exchange and interest rate risk management.

The Group's risk management policy for non-ferrous metals is also determined and overseen on a centralized basis for the Group as a whole. The Metals Management Department centralizes subsidiaries' use of metals markets and places their orders for them. At December 31, 2019, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

A. LIQUIDITY RISKS

Group financing

Monitoring and controlling liquidity risks

The Treasury and Financing Department monitors changes in the treasury and liquidity positions of the Group on a two-weekly basis (encompassing both holding companies and operating entities). In addition, subsidiaries are required to provide monthly cash forecasts, which are compared to actual cash figures on a two-weekly basis.

Bank borrowings taken out by subsidiaries that are not part of the Nexans Financial Trading Services centralized cash management system must be approved in advance by the Treasury and Financing Department and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators that are monitored are (i) the unused amounts of credit facilities granted to the Group, and (ii) available cash and cash equivalents.

The Group also monitors its net debt position on a monthly basis (see **Note 24** for the definition of net debt).

Management of cash surpluses

The Group's policy for investing cash surpluses is guided by the overriding principles of ensuring sufficient availability and using safe investment vehicles. The banks considered by the Group as acceptable counterparties must be rated at least A2 by Standard & Poor's and P2 by Moody's, or must be majority-owned by the government of their home country (which must be either an EU member, Canada or the United States).

At December 31, 2019, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated balance sheet and were invested in:

- Current accounts with banks considered by the Group as acceptable counterparties that do not apply negative interest rates;
- Money-market mutual funds (OPCVM) which are not exposed to changes in interest rates and whose underlying assets are investment-grade issues by both corporations and financial institutions; or
- Term deposits and certificates of deposit issued by banks, with an initial investment period of less than one year.

Main sources of financing

Over the past several years the Group has implemented a strategy of diversifying its sources of financing, through:

- Issues of convertible bonds, i.e., the 2019 OCEANE bonds redeemed at the beginning of 2019 (see **Note 24**);
- Issues of ordinary bonds maturing in 2021, 2023 and 2024 (see **Note 24**);
- A medium-term syndicated credit facility representing an amount of 600 million euros, including a very short-term drawing facility representing an amount of 200 million euros;
- Receivables securitization and factoring programs:
The Group's existing securitization program – set up on March 29, 2010 and covering the securitization of trade receivables in France and Germany – was renewed on March 30, 2015 for five years. On May 23, 2017, the Off Balance Sheet program was terminated, leaving only the On Balance Sheet program (see **Note 18**). Following termination of the Off Balance Sheet program, Nexans France is now the only participant in the securitization program. The On Balance Sheet program will expire in March 2020. The amount of receivables that may be sold under the program is currently capped at 80 million euros.
The other main receivables securitization and factoring programs concern Norway and Brazil.
In Norway, receivables sold under the factoring program totaled 36 million euros at December 31, 2019 (54 million euros at December 31, 2018).
In Brazil, receivables sold under the factoring program totaled 9 million euros at December 31, 2019 (non-material amount at December 31, 2018).
- Local credit facilities.

Covenants and acceleration clauses

On December 12, 2018 an amendment to the 600 million euro syndicated credit facility was signed, extending the expiration date until December 12, 2023 and including in the facility's 600 million euro total amount a 200 million euro very short-term drawing facility utilizable to finance a negotiable instruments program. This program was signed on December 21, 2018 for a maximum amount of 400 million euros, of which 30 million euros had been drawn down at December 31, 2019.

The amended syndicated credit facility is subject to the following two covenants, applicable since June 30, 2019:

- The consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20; and
- Consolidated debt is capped at 3.2x consolidated EBITDA, as defined in **Note 1.E.b**.

These ratios were well within the specified limits at both December 31, 2019 and at the date the Board of Directors approved the financial statements.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of 30 days depending on the nature of the breach.

In addition, in order to finance the construction of Nexans' new cable-laying vessel, a Group subsidiary took out a loan of 1,050 million Norwegian krone in May 2019. This loan – which will be drawn down in tranches throughout the vessel's construction – will be repaid on a straight-line basis over the twelve years following delivery of the vessel. It includes two options exercisable by the Group on the vessel's delivery date to (i) replace the variable interest rate with a fixed rate and (ii) to select either the Norwegian krone, the euro or the US dollar as the repayment currency.

The loan also includes (i) the same financial covenants as those set out in the Group's amended syndicated credit facility described above and (ii) the following covenants specific to the Group's subsidiary, based on its statutory accounts at the year-end:

- an equity to asset ratio
- a net debt to equity ratio, and
- a certain level of cash and cash equivalents.

The subsidiary's statutory financial statements had not yet been issued as of the date the Board of Directors approved the consolidated financial statements for the year ended December 31, 2019.

These covenants were well within the specified limits at June 30, 2019.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The Group is not subject to any other financial ratio covenants.

This syndicated loan agreement, together with the indentures for the ordinary bonds redeemable in 2021, 2023 and 2024 also contain standard covenants (negative pledge, cross default, *pari passu* and change of control clauses), which, if breached, could accelerate repayment of the syndicated loan or the bond debt.

The receivables securitization program renewed for five years on March 30, 2015 and amended in May 2017 contains clauses similar to those negotiated when the original program was set up in 2010. The program does not include any acceleration clauses. However, it does contain change of control and cross default clauses as well as a clause relating to significant changes in the behavior of the portfolios of sold receivables, which could lead to a termination of the receivables purchases and consequently the program itself.

