HALF-YEAR FINANCIAL REPORT

2015

Nexans
BRINGS ENERGY TO LIFE

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first half of fiscal year 2015. It is based on the consolidated financial statements for the six months ended June 30, 2015.

Nexans' shares are traded on the NYSE Euronext Paris market and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category – was as follows at June 30, 2015:

- Institutional investors: 89.2%,
  of which approximately 29.0% held by Invexans (Quiñenco group, Chile), 8.0% by Bpifrance Participations (France) and 4.9% by Manning & Napier Advisors (United States)
- Private investors and employees: 7.2%
- Unidentified shareholders: 3.6%

This interim activity report should be read in conjunction with the consolidated financial statements for the six months ended June 30, 2015 (including the notes to those financial statements), as well as with Nexans' Registration Document for the year ended December 31, 2014 which was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 27, 2015 under number D.15-0212.

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1. SIGNIFICANT EVENTS OF FIRST-HALF 2015

1.1. GOVERNANCE AND STATUTORY AUDITORS

At the Annual Shareholders' Meeting held on May 5, 2015, Nexans' shareholders re-elected Georges Chodron de Courcel and Cyrille Duval as independent directors, as well as Hubert Porte – a director proposed by Nexans' shareholder Invexans – for terms of four years in accordance with the Company's bylaws. At the close of the Meeting, Nexans' Board of Directors comprised 12 members, taking into account the expiry of the terms of office of Mouna Sepehri and Robert Brunck.

Also at the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as Statutory Auditor for a six-year term as provided for by law.

1.2. PROPOSED REORGANIZATION FOR NEXANS GROUP OPERATIONS IN EUROPE

The initial results of the industrial and functional restructuring implemented in 2014 demonstrate that this restructuring was the right strategy for the Group's transformation. However, the efforts already made have proved insufficient to put Nexans on a more competitive footing for the long term. Given this context, a study for a new cost-savings project in Europe has been launched.

Within this project, which is aimed at responding to market challenges and protecting Nexans' competitiveness, four major improvement drivers have been identified:

- Optimize the structure of the Group's support functions.
- Adapt regional structures.
- Reduce the fixed costs of Market Lines in Europe.
- Reduce production capacity for the Utilities Market Line in Europe.

This project involves all European countries and in particular France, Norway and Germany. The adjustments would result in 478 position cuts and the creation of 46 new positions in Europe.

1.3. NORDLINK HVDC INTERCONNECTOR BETWEEN NORWAY AND GERMANY

The Norwegian and German power grids will be able to share green energy directly for the first time thanks to Nexans' submarine HVDC (high voltage direct current) cables to be installed as part of the NordLink project. Nexans will design, manufacture and install two 525 kV cable subsystems, with a total length of more than 700 km, off the coasts of Norway and Denmark. Completion of the project – which is Nexans' largest of this type to date – is scheduled for 2019. The contract value is approximately 500 million euros.

2. OPERATIONS DURING FIRST-HALF 2015

2.1. OVERVIEW

Consolidated sales for the six months ended June 30, 2015 came to 3.271 billion euros at current metal prices, compared with 3.216 billion euros for the same period of 2014.

At constant metal prices[1], consolidated sales amounted to 2.383 billion euros versus 2.304 billion euros in first-half 2014, representing an organic decrease of 0.8%[2], after a favorable currency effect.

The total sales figure for the first half of 2015 reflects mixed trends in the Group's different businesses:

1. Buoyant growth for submarine high-voltage cables, automotive harnesses, and LAN cables and systems.
2. An overall improvement in the Group's cable operations both in Europe and the Middle East, Russia and Africa Area where, given the ongoing fragility of these markets, the priority was to continue to optimize the product mix rather than focus on overall business volumes.
3. Sales hampered by ongoing difficult market conditions in Brazil and Australia as well as in the Oil & Gas sector.

The year-on-year change in sales was uneven for the Group's three main divisions:

(1) To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.
(2) The first-half 2014 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices adjusted for the effects of exchange rates (104 million euros) and changes in the scope of consolidation (-6 million euros).

- The Industry division reported organic growth of 2.5%.
- The Distributors & Installers division recorded a 4.8% organic sales decrease.
- In the Transmission, Distribution & Operators division, sales increased by 1%, although this masked a strong contrast between the land high-voltage business, low- and medium-voltage operations (which saw a year-on-year sales decrease due to a lackluster market), and the submarine high-voltage business, which reported a double-digit organic sales increase.

Changes in sales by geographic area (excluding high voltage and automotive harnesses) were as follows during the first half of the year:

- Sales generated in Europe contracted by 1.7%, due to the combined effects of a still sluggish market and the Group's strategy of focusing on high value-added sales rather than on business volumes.

- Sales in North America were down 14.4%, mainly as a result of lower demand in the oil and mining sectors.