B. INTEREST RATE RISKS

The Group structures its financing in such a way as to avoid exposure to the risk of rises in interest rates:

- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2019, the bulk of this debt corresponded to the ordinary bonds redeemable in 2021, 2023 and 2024.
- All of the Group's short-term debt at December 31, 2019 was at variable rates based on monetary indices (EONIA, EURIBOR, LIBOR or local indices). Fixed-rate debt with original maturities of less than one year is considered as variable-rate debt. The Group's short-term cash surpluses are invested in instruments which have maturities of less than one year and are therefore at adjustable rates (fixed rate renegotiated when the instrument is renewed) or at variable rates (based on the EONIA or LIBOR for a shorter maturity than that of the investment). Consequently, the Group's short-term net exposure to changes in interest rates is limited and concerned its variable rate net cash position of 491 million euros at December 31, 2019 and 739 million euros at December 31, 2018.

The Group did not have any interest rate hedges in place at either December 31, 2019 or December 31, 2018.

(At December 31, in millions of euros)	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities ⁽¹⁾	151	51	203	162	1	163
Cash and cash equivalents	(642)	-	(642)	(901)	-	(901)
NET VARIABLE RATE POSITION	(491)	51	(439)	(739)	1	(738)
FIXED RATE						
Financial liabilities ⁽¹⁾	38	871	910	291	777	1,068
NET FIXED RATE POSITION	38	871	910	291	777	1,068
NET DEBT	(452)	923	471	(448)	778	330

⁽¹⁾ Including the short-term portion of accrued interest not yet due on long-term debt.

C. FOREIGN EXCHANGE AND METAL PRICE RISKS

The Group's foreign exchange risk exposure primarily relates to operations-based transactions (purchases and sales). The Group considers that it only has low exposure to foreign exchange risk on debt. However, other than in exceptional cases, when debt is denominated in a currency that is different to the Group's functional currency the inherent foreign exchange risk is hedged.

Due to its international presence, the Group is exposed to foreign currency translation risk on the net assets of subsidiaries whose functional currency is not the euro. It is Group policy not to hedge these risks.

The Group's policy for managing non-ferrous metal risks is defined and overseen by the Metals Management Department and implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The Group's sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans' operating subsidiaries have a very strong local presence, except in the high-voltage business.

The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and tenor and they are overseen by the Metals Management Department for metal hedges and the Treasury and Financing Department for foreign exchange hedges.

Methods used to manage and hedge exposure to foreign exchange risk

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of quarterly reports provided to the Treasury and Financing Department by all subsidiaries exposed to this type of risk, irrespective of whether or not they are members of the cash pool. The reports contain details on the subsidiaries' estimated future cash flows in each currency and the related hedges that have been set up, as well as a reconciliation between actual figures and previous forecasts.

The Treasury and Financing Department has developed training materials for the Group's operations teams and carries out ad hoc audits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging foreign exchange risks have been properly applied during its audit engagements carried out at the Group's subsidiaries.

In addition, some bids are made in a currency other than that in which the entity concerned operates. Foreign exchange risks arising on these bids are not systematically hedged, which could generate a gain or loss for the Group if there is a significant fluctuation in the exchange rate between the date when the bid is presented and the date it is accepted by the customer. However, in such cases, the Group takes steps to reduce its potential risk by applying expiration dates to its bids and by incorporating the foreign exchange risk into the price proposal.

Foreign exchange risk is identified at the level of the Group's subsidiaries, whose treasurers execute hedges centrally or locally using forward currency transactions. For subsidiaries that are members of the cash pool, these transactions are carried out with the Treasury and Financing Department. Other subsidiaries enter into forward currency transactions with their local banks. The objective of these transactions is for operating cash flows to be denominated in the functional currency of the entity concerned.

Methods used to manage and hedge exposure to metal risks

The Group verifies that its procedures for managing and hedging metal risks are correctly applied by means of each operating subsidiary reporting monthly on its exposure to copper, aluminum and lead risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Metals Management Department.

In addition, the Metals Management Department regularly provides training sessions and performs controls within the subsidiaries to ensure that the procedures are properly understood and applied. It has also created training modules on the Group intranet for operations teams, including salespeople, buyers, finance staff and "hedging operators", who are in charge of daily hedging activities concerning metal risks. Lastly, the Internal Audit Department systematically checks that the procedures for identifying and hedging metal risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

In order to offset the consequences of the volatility of non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead), Nexans' policy is to pass on metal prices in its own selling prices, and hedge the related risk either by setting up a physical hedge or by entering into futures contracts on the London, New York and, to a lesser degree, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

The Group's production units require access at all times to a minimum level of metal inventories for their routine operations, which is referred to as "Core exposure". Core exposure represents the minimum amounts that are necessary for the production units to operate appropriately. Consequently, the quantities of metal corresponding to Core exposure are not hedged and are recorded within operating margin based on initial purchase cost. However, as described in Note 1.E.c, at the level of operating income, Core exposure is measured at its weighted average cost and therefore the difference between historical cost and weighted average cost is recognized under "Core exposure effect" in the income statement.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

As a result, any reduction (via sales) in volume of Core exposure due to (i) structural changes in the sales and operating flows of an entity or (ii) a significant change in the business levels of certain operations, can impact the Group's operating margin.

In addition, the Group's operating margin is still partially exposed to fluctuations in non-ferrous metal prices for certain product lines, such as copper cables for cabling systems and building sector products. In these markets, any changes in non-ferrous metal prices are generally passed on in the selling price, but with a time lag that can impact margins. The fierce competition in these markets also affects the timescale within which price increases are passed on.

In accordance with its risk management policy described above, the Group enters into physical contracts only for operational purposes (for the copper component of customer or supplier orders) and uses futures contracts only for hedging purposes (LME, COMEX or SHFE traded contracts, see **Note 27.D**, "Metals derivatives"). The Group's main subsidiaries document their hedging relationships in compliance with the requirements of IAS 39 relating to cash flow hedges.

D. CREDIT AND COUNTERPARTY RISK

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives as well as on the Group's investments and deposits placed with banks.

Customer credit risk

The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. At December 31, 2019, no single customer represented more than 5% of the Group's total outstanding receivables.

The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which has been rolled out to Nexans' international subsidiaries. The Group has also set up a master credit insurance program for most of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been amplified by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. Although the problem has eased slightly in Brazil, it is currently still difficult to obtain credit insurance in Turkey, Saudi Arabia and sub-Saharan Africa.

Foreign exchange derivatives

In accordance with Group policy, to keep counterparty risk as low as possible, entities wishing to hedge the foreign exchange risk on their medium- or long-term commercial commitments may only purchase long-term derivatives (expiring in more than one year) from banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For short-term derivatives (expiring in less than one year), the banks must have been assigned short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's. Where this requirement cannot be fulfilled due to local banking conditions, the entities in the countries concerned limit their counterparty risk by keeping their exposure to a minimum and spreading it between at least three banks.

For subsidiaries that are not members of the cash pool, the same criteria apply but exceptions may be made, notably for subsidiaries located in countries with sovereign ratings that are below the specified thresholds. In this case, foreign exchange derivatives involving counterparty risk can only be set up with branches or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Counterparty risk for these subsidiaries is subject to a specific monthly monitoring process that tracks the external commitments made by each subsidiary in relation to foreign exchange hedges.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Based on a breakdown by maturity of notional amounts (the sum of the absolute values of notional amounts of buyer and seller positions) at December 31, 2019, the Group's main exposure for all subsidiaries (both members and non-members of the cash pool) is to short-term maturities:

(At December 31, in millions of euros)	2019		2018	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,191	2,191	2,322	2,323
Between 1 and 2 years	412	404	500	501
Between 2 and 3 years	3	2	7	8
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	2,606	2,597	2,829	2,832

Metal derivatives

The Nexans Group hedges its exposure to copper, aluminum and, to a lesser extent, lead, by entering into derivatives transactions in three organized markets: the LME in London, the COMEX in New York and, in certain limited cases, the SHFE in Shanghai. Substantially all of the derivatives transactions conducted by the Group are standard buy and sell trades. The Group does not generally use metal options.

The Metals Management Department performs metal derivatives transactions on behalf of substantially all of the Group's subsidiaries apart from – at December 31, 2019 – its Australian, New Zealand and Chinese entities. Non-ferrous metal hedging transactions carried out on commodity exchanges may give rise to two different types of counterparty risk:

- The risk of not recovering cash deposits made (margin calls); and
- The replacement risk for contracts on which the counterparty defaults (mark-to-market exposure, i.e., the risk that the terms of a replacement contract will be different from those in the initial contract).

The Metals Management Department manages counterparty risk on the Group's derivative instruments by applying a procedure that sets ceilings by counterparty and by type of transaction. The level of these ceilings depends notably on the counterparties' ratings. In addition, the transactions carried out are governed by master netting agreements developed by major international Futures and Options Associations that allow for the netting of credit and debit balances on each contract.

The Group's counterparties for these transactions are usually its existing financial partners, provided they have a long-term rating of at least A-/A3. Counterparties rated between BBB-/Baa3 and BBB+/Baa1 can also be approved provided the Group's aggregate exposure to these counterparties does not exceed (i) 25 million US dollars for counterparties rated BBB+ or BBB, and (ii) 10 million US dollars for counterparties rated BBB-.

In Australia and New Zealand, because of the countries' time zone, the Group's subsidiaries carry out metal derivatives transactions with an Australian broker, which is not rated. However, the Group only has a low level of exposure to this broker. Subsidiaries in China hedge their metal risks on the Shanghai Futures Exchange (SHFE), which can only be used by local brokers.

The Group's metal derivatives transactions are governed by master netting agreements developed by major international Futures and Options Associations that, in the event of a default, allow for the netting of a Group subsidiary's assets and liabilities related to the defaulting counterparty.

The Group's maximum theoretical counterparty risk on its metal derivatives transactions can be measured as the sum of credit balances (including positive mark-to-market adjustments) and cash deposits, after contractually permitted asset and liability netting. This maximum theoretical risk amounted to 6 million euros at December 31, 2019 (5 million euros at December 31, 2018).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

The notional amounts of metal derivatives (sum of the absolute values of buy and sell positions) at December 31, 2019 are analyzed by maturity in the table below:

(At December 31, in millions of euros)	2019		2018	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	378	182	413	161
Between 1 and 2 years	39	1	105	1
Between 2 and 3 years	2	-	4	-
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	419	183	522	162

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 19**) amounted to 3 million euros at December 31, 2019 (3 million euros at December 31, 2018).

In conclusion, the Group has limited exposure to credit risk. The Group considers that its management of counterparty risk is in line with market practices but it cannot totally rule out a significant impact on its consolidated financial statements should it be faced with the occurrence of systemic risk.