- South America also reported a year-on-year sales contraction (-10.2%), primarily attributable to Brazil. Sales gradually picked up in Peru, however, and continued to grow in Colombia.

- With sales down by 5.4%, the Asia Pacific area continues to suffer from ongoing difficulties in the Australian market, partially offset by growth in China (data centers, railway harness).

- In the Middle East, Russia and Africa Area, sales climbed by 5.0% year on year, with Turkey posting a sharp rise for the Distributors & Installers division.

The Group continued its **strategic initiatives** as planned:

- The fixed costs were scaled back by a significant 19 million euros at constant exchange rates, representing a 3.4% reduction compared with the first half of 2014. This reflects the positive impacts of the restructuring plans implemented in Europe as well as other reorganization measures that are currently under way and steps taken to reduce general expenses. The efficiency plans launched to cut variable costs have benefited from purchase cost reductions.
- The Group's market leadership was strengthened during the period, owing to the performances delivered by the Group's submarine high-voltage and automotive harnesses businesses, as well as to the systematic selection procedures implemented for the market/product portfolio in the Distributors & Installers and Industry divisions and the Distribution sector.

The Group considers that its strategic initiatives contributed around 56 million euros to consolidated operating margin for the period, exceeding a price/cost squeeze effect estimated at about 40 million euros and illustrating the key role these initiatives have played in the context of a slight organic sales decrease.

Thanks to these initiatives, **consolidated operating margin** amounted to 95 million euros in first-half 2015 compared with 77 million euros in the equivalent prior-year period, and represented 4.0% of sales at constant metal prices versus 3.4% in first-half 2014.

EBITDA[3] came to 167 million euros, up from 147 million euros in the first six months of 2014, primarily reflecting the improved product mix and lower fixed costs.

The Group ended the first half of 2015 with an **operating loss** of 4 million euros. This figure was attributable to the 98 million euros in restructuring costs and provisions recognized during the period, which primarily corresponded to the reorganization projects announced for Europe in June 2015.
In first-half 2014 the Group posted operating income of 91 million euros, notably including the recognition of 16 million euros in restructuring costs and a 48 million euros profit further to the reversal of the provision set aside to cover the risks related to antitrust investigations.

The Group recorded a **net loss** of 59 million euros in the six months ended June 30, 2015, after taking into account 38 million euros in net cost of debt (down on the 43 million euros for first-half 2014) and a 10 million euro income tax expense (versus 14 million euros in first-half 2014).

Consolidated net debt totaled 531 million euros at June 30, 2015, down 76 million euros on the 607 million euros recorded at June 30, 2014. This reduction was mainly attributable to the sharp 293 million euro decrease in working capital which more than offset the impact of cash disbursements linked to the European fine in July 2014 (71 million euros) and those relating to restructuring (99 million euros).

Reorganization of the Group's operations in Europe

In February 2015, Nexans announced its medium-term objective of cutting fixed costs by around a further 100 million euros, on top of the cost reduction plans previously launched.

In this context, on June 12, 2015, a document detailing the reorganization project for the operations of certain subsidiaries in Europe was submitted to the Group's employee representative bodies. This marked the start of the employee consultation process. The project – which would represent approximately one third of the total expected cost savings – would mainly affect six European countries (particularly France, Norway and Germany). At June 30, 2015, the restructuring charge recognized in the first-half 2015 financial statements in relation to this project represent 67 million euros. The return on this European project is estimated to be of three years.

(3) EBITDA is defined as the operating margin before depreciation.

The other components of the cost-savings plan relate to significant reductions in operating costs as well as other reorganization measures, notably in the South America and Asia-Pacific Areas.

2.2. ANALYSIS BY DIVISION

Distributors & Installers

The Distributors & Installers division posted sales of 910 million euros at current metal prices and 577 million euros at constant metal prices, representing a year-on-year organic contraction of 4.8%. This decline was due to the fact that growth in sales of LAN cables and systems was not sufficient to offset flatter sales of power cables.

The decrease in sales of power cables for the building sector mainly derived from ongoing weak market conditions in most of the Group's geographic areas (apart from the Middle East, Russia and Africa Area, which reported sales increases during the period). The declines were particularly significant in France, Brazil and Australia. North America also retreated in the first half. Lastly, the pro-active selection strategy implemented by the Group on its market/product portfolio also had a negative impact on the division's growth.

Sales of LAN cables and systems continued their steady upward trend during the first half of 2015, fueled by demand in Europe as well as by sales in China, where Nexans is feeling the benefits of the data center boom.

Despite the division's lower year-on-year sales figure, operating margin came in at 22 million euros, representing 3.8% of sales at constant metal prices and up sharply on the 2.5% recorded for first-half 2014.

Industry

Sales for the Industry division totaled 780 million euros at current metal prices and 647 million euros at constant metal prices, representing organic growth of 2.5% compared with the first six months of 2014.

- This increase was driven by the transport sector, particularly sales of automotive harnesses, which once again delivered double-digit growth on the back of the strong business volumes enjoyed by high-end German automakers. Similarly, the shipbuilding and railway sectors saw brisk growth, led by the European, Korean and Chinese markets. Sales of cables to the aeronautical sector in Europe declined temporarily as a result of changes in product ranges used by the Group's major customer.
- Sales generated by the resources segment narrowed significantly, with Oil & Gas retreating considerably. Sales for the mining sector continued to struggle, with steep falloffs in North America. On the other hand, the wind power sector experienced robust growth in Brazil and Europe.

Operating margin for the Industry division came to 33 million euros, representing 5.1% of sales at constant metal prices, compared with 3.9% for first-half 2014. This year-on-year increase notably reflects the impact of the Group's strategic initiatives to reduce fixed costs as well as favorable changes in the division's product mix.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 1,186 million euros at current metal prices and 1,012 million euros at constant metal prices, representing 1.0% organic growth compared with the first six months of 2014.

Distribution

Sales of low- and medium-voltage cables decreased by 4.5% on an organic basis. All of the Group's geographic areas reported declines, except for the Middle East, Russia and Africa Area which reaped the benefits of buoyant export business, particularly with Africa and Central Asia.

In Europe, sales retreated slightly as a result of lower business volumes, notably in France and Germany, which offset the sales growth achieved in other countries, especially Italy and Greece.

In North America, Canada experienced the steepest market contraction.

Sales in South America also decreased, primarily reflecting weak business for energy infrastructure projects in Brazil in view of the ongoing difficult economic environment there.

Operators

The downward trend in sales in Europe (excluding France and Scandinavia) following customer reorganizations in the sector is partially offset by a good performance in South America.

Land high-voltage

In the land high-voltage business, the Group pursued its strategy to withdraw from the Middle East, reduce costs in Europe, and roll out new operations in the United States.
These measures resulted in a 5.7% sales decline for the business in the first half of 2015. In China, sales decreased as a result of weak market conditions. The same was true for Europe, where the contracts won in the first quarter will only be delivered at the end of the year.
The new Charleston plant in the United States is now actively producing high value-added cables. This site will supply the 105km of extra high-voltage (EHV) cable that will be used to connect the new Grand Bend wind farm to Canada's power grid.

Submarine high-voltage

Sales of submarine transmission cables grew once again in the first half of 2015, rising by around 15% on an organic basis thanks to the production and installation of cables for major contracts such as for the Monita power link project between Italy and Montenegro, the Strait of Belle Isle Vos project in Canada and the Kintyre project in the United Kingdom. This business submitted numerous bids for contracts during the period, many of which were successful. Consequently, on June 30, 2015 its order book stood at a record high, representing two years' worth of sales. Sales of umbilical cables remained brisk during the period thanks to projects launched in 2014, and the impact of the slowdown in capital expenditure programs in the Oil & Gas sector is only expected to be felt as from the second half of the year.

Operating margin for the Transmission, Distribution & Operators division as a whole totaled 54 million euros, or 5.4% of sales at constant metal prices, up on the 4.8% recorded for first-half 2014. This reflects the fact that the weak figures for the low- and medium-voltage and land high-voltage businesses were more than offset by the strong showing delivered by the submarine high-voltage business.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 395 million euros at current metal prices for first-half 2015, compared with 403 million euros in the same period of 2014. This represents a 10% organic decrease year on year and was due to lower sales volumes in North America.

2.3. OTHER ITEMS IN THE FIRST-HALF 2015 CONSOLIDATED INCOME STATEMENT

2.3.1. Core exposure effect

For the six months ended June 30, 2015, the Core exposure effect was a negative 1 million euros compared with a negative 17 million euros in first-half 2014. The year-on-year difference is due to the fact that copper prices decreased by a lesser extent during first-half 2015 than in the first six months of 2014.

In the IFRS financial statements, inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary difference between the carrying amount 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 of a permanent 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 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.

2.3.2. Restructuring costs

Restructuring costs came to 98 million euros in first-half 2015 versus 16 million euros in the corresponding prior-year period:

- Out of the 98 million euros recorded in first-half 2015, 67 million euros related to the project to reorganize the Group's operations in Europe. This amount primarily corresponds to provisions for employee-related costs in France, Norway and Germany. The remainder of the overall 98 million euros mainly concerns reorganization plans for the Asia-Pacific Area, notably for production sites in China and the integration of Australian operations into the regional supply chain.

- The 16 million euro figure for first-half 2014 relates to (i) various restructuring plans launched during the period – notably in China and Brazil – which accounted for 6 million euros of the total, and (ii) restructuring plans launched in previous years, notably in connection with the cost-saving plan implemented in Europe and the industrial reorganization measures put in place in Australia.