Risk on deposits and investments

The table below sets out the Group's counterparty risk relating to deposits and investments of Nexans Financial Trading Services' cash surpluses placed with banks at December 31, 2019. These Nexans Financial Trading Services deposits and investments amounted to an aggregate 328 million euros at that date, representing approximately 51% of the Group total.

(At December 31, 2019, in millions of euros)

COUNTERPARTY RATINGS ⁽¹⁾	AA-	A+	A	A-	BBB+	Money	Total
Cash on hand	55	17	256	-	-	-	328
Short-term money market funds (OPCVM) ⁽²⁾	-	-	-	-	-	-	-
Certificates of deposit/EMTN	-	-	-	-	-	-	-
TOTAL	55	17	256	-	-	-	328

(1) Based on Standard & Poor's ratings.

(2) Based on the AMF classification.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in **Note 27.A**.

E. MARKET RISK SENSITIVITY ANALYSIS

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity, as well as the Group's financing needs. Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

A rise in copper prices would result in:

- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer);
- A revaluation of the Group's Core exposure;
- A limited increase in working capital and therefore a limited increase in financing needs (any short-term positive impact of margin calls is not taken into account in the sensitivity analysis).

At Group level, the impact on working capital is limited and mainly relates to the timing of derivatives settlement. Potential significant variations could occur at local level due to pricing conditions.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity, based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IAS 39).

A revaluation of the Group's Core exposure would positively affect consolidated operating income.

The simulation below is based on the following assumptions (with all other assumptions remaining constant, notably exchange rates):

- A 10% increase in copper prices at December 31, 2019 and December 31, 2018 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.
- 53,000 tonnes and 40,000 tonnes of copper included in working capital at December 31, 2019 and December 31, 2018 respectively.
- Short-term interest rate (3-month Euribor) of -0.38% in 2019 and -0.32% in 2018.
- A worst-case scenario, in which the increase in working capital would be constant throughout the year, leading to an annualized increase in financial expenses (not taking into account the temporary positive impact of margin calls or the effect of changes in exchange rates).
- 49,750 tonnes of copper classified as Core exposure at December 31, 2019 (50,375 tonnes at December 31, 2018).
- A theoretical income tax rate of 34.43% for 2019 and 2018.

Any impact of changes in copper prices on both impairment in value of the Group's non-current assets (in accordance with IAS 36) and the provision for impairment of inventories has not been taken into account in this simulation, as it is impossible to identify a direct linear effect.

<i>(in millions of euros)</i>	2019	2018
Impact on operating income	26	29
Impact on net financial expense	0	0
Net impact on income (after tax)	17	19
Impact on equity⁽¹⁾ (after tax)	13	15

⁽¹⁾ Excluding net income for the period.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Sensitivity to the US dollar (USD) exchange rate

The US dollar is the main foreign currency to which the Group is exposed.

The simulation below is based on a 10% decrease in the US dollar spot rate against the world's other major currencies compared with the rates prevailing at December 31, 2019 and December 31, 2018, e.g., using US dollar/euro exchange rates of 1.24 and 1.26 respectively, without any changes in the forward points curve.

The main impacts on the consolidated financial statements stem from the revaluation of the Group's portfolio of derivative instruments. The impact on equity related to designated cash flow hedges and the impact on income have been separated out. This revaluation effect is offset by the revaluation of underlying US dollar positions in (i) the Group's trade receivables and trade payables portfolios, and (ii) net debt.

The Group's other financial assets and liabilities are rarely subject to foreign exchange risk and have therefore not been included in this simulation.

Foreign currency translation impacts have likewise not been taken into account in the following calculations.

Sensitivity at December 31, 2019 <i>(in millions of euros)</i>	Impact on income (net after tax⁽²⁾)	Impact on equity⁽¹⁾ (after tax⁽²⁾)
Trade receivables	(15)	N/A
Bank accounts	(2)	N/A
Trade payables	13	N/A
Loans/borrowings	(1)	-
NET POSITION – USD UNDERLYINGS⁽³⁾	(5)	-
Portfolio of forward purchases ⁽⁴⁾	(16)	(11)
Portfolio of forward sales ⁽⁴⁾	11	19
NET POSITION – USD DERIVATIVES	(4)	8
NET IMPACT ON THE GROUP	(8)	8

(1) Excluding net income for the period.

(2) Using a theoretical income tax rate of 34.43%.

(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.

(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity at December 31, 2018 <i>(in millions of euros)</i>	Impact on income (net after tax⁽²⁾)	Impact on equity⁽¹⁾ (after tax⁽²⁾)
Trade receivables	(13)	N/A
Bank accounts	(5)	N/A
Trade payables	22	N/A
Loans/borrowings	(2)	-
NET POSITION – USD UNDERLYINGS⁽³⁾	2	-
Portfolio of forward purchases ⁽⁴⁾	(29)	(18)
Portfolio of forward sales ⁽⁴⁾	18	23
NET POSITION – USD DERIVATIVES	(11)	5
NET IMPACT ON THE GROUP	(9)	5

(1) Excluding net income (loss) for the period.

(2) Using a theoretical income tax rate of 34.43%.

(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.

(4) Forward purchases and sales that comprise an exposure to US dollars.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Sensitivity to the Norwegian krone (NOK) exchange rate

The Norwegian krone is an essential counterparty currency used in contracts for submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 10.9 and 10.9 at December 31, 2019 and December 31, 2018 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2019 (in millions of euros)	Impact on income (net after tax ⁽²⁾)	Impact on equity ⁽¹⁾ (after tax ⁽²⁾)
Trade receivables	3	N/A
Bank accounts	1	N/A
Trade payables	(1)	N/A
Loans/borrowings	0	-
NET POSITION – NOK UNDERLYINGS	3	-
Portfolio of forward purchases ⁽³⁾	8	13
Portfolio of forward sales ⁽³⁾	(2)	(35)
NET POSITION – NOK DERIVATIVES	6	(21)
NET IMPACT ON THE GROUP	9	(21)

(1) Excluding net income (loss) for the period.

(2) Using a theoretical income tax rate of 34.43%.

(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

Sensitivity at December 31, 2018 (in millions of euros)	Impact on income (net after tax ⁽²⁾)	Impact on equity ⁽¹⁾ (after tax ⁽²⁾)
Trade receivables	2	N/A
Bank accounts	(3)	N/A
Trade payables	(1)	N/A
Loans/borrowings	11	-
NET POSITION – NOK UNDERLYINGS	9	-
Portfolio of forward purchases ⁽³⁾	(6)	28
Portfolio of forward sales ⁽³⁾	-	(45)
NET POSITION – NOK DERIVATIVES	(6)	(17)
NET IMPACT ON THE GROUP	3	(17)

(1) Excluding net income (loss) for the period.

(2) Using a theoretical income tax rate of 34.43%.

(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

Note 28. Additional disclosures concerning financial instruments

A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group has defined the following main categories of financial assets and liabilities:

(At December 31, in millions of euros)	IFRS 9 category	Fair value hierarchy level	2019		2018	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Shares in non-consolidated companies	Financial assets at fair value through profit or loss		23	23	14	14
	At fair value through other comprehensive income		7	7	7	7
Other non-current financial assets	Loans and receivables		44	44	31	31
Commercial receivables						
▪ Contract assets	Loans and receivables		69	69	95	95
▪ Trade receivables	Loans and receivables		1,015	1,015	1,021	1,021
Derivative instruments ⁽¹⁾	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	37 12	37 12	38 3	38 3
Other current financial assets	Loans and receivables		126	126	109	109
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	25 617	642	31 870	901
LIABILITIES						
Gross debt						
- Convertible bonds ⁽²⁾	Financial liabilities at amortized cost		-	-	276	276
- Ordinary bonds ⁽²⁾	Financial liabilities at amortized cost		786	835	785	782
- Other financial liabilities	Financial liabilities at amortized cost		211	211	170	170
Commercial payables						
▪ Contract liabilities	Financial liabilities at amortized cost		256	256	252	252
▪ Trade payables	Financial liabilities at amortized cost		1,319	1,319	1,290	1,290
Derivative instruments ⁽¹⁾	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	34 7	34 7	42 20	42 20
Other current financial liabilities	Financial liabilities at amortized cost		304	304	255	255

(1) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income.

(2) Including short-term accrued interest (see Note 24.C).

At December 31, 2019, the Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2021, 2023 and 2024, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost.

The fair value of the 2021, 2023 and 2024 ordinary bonds was calculated based on a bank valuation provided at December 31, 2019 and included interest accrued at the year-end. The same method was used at December 31, 2018.

The fair value of OCEANE convertible bonds at December 31, 2018 corresponded to their redemption price on January 1, 2019.

B. CALCULATIONS OF NET GAINS AND LOSSES

(in millions of euros)	Net gains (losses)					2019
	Interest	On subsequent remeasurement			On disposal	
		Fair value adjustment	Currency translation	Impairment		
OPERATING ITEMS						
Receivables	N/A	N/A	14	(4)	-	10
Financial assets and liabilities at fair value through profit or loss	N/A	(25)	N/A	N/A	-	(25)
Financial liabilities at amortized cost	N/A	N/A	1	N/A	-	1
Cost of hedging						(1)
SUB-TOTAL – OPERATING ITEMS	-	(25)	15	(4)	-	(15)
FINANCIAL ITEMS						
Shares in non-consolidated companies	N/A	-	-	-	-	-
Loans	-	N/A	4	(1)	-	3
Financial assets and liabilities at fair value through profit or loss	N/A	6	N/A	N/A	-	6
Financial liabilities at amortized cost	(37)	N/A	(4)	N/A	-	(41)
Cost of hedging						(5)
SUB-TOTAL – FINANCIAL ITEMS	(37)	6	0	(1)	-	(37)
TOTAL	(37)	(18)	16	(5)	-	(52)

Gains and losses corresponding to interest are recorded under “Cost of debt (net)” when they relate to items included in consolidated net debt (see **Note 24**).

The accounting treatment of changes in fair value of derivatives is described in **Note 27** above. Other than the impact of foreign exchange and metal derivatives, gains and losses relating to financial assets and liabilities at fair value through profit or loss include fair value adjustments recognized on cash and cash equivalents which amounted to a positive 4 million euros in 2019 and 4 million euros in 2018. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains.

Gains and losses arising from currency translation differences are recorded under “Other financial income and expenses” when they relate to operating items as classified in the table above, or under “Cost of debt (net)” if they relate to items included in consolidated net debt.

Impairment losses on operating receivables are recognized as operating expenses and impairment losses on loans are recognized as financial expenses.

Note 29. Related party transactions

Related party transactions primarily concern commercial and financial transactions carried out with the Quiñenco group – Nexans' principal shareholder – as well as with associates, non-consolidated companies, and directors and key management personnel (whose total compensation is presented in the table set out in **Note 29.C** below).