2.3.3. Other operating income and expenses

Other operating income and expenses were not material in the first six months of 2015 whereas they represented net income of 45 million euros in first-half 2014. The 45 million euro net income figure recorded for the first six months of 2014 comprised the following:

- **Net asset impairment,** which represented a net expense of 5 million euros and primarily related to intangible assets affected by a loss of clientele.

- **Expenses and provisions for antitrust investigations,** which represented net income of 48 million euros and mainly corresponded to (i) the reversal of the 200 million euro provision set aside in June 2011 to cover the risks of a fine being imposed by the European Commission for anti-competitive behavior, and (ii) the recognition of a 70.6 million euro expense corresponding to the actual fine imposed by the European Commission and an 80 million euro provision to cover the direct and related to other recent developments in countries where investigations or proceedings are currently ongoing in the same business sector.

2.3.4. Financial income and expenses

The Group recorded a net financial expense of 45 million euros in the first six months of 2015, compared with 53 million euros in first-half 2014.

The net cost of debt contracted to 38 million euros in first-half 2015 from 43 million euros one year earlier, notably as a result of a lower level of external borrowings for certain subsidiaries and favorable currency effects.

Other financial expenses were 3 million euros lower than in first-half 2014, mainly due to a more favorable currency effect which represented a net gain of 1 million euros in the first six months of 2015 versus a net 1 million euro loss in first-half 2014.

2.3.5. Income taxes

The consolidated income tax expense for the period came to 10 million euros, with the Group recording a 49 million euro net loss before taxes and share in net income of associates. In the first six months of 2014, the income tax expense was 14 million euros.

2.3.6. Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 92 million euros in first-half 2015.

The increase in working capital requirement in the first half of 2015 primarily reflects a seasonal effect which was partly offset by pro-active management of working capital.

Net cash used in investing activities came to 70 million euros, chiefly corresponding to purchases of property, plant and equipment.

Net cash used in financing activities totaled 96 million euros, mainly comprising 58 million euros in interest paid, 9 million euros related to an employee rights issue, and 47 million euros in repayments of external borrowings.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 125 million euros during the period and stood at 662 million euros at June 30, 2015 (including 681 million euros in cash and cash equivalents recorded under assets and 19 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

2.3.7. Consolidated statement of financial position

The Group's total consolidated assets increased by 187 million euros to 5,415 million euros at June 30, 2015 from 5,228 million euros at December 31, 2014.

Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,943 million euros at June 30, 2015, versus 1,890 million euros at December 31, 2014.
- Operating working capital requirement (trade receivables plus inventories plus amounts due from customers on construction contracts less trade payables and liabilities related to construction contracts) rose by 57 million euros between December 31, 2014 and June 30, 2015.
- Net debt increased by 71 million euros to 531 million euros at June 30, 2015 from 460 million euros at December 31, 2014.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – increased by 60 million euros in the six months between December 31, 2014 and June 30, 2015, to 769 million euros. The most significant year-on-year change concerned provisions for restructuring costs.
- Total equity stood at 1,443 million euros at June 30, 2015 compared with 1,433 million euros at December 31, 2014.

3. MARKET TRENDS FOR THE SECOND HALF OF 2015

The Group perceives the following market trends:

- Strong demand for the submarine high-voltage and automotive harnesses businesses,
- Weak Oil & Gas and Mining sectors, progressively impacting on umbilical cables,
- Geographical trends: gradual improvement in Europe, Middle East and Africa.

The Group will continue the implementation of its strategic plan with the measures necessary to adapt to the worsening environment in Brazil and Australia.

4. RISK FACTORS AND MAIN UNCERTAINTIES

Nexans operates in a context of risk and uncertainty as a result of the general economic environment as well as the specific nature of its own business activities.

A detailed description of risk factors and uncertainties – notably risks related to the antitrust investigations launched in 2009 – is provided in Nexans' 2014 Registration Document, in the "Risk factors"' section of the Management Report (pages 26 to 35 of the 2014 Registration Document) and in **Note 15** to the condensed interim consolidated financial statements.

Nexans considers that the main risks identified in the 2014 Registration Document have not changed significantly, with the exception of the following:

- The risk factor described in Section 6.2.3, "Risks related to raw materials and supplies", of the 2014 Management Report is supplemented as follows: certain suppliers of petroleum based products used in insulation or sheathing materials have indicated that there may be some shortages in quantities available for delivery of certain products later this year.

- The risk factor in Section 6.2.6, "Risks related to the competitive environment of the Group's operating subsidiaries", of the 2014 Management Report is supplemented as follows: exchange rate fluctuations may affect the competitiveness of certain subsidiaries in relation to their export markets, or render them more vulnerable to imports. This could be the case for example in relation to the following exchange rates: CHF vs. EUR, NOK vs. EUR or USD, CAD vs. USD.

If these risks were to materialize they could have a significant adverse effect on the Group's operations, financial position, earnings and outlook.