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

A. RELATED PARTY TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

Income statement

<i>(in millions of euros)</i>	2019	2018
REVENUE		
- Non-consolidated companies	48	38
- Associates	2	8
COST OF SALES		
- Non-consolidated companies	(2)	(42)
- Associates	(7)	(7)

Consolidated balance sheet

The main items in the balance sheet affected by related party transactions in 2019 and 2018 were as follows:

<i>(At December 31, in millions of euros)</i>	2019	2018
ASSETS		
- Non-consolidated companies	9	8
- Associates	1	1
FINANCIAL LIABILITIES/(RECEIVABLES)		
- Non-consolidated companies	(15)	(11)
- Associates	-	-
OTHER LIABILITIES		
- Non-consolidated companies	0	10
- Associates	1	1

B. RELATIONS WITH THE QUIÑENCO GROUP

At December 31, 2019, the Quiñenco group held approximately 29% of the Company's capital stock through two subsidiaries, Invexans Limited (UK) and Tech Pack (Chile). The Quiñenco group has given the Company a long-term undertaking that it would not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

At December 31, 2019, the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the contract dated February 21, 2008 for the acquisition of the Quiñenco group's cables business, as amended by an addendum signed on September 30, 2008.

The impact of the commercial agreements with the Quiñenco group on the income statement and balance sheet is included in the tables set out in **Note 30.A** above, on the line "Associates".

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

In 2019, Key Management Personnel correspond to corporate officers and members of the Executive Committee.

In 2018, Key Management Personnel corresponded to corporate officers, members of the Management Board, as it existed until November 2018, and members of the Executive Committee, effective December 2018.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Total compensation

Total compensation paid to the Group's Key Management Personnel can be analyzed as follows:

(in millions of euros)	2019	2018
Compensation for corporate officer positions ⁽¹⁾	1.4	3.4
Directors' fees ⁽¹⁾	-	-
Compensation under employment contracts and benefits in kind ⁽¹⁾	7.0	6.2
Stock options ⁽²⁾	-	-
Performance shares ⁽²⁾	1.9	2.5
Termination benefits ⁽¹⁾	1.1	-
Long-term incentive plan ⁽²⁾	0.1	0.4
Accruals for pensions and other retirement benefit obligations ⁽³⁾	2.7	2.3
TOTAL COMPENSATION	14.2	14.8

(1) Amounts paid during the year, including payroll taxes.

(2) Amounts expensed in the income statement during the year.

(3) For defined benefit plans, this item includes the service cost and interest expense for the year.

Additional information on the compensation of Key Management Personnel (corporate officers and members of the Executive Committee):

- The Group's total obligation for pensions and other retirement benefits relating to Key Management Personnel (net of plan assets) amounted to 7 million euros at December 31, 2019, compared with 12 million euros at December 31, 2018.
- On March 19, 2019, the Board of Directors adopted a new long-term compensation plan for the Group's key managers and executives, in the form of a performance share plan. For the performance shares to vest, the beneficiary must still be employed by the Group on the vesting date and conditions concerning Nexans' financial performance and its share performance must also be met.

Commitments given to the Chief Executive Officer

All of the commitments given to Christopher Guérin in his capacity as Chief Executive Officer are described in the Universal Registration Document in section "Commitments given to the Chief Executive Officer".

As Chief Executive Officer, Christopher Guérin has received the following commitments from the Company, which were authorized at the Board Meeting of July 3, 2018 and approved at the Annual Shareholders' Meeting held on May 15, 2019:

- If Christopher Guérin is removed from his position as Chief Executive Officer, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity will be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. This indemnity will be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise by the Board of Directors, notably in the event of serious misconduct.
If Christopher Guérin's forced departure takes place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity will be equal one year's worth of his total fixed and variable compensation and the performance conditions will be assessed based on the number of full years completed (either one or two years).
- As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chief Executive Officer, Christopher Guérin will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be paid in 24 equal and successive monthly installments and will equal one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

In accordance with Article 23.3 of the AFEP-MEDEF Code (June 2018 version), in the event of Christopher Guérin's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

In addition, in accordance with Article 23.4 of the AFEP-MEDEF Code, no non-compete indemnity will be due if Christopher Guérin takes retirement upon leaving the Group.

Lastly, in accordance with the Group's 2020 compensation policy for key management personnel, as described in section 2.5.4, Christopher Guérin's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

If Christopher Guérin retired, he would be entitled to benefits under the supplementary defined contribution pension plan set up by the Group in 2018 for certain employees and corporate officers. Annual contributions to the plan paid by the Company correspond to 20% of the Chief Executive Officer's total actual annual compensation (fixed plus variable), i.e., 240,000 euros in 2019.

Note 30. Disputes and contingent liabilities

A. ANTITRUST INVESTIGATIONS

In late January 2009, antitrust investigations were launched in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power cables sector.

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision, which found that Nexans France SAS had participated directly in an infringement of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed on Nexans France SAS by the European Commission.

In early July 2014, Nexans France SAS paid 70.6 million euro fine imposed on it by the European Commission.

Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice. This action is still pending, with the Advocate General's Opinion and the subsequent judgment expected during the first semester 2020.

As an indirect consequence of the European Commission's decision, certain Group entities received in April 2019, claims from customers filed before the courts in the United-Kingdom, the Netherlands and Italy against Nexans and other defendants.