Nexans may be exposed to other risks that were not identified at the date of this report, or which are not currently considered material.

In addition to these risk factors, the main uncertainties for the second half of 2015 primarily relate to:

- The economic environment in Europe, which remains uncertain despite the current low interest rates and oil prices;
- Economic developments in Greece and their impact on the Group's operations in that country;
- Sharp volatility in currencies and in commodities prices which could impact the Group's second-half results.
- The economic and political environment in certain emerging markets where Nexans makes sales including in particular Lebanon, Libya and Russia.
- In Australia, the market environment, particularly the demand in the mining and infrastructure segments which could remain depressed, and the ramp up of the planned substitution of imports from China for local production after the Tottenham plant closure, which may continue to face delays, resulting for example, from the cycles of customer qualification and bid periods.
- In China, the time needed for development of end markets for certain products and the optimization of distribution channels which may take longer than originally planned.
- In Brazil, where difficulties may continue in relation to the economy generally, the Oil & Gas segment in particular, and to customer liquidity and credit issues.
- Continuing increased customer credit risks, which in some cases cannot be insured or fully insured, especially in North Africa, Southern Europe, China and Russia.
- The demand generated by the Oil & Gas sector related to the oil price (notably in the United States), which could still lead to an additional fall in capital spending by Oil and Gas companies beyond the cuts already announced.

5. RELATED PARTY TRANSACTIONS

The Company considers that there were no significant changes in its main transactions with related parties compared with those described in the 2014 Registration Document in Note 28 to the consolidated financial statements for the year ended December 31, 2014.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2015

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	**First-half 2015**	First-half 2014
NET SALES	3	**3,271**	**3,216**
Metal price effect[1]		(888)	(912)
SALES AT CONSTANT METAL PRICES[1]	3	**2,383**	**2,304**
Cost of sales		(2,871)	(2,836)
Cost of sales at constant metal prices[1]		(1,983)	(1,924)
GROSS PROFIT		**400**	**380**
Administrative and selling expenses		(263)	(266)
R&D costs		(42)	(37)
OPERATING MARGIN[1]	3	**95**	**77**
Core exposure effect[2]		(1)	(17)
Restructuring costs		(98)	(16)
Other operating income and expenses	4	0	45
Share in net income (loss) of associates		0	2
OPERATING INCOME (LOSS)		**(4)**	**91**
Cost of debt (net)		(38)	(43)
Other financial income and expenses	6	(7)	(10)
INCOME (LOSS) BEFORE TAXES		**(49)**	**38**
Income taxes	7	(10)	(14)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(59)**	**24**
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		**(59)**	**24**
• attributable to owners of the parent		(58)	25
• attributable to non-controlling interests		(1)	(1)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	8		
• basic earnings (loss) per share		(1.35)	0.60
• diluted earnings (loss) per share		(1.35)	0.59

(1) Performance indicators used to measure the Group's operating performance.
(2) Effect relating to the revaluation of Core Exposure at its weighted average cost.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	**First-half 2015**	First-half 2014
NET INCOME (LOSS) FOR THE PERIOD	**(59)**	**24**
Recyclable components of comprehensive income	**61**	**28**
• Available-for-sale financial assets	-	-
• Currency translation differences	53	22
• Cash flow hedges	8	6
Tax impacts on recyclable components of comprehensive income[1]	**0**	**(1)**
Non-recyclable components of comprehensive income	**(16)**	**(28)**
• Actuarial gains and losses on pension and other long-term employee benefit obligations	(16)	(28)
• Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income[1]	**14**	**7**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	59	6
TOTAL COMPREHENSIVE INCOME (LOSS)	**0**	**30**
• attributable to owners of the parent	(1)	31
• attributable to non-controlling interests	1	(1)

(1) **Note 7.b** provides a breakdown of the tax impacts on other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in millions of euros)	Notes	**June 30, 2015**	Dec. 31, 2014
Goodwill	9	313	303
Other intangible assets		187	181
Property, plant and equipment		1,191	1,159
Investments in associates		20	21
Deferred tax assets		175	153
Other non-current assets		57	73
NON-CURRENT ASSETS		**1,943**	**1,890**
Inventories and work in progress		1,110	1,096
Amounts due from customers on construction contracts		274	213
Trade receivables		1,175	1,009
Current derivative assets	14	44	43
Other current assets		188	167
Cash and cash equivalents	13	681	810
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		**3,472**	**3,338**
TOTAL ASSETS		**5,415**	**5,228**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(in millions of euros)	Notes	**June 30, 2015**	Dec. 31, 2014
Capital stock, additional paid-in capital, retained earnings and other reserves		1,297	1,346
Other components of equity		90	31
Equity attributable to owners of the parent		**1,387**	**1,377**
Non-controlling interests		56	56
TOTAL EQUITY	10	**1,443**	**1,433**
Pension and other long-term employee benefit obligations	11	450	435
Long-term provisions	12 & 15	181	112
Convertible bonds	13	252	452
Other long-term debt	13	604	605
Non-current derivative liabilities(1)	14	6	
Deferred tax liabilities		84	91
NON-CURRENT LIABILITIES		**1,577**	**1,695**
Short-term provisions	12 & 15	138	162
Short-term debt	13	356	213
Liabilities related to construction contracts		233	159
Trade payables(2)		1,273	1,162
Current derivative liabilities(1)	14	72	86
Other current liabilities		323	318
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,395**	**2,100**
TOTAL EQUITY AND LIABILITIES		**5,415**	**5,228**