In the UK, Scottish and Southern Energy lodged a claim against Nexans France SAS, the Company and certain companies of the Prysmian Group. However, in September 2019, the claim against Nexans France SAS and the Company was stayed.

In addition, one of the Group's competitors, which has been subject to follow-on damage claims initiated in 2015 in the UK, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company. The contribution claim is currently stayed, pending the result of the main proceedings.

The claim in Italy has been brought before the Court of Milan by Terna S.p.A. Nexans Italia filed a defense on October 24, 2019 focusing on Nexans Italia's lack of standing to be sued. Following an initial hearing on November 13, 2019, the judge ruled Terna's claim to be null for lack of clarity on February 3, 2020. Terna is to supplement its claim by May 11, 2020. The judge will then rule on the other preliminary questions and a hearing is scheduled for September 29, 2020.

The claim in Netherlands was made jointly by Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies of the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Groups. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans filed a motion contesting jurisdiction to which claimants are required to submit their response. Hearing and decision on the procedural issues could occur in 2020.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

Investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector has been concluded on February 11, 2019 and recommendation has been made by the same to the Administrative Tribunal of CADE to sanction the defendants in this case. A judgment by the Tribunal of CADE is expected first semester of 2020.

Investigation by the antitrust authority in South Korea ("KFTC") in the high-voltage power cable sector has not been officially closed but Nexans understands that the statute of limitations should be considered expired.

Nexans' local Korean subsidiaries have cooperated with the KFTC in investigations initiated between 2013 and 2015 in businesses other than the high-voltage. As a result, full leniency (zero fine) has been granted by KFTC in 15 cases, and for two other cases the Korean subsidiaries were granted a 20% reduction of fines and were ordered to pay the KFTC a total of approx. 850,000 euros. All such investigations are now closed, and the risks associated with the majority of claims brought by customers in connection with them are now all closed.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. Appeal decision is expected to take place in 2020.

As of 31 December 2019, and following a reassessment of risks, the Group has a recorded contingency provision of 74 million euros to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's assumptions that take into account the consequences in similar cases and currently available information. There is still considerable uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated. The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the other existing or probable disputes for which provisions were recorded at December 31, 2019 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

Certain contracts entered into by the Group as of December 31, 2019 could lead to performance difficulties, but the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

Note 31. Off-balance sheet commitments

The Group's off-balance sheet commitments that were considered material at December 31, 2019 and December 31, 2018 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Receivables securitization program

A securitization plan for euro-denominated trade receivables (described in **Note 27.A**) was set up in the second quarter of 2010 and rolled over for up to five years on March 30, 2015. Following an amendment to the program in May 2017, this guarantee covers (i) the payment obligations of the Nexans subsidiary selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings were initiated against the subsidiary selling the receivables.

At December 31, 2019, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 24 million euros for the portion covering the subsidiary's payment obligations and 95 million euros for the portion covering invalid receivables sales.

Risks relating to mergers and acquisitions

Group companies may grant sellers' warranties to purchasers of divested businesses, generally without taking out bank guarantees or bonds. When it is probable that the Group will be required to make payments under a warranty, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 23** and **Note 30**).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties.

In late 2017, Nexans acquired 27.8% of the capital of IES, the leading manufacturer of electric vehicle fast-charging solutions. IES is accounted for by the equity method.

The agreement also includes a put option for the seller.

Acquisition of the Quiñenco group's cable business

When Nexans acquired the cables business of the Chile-based group Quiñenco on September 30, 2008, it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Invexans SA (formerly Madeco, Chile) under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in accordance with IFRS 3.

A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Quiñenco group concerning the amounts payable by the Quiñenco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement, Quiñenco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reais (approximately 9.4 million euros). In return, the Quiñenco group was released from any obligation to pay compensation with respect to the civil and employment law proceedings in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties. Settlement agreements were signed between 2014 and 2017 covering part of the amounts involved, in order to enable Nexans to benefit from a tax amnesty in Brazil.

The audit procedures were carried out and the Statutory Auditors' report is being issued at the date of the results publication.

B. COMMITMENTS RELATED TO THE GROUP'S FINANCING

The main off-balance sheet commitments related to the Group's financing are summarized below:

(At December 31, in millions of euros)	Notes	2019	2018
COMMITMENTS GIVEN			
Syndicated credit facility ⁽¹⁾	27.A	660	660
Collateral			
COMMITMENTS RECEIVED			
Syndicated credit facility – Unused line expiring on December 12, 2023	27.A	600	600
Receivables securitization program – Maximum amount of receivables that may be sold ⁽²⁾	27.A	80	80

(1) When the Group's syndicated credit facility was set up, Nexans undertook to guarantee the commitments given by Nexans Financial & Trading Services to the banking pool concerned.

(2) The receivables securitization program was set up in April 2010 and amended in May 2017.

C. COMMITMENTS RELATED TO THE GROUP'S OPERATING ACTIVITIES

The main off-balance sheet commitments related to the Group's operations are summarized below:

(At December 31, in millions of euros)	Note	2019	2018
COMMITMENTS GIVEN			
Forward purchases of foreign currencies ⁽¹⁾	27	2,606	2,830
Forward purchases of metals	27	419	522
Firm commitments to purchase property, plant and equipment ⁽²⁾		172	166
Commitments for third-party indemnities	See (a)	3,319	3,441
Take-or-pay copper purchase contracts (in tonnes)	See (b)	133,766	130,141
Other commitments given			
COMMITMENTS RECEIVED			
Forward sales of foreign currencies ⁽¹⁾	27	2,597	2,832
Forward sales of metals	27	183	162
Take-or-pay copper sale contracts (in tonnes)	See (b)	116,076	125,903
Other commitments received		369	418

(1) Including derivatives used to hedge the Group's net debt.