(1) During the first half of 2015, the Group changed its presentation of derivative liabilities, separating them out between current and non-current. At December 31, 2014, non-current derivative liabilities amounted to 2 million euros.
(2) At June 30, 2015, trade payables included approximately 300 million euros (202 million euros at December 31, 2014) related to copper purchases whose payment periods can be longer than usual for such supplies.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	**First-half 2015**	First-half 2014
Net income (loss) attributable to owners of the parent		(58)	25
Net income (loss) attributable to non-controlling interests		(1)	(1)
Depreciation, amortization and impairment of assets (including goodwill)[1]		74	83
Cost of debt (gross)		41	46
Core exposure effect[2]		1	17
Other restatements[3]		35	(65)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]		**92**	**105**
Decrease (increase) in receivables[5]		(193)	(149)
Decrease (increase) in inventories		1	(35)
Increase (decrease) in payables and accrued expenses		173	(34)
Income tax paid		(20)	(23)
Impairment of current assets and accrued contract costs		12	(2)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**(27)**	**(243)**
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**65**	**(138)**
Proceeds from disposals of property, plant and equipment and intangible assets		5	4
Capital expenditure		(74)	(71)
Decrease (increase) in loans granted and short-term financial assets		(1)	(3)
• *of which margin calls on metal derivatives*		*(0)*	*(0)*
Purchase of shares in consolidated companies, net of cash acquired		(0)	(6)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(0)	(8)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(70)**	**(84)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**(5)**	**(222)**
Proceeds from long-term borrowings	13	0	2
Repayments of long-term borrowings	13	(1)	(1)
Proceeds from (repayment of) short-term borrowings	13	(46)	(43)
Cash capital increases (reductions)		9	(0)
Interest paid		(58)	(64)
Transactions with owners not resulting in a change of control		-	2
Dividends paid		(0)	(0)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**(96)**	**(104)**
Net effect of currency translation differences		(24)	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(125)**	**(330)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**787**	**968**
CASH AND CASH EQUIVALENTS AT PERIOD-END		**662**	**638**
• *of which cash and cash equivalents recorded under assets*		681	653
• *of which short-term bank loans and overdrafts recorded under liabilities*		(19)	(15)

(1) Including the portion of restructuring costs corresponding to impairment of non-current assets.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.
(3) Other restatements for the six months ended June 30, 2015 primarily included (i) a positive 10 million euros in relation to offsetting the Group's income tax charge and (ii) a positive 30 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings). Other restatements for the six months ended June 30, 2014 primarily included (i) a positive 14 million euros in relation to offsetting the Group's income tax charge and (ii) a negative 59 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings).
(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (51 million euros and 29 million euros for the first half of 2015 and 2014, respectively), and deducting gross cost of debt and the current income tax paid during the period.
(5) During the first half of 2015 the Group sold tax receivables for a net cash impact of 22 million euros. These receivables were subsequently derecognized as the sale met the derecognition criteria in IAS 39.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
JANUARY 1, 2014	**42,043,145**	**42**	**1,569**	**-**	**(61)**	**(37)**	**36**	**1,549**	**51**	**1,600**
Net income for the period	-	-	-	-	25	-	-	25	(1)	24
Other comprehensive income	-	-	-	-	(21)	5	22	6	0	6
TOTAL COMPREHENSIVE INCOME					**4**	**5**	**22**	**31**	**(1)**	**30**
Dividends paid	-	-	-	-	-	-	-	-	(0)	(0)
Capital increases	-	-	-	-	-	-	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee stock option plans:										
• Service cost	-	-	-	-	1	-	-	1	-	1
• Proceeds from share issues	1,108	0	0	-	-	-	-	0	-	0
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(1)	-	0	(1)	2	1
JUNE 30, 2014	**42,044,253**	**42**	**1,569**	**-**	**(57)**	**(32)**	**58**	**1,580**	**52**	**1,632**
JANUARY 1, 2015	**42,051,437**	**42**	**1,569**	**-**	**(265)**	**(64)**	**95**	**1,377**	**56**	**1,433**
Net loss for the period	-	-	-	-	(58)			(58)	(1)	(59)
Other comprehensive income	-	-	-	-	(2)	7	52	57	2	59
TOTAL COMPREHENSIVE INCOME					**(60)**	**7**	**52**	**(1)**	**1**	**0**
Dividends paid	-	-	-	-	-	-	-	-	(1)	(1)
Capital increases	-	-	-	-	-	-	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee stock option plans:										
• Service cost	-	-	-	-	2	-	-	2	-	2
• Proceeds from share issues	499,862	0	9	-	-	-	-	9	-	9
Transactions with owners not resulting in a change of control		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	(0)	(0)
JUNE 30, 2015	**42,551,299**	**42**	**1,578**	**-**	**(323)**	**(57)**	**147**	**1,387**	**56**	**1,443**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General principles

Nexans 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 are at 8, rue du Général Foy, 75008 Paris, France.

Nexans is listed on the NYSE Euronext Paris market and forms part of the SBF120 index.

These condensed interim consolidated financial statements are presented in euros rounded to the nearest million. They were approved by Nexans' Board of Directors on July 28, 2015.

Compliance with IAS 34

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2014.

The condensed interim consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union can be viewed on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm
The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

Standards and interpretations

The accounting policies adopted for the financial statements at June 30, 2015 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2014, except where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.b** below).

The Group has applied IFRIC 21, "Levies". Application of this Interpretation – which is mandatory in 2015 – did not have a material impact on the Group's consolidated financial statements for the six months ended June 30, 2015.

Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements for first-half 2015 were the same as those described in the full-year 2014 consolidated financial statements. During the first six months of 2015, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 5** and **Note 9**).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 7**).
- Margins to completion and percentage of completion on long-term contracts.
- The measurement of pension liabilities and other employee benefits (see **Note 11**).
- Provisions and contingent liabilities (see **Note 12** and **Note 15**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 14**).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Actual amounts may differ from these estimates. 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. Specific issues concerning the preparation of interim financial statements

For the purpose of preparing the Group's condensed interim consolidated financial statements, the following calculations and estimates are applied in addition to the recognition, measurement and presentation rules described in **Note 1.a**):

- The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.
- The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Expenses recognized during the period for pension and other long-term employee benefit obligations are calculated based on half of the estimated amount for the full year. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. The fair value of the main plan assets is reviewed at the period end.

NOTE 2: SIGNIFICANT EVENTS OF THE PERIOD

a. Governance and Statutory Auditors

At the Annual Shareholders' Meeting held on May 5, 2015, Nexans' shareholders re-elected Georges Chodron de Courcel and Cyrille Duval as independent directors, as well as Hubert Porte – a director proposed by Nexans' shareholder Invexans – for terms of four years in accordance with the Company's bylaws. At the close of the Meeting, Nexans' Board of Directors comprised 12 members, taking into account the expiry of the terms of office of Mouna Sepehri and Robert Brunck.

Also at the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as Statutory Auditor for a six-year term as provided for by law.

b. Proposed reorganization for Nexans Group operations in Europe

The initial results of the industrial and functional restructuring implemented in 2014 demonstrate that this restructuring was the right strategy for the Group's transformation. However, the efforts already made have proved insufficient to put Nexans on a more competitive footing for the long term. Given this context, a study for a new cost-savings project in Europe has been launched.

Within this project, which is aimed at responding to market challenges and protecting Nexans' competitiveness, four major improvement drivers have been identified:

- Optimize the structure of the Group's support functions;
- Adapt regional structures;
- Reduce the fixed costs of Market Lines in Europe;
- Reduce production capacity for the Utilities Market Line in Europe.

This project involves all European countries and in particular France, Norway and Germany. The adjustments would result in 478 position cuts and the creation of 46 new positions in Europe.

The restructuring costs recognized in first-half 2015 in respect of this plan amounted to 67 million euros.

c. NordLink HVDC interconnector between Norway and Germany

The Norwegian and German power grids will be able to share green energy directly for the first time thanks to Nexans' submarine HVDC (high voltage direct current) cables to be installed as part of the NordLink project. Nexans will design, manufacture and install two 525 kV cable subsystems, with a total length of more than 700 km, off the coasts of Norway and Denmark. Completion of the project – which is Nexans' largest of this type to date – is scheduled for 2019.

The contract value is approximately 0.5 billion euros.

NOTE 3: OPERATING SEGMENTS

The Group has the following three reportable segments within the meaning of IFRS 8:

- **"Transmission, Distribution & Operators"**, comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), as well as copper and optical fiber cables for public telecommunications networks.
  The "Transmission, Distribution & Operators" reportable segment is made up of four operating segments: power cables, power cable accessories, cables for telecom operators, and high-voltage & underwater cables.

- **"Industry"**, comprising specialty cables for industrial customers, including harnesses, and cables for the shipbuilding and aeronautical manufacturing industries, the oil industry and the automation manufacturing industry.
  The "Industry" reportable segment is made up of three operating segments: harnesses, industrial cables, and infrastructure & industrial projects.