(2) Included at December 31, 2019 in the 65 million euro commitment concerning the construction of a new cable laying ship.

a. Commitments for third-party indemnities

Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds. They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (628 million euros and 725 million euros at December 31, 2019 and December 31, 2018 respectively).

When it is probable that the Group will be required to make payments under a warranty due to factors such as delivery delays or disputes over contract performance, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 23** and **Note 30**).

At December 31, 2019 the Group had granted parent company guarantees in an amount of 2,691 million euros (2,716 million euros at December 31, 2018). These mainly correspond to performance bonds given to customers.

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b. Take-or-pay contracts (physically-settled contracts)

The volumes stated in the table above correspond to quantities negotiated as part of copper take-or-pay contracts whose price was set at the year-end, including quantities presented in inventories (see **Note 27.D** for further details).

More generally, the Group enters into firm commitments with certain customers and suppliers under take-or-pay contracts, the largest of which concern copper supplies.

Note 32. Main consolidated companies

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2019.

Companies by geographic area	% control	% interest	Consolidation method ⁽¹⁾
France			
Nexans S.A. ⁽²⁾	100%	100%	Parent company
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Nexans Wires	100%	100%	
Eurocable	100%	100%	
Tréfileries and Laminoirs de la Méditerranée S.A.	100%	100%	
Recyclables	36.50%	36.50%	Equity method
Nexans Power Accessories France	100%	100%	
IES Energy	27.80%	27.80%	Equity method
Nexans Financial & Trading Services ⁽³⁾	100%	100%	
Belgium			
Nexans Benelux S.A.	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services	100%	100%	
Opticable S.A. NV	60%	60%	
Germany			
Nexans Deutschland GmbH	100%	100%	
Metrofunkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH ⁽⁴⁾	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	
NORTHERN EUROPE			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Subsea Operations	100%	100%	
Nexans Skagerrak	100%	100%	
Nexans Suisse S.A.	100%	100%	
Nexans Re ⁽⁵⁾	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Industry Solutions	100%	100%	

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Companies by geographic area	% control	% interest	Consolidation method⁽¹⁾
SOUTHERN EUROPE			
Nexans Iberia SL	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Intercablo SpA	100%	100%	
Nexans Hellas S.A.	100%	100%	
Nexans Turkiye Endustri Ve Ticaret AS	100%	100%	
NORTH AMERICA			
Nexans Canada Inc	100%	100%	
Nexans USA Inc	100%	100%	
AmerCable Inc	100%	100%	
Nexans Magnet Wire USA Inc	100%	100%	
Nexans Specialty Holdings USA Inc	100%	100%	
Nexans Energy USA Inc	100%	100%	
Berk-Tek LLC	100%	100%	
Nexans High Voltage USA Inc	100%	100%	
SOUTH AMERICA			
Invercable	100%	100%	
Nexans Chile S.A.	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru ⁽²⁾	96.73%	96.73%	
Cobrecon	50%	48,36%	Equity method
Nexans Brasil S.A.	100%	100%	
AFRICA AND MIDDLE EAST			
Liban Câbles SAL	91.15%	91.15%	
Nexans Maroc ⁽²⁾⁽⁶⁾	86,46%	86,46%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	59.13%	59.13%	
Nexans Côte d'Ivoire	60%	54.45%	

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Companies by geographic area	% control	% interest	Consolidation method ⁽¹⁾
ASIA-PACIFIC			
Nexans Hong Kong Ltd	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	100%	100%	
Nexans Singapore	100%	100%	
Nexans China Wire & Cables Co. Ltd	100%	100%	
Nexans (Yanggu) New Rihui Cables Co. Ltd	100%	100%	
Nexans (Suzhou) Cables Solutions Co. Ltd	100%	100%	
Nexans Korea Ltd	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	97.90%	
Nippon High Voltage Cable Corporation	100%	100%	
OLEX Australia Pty Ltd	100%	100%	
OLEX New Zealand Ltd	100%	100%	

(1) The companies in this list are fully consolidated, unless otherwise specified.

(2) Listed companies.

(3) The entity responsible for the Nexans Group's cash management.

(4) Nexans Auto Electric GmbH – a company based in Germany – itself consolidates various sub-subsidiaries, including in the United States, Germany, Romania, Ukraine, the Czech Republic, Slovakia, Tunisia, China, Bulgaria and Mexico.

(5) Nexans Re is the Group's captive reinsurer.

(6) Nexans Maroc prepares consolidated financial statements that include various subsidiaries located mainly in Morocco and Senegal.

Note 33. Statutory Auditors' fees

The total fees paid to the Statutory Auditors for all controlled entities in France and recorded in the income statement for 2019 break down as follows:

(in thousands of euros)	Audit of the consolidated financial	Audit of the corporate financial statements	Other non audit-related services ⁽¹⁾	Total
Mazars	214	137	87	438
PricewaterhouseCoopers Audit	204	184	73	461
TOTAL	418	321	160	899

(1) Other services mainly consist of all the procedures that a reasonable buyer or investor would perform before entering into a transaction, and issuance of comfort letters in connection with financing operations.

Note 34. Subsequent events

No significant event for which disclosure is required has occurred since December 31, 2019.