- **"Distributors & Installers"**, comprising equipment cables for the building market as well as cables for private telecommunications networks.
  The "Distributors & Installers" reportable segment is made up of a single operating segment, as the Group's power and telecom (LAN) products are marketed to customers through a single sales structure.

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 wires production operations.
A total of 84% of the sales at constant metal prices recorded in the "Other Activities" column in first-half 2015 were generated by the Group's Electrical Wires business (compared with 85% in first-half 2014).

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

Operating segment data are prepared using the same accounting policies as for the consolidated financial statements, as described in the notes to the consolidated financial statements for the year ended December 31, 2014.

a. Information by reportable segment

First-half 2015 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	**Group total**
Contribution to net sales at current metal prices	1,186	780	910	395	3,271
Contribution to net sales at constant metal prices	1,012	647	577	147	2,383
Operating margin	54	33	22	(14)	95
Depreciation and amortization	(37)	(17)	(14)	(4)	(72)
Net impairment of non-current assets (including goodwill)	-	-	-	-	-

First-half 2014 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	**Group total**
Contribution to net sales at current metal prices	1,158	737	917	404	3,216
Contribution to net sales at constant metal prices	993	600	565	146	2,304
Contribution to net sales at constant metal prices and first-half 2015 exchange rates	1,008	637	606	157	2,408
Operating margin	48	24	14	(9)	77
Depreciation and amortization	(35)	(17)	(14)	(3)	(69)
Net impairment of non-current assets (including goodwill)	(7)	(6)	(1)	(0)	(14)

b. Information by major geographic area

First-half 2015 *(in millions of euros)*	France[2]	Germany	Norway	Other[3]	**Group total**
Contribution to net sales at current metal prices[1]	449	403	392	2,027	3,271
Contribution to net sales at constant metal prices[1]	306	352	369	1,356	2,383

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

First-half 2014 *(in millions of euros)*	France[2]	Germany	Norway	Other[3]	**Group total**
Contribution to net sales at current metal prices[1]	467	379	365	2,005	3,216
Contribution to net sales at constant metal prices[1]	336	326	341	1,301	2,304
Contribution to net sales at constant metal prices and first-half 2015 exchange rates[1]	336	326	327	1,419	2,408

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) 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 first-half 2015 or first-half 2014.

NOTE 4: OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	Notes	**First-half 2015**	First-half 2014
Net asset impairment	5	-	(5)
Changes in fair value of non-ferrous metal derivatives		0	(1)
Net gains (losses) on asset disposals		(1)	3
Acquisition-related costs		-	-
Expenses and provisions for antitrust investigations		1	48
OTHER OPERATING INCOME AND EXPENSES		**0**	**45**

At June 30, 2014, "Expenses and provisions for antitrust investigations" mainly corresponded to (i) the reversal of the 200 million euro provision that was set aside in June 2011 to cover the risks of a fine being levied by the European Commission for anti-competitive behavior and (ii) the recognition of a 70.6 million euro expense corresponding to the fine imposed by the European Commission and an 80 million euro provision to cover the direct and indirect consequences of the European Commission's decision and related to other recent developments in countries where investigations or proceedings are currently ongoing in the same business sector (see Note 15).

NOTE 5: NET ASSET IMPAIRMENT

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, other intangible assets and property, plant and equipment, based on estimated medium-term data provided by its business units.
At June 30, 2015, Nexans carried out a review of these assets to identify any indications of impairment that may have arisen over the period as well as any new strategic developments.
The review showed that the general economic situation and the performance of the three main CGUs (Australia, Brazil, AmerCable), which were impaired as of December 2014 remain weak. Consequently, the Group decided to redefine the strategic outlook for these three CGUs.
As determined in the Group policy, impairment tests will be performed on goodwills, other intangible assets and property, plant and equipment for the year-end closing.

The 5 million euro net asset impairment loss recognized in the first half of 2014 mainly concerned intangible assets affected by a loss of clientele.

Sensitivity analyses

The Group did not carry out any sensitivity analyses at June 30, 2015 as no impairment tests were performed following the above-mentioned impairment review.
See Note 6 of the full-year 2014 consolidated financial statements for the tests performed and the sensitivity analysis.

NOTE 6: OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	**First-half 2015**	First-half 2014
Dividends received from non-consolidated companies	1	0
Provisions	(1)	(1)
Net foreign exchange gain (loss)	1	(1)
Net interest expense on pension and other long-term employee benefit obligations	(5)	(6)
Other	(3)	(2)
OTHER FINANCIAL INCOME AND EXPENSES	**(7)**	**(10)**

NOTE 7: INCOME TAXES

Nexans SA heads up a tax group in France that comprised 11 companies in first-half 2015. Other tax groups have been set up where possible in other countries, including in Germany, North America and South Korea.

a. Effective income tax rate

The effective income tax rate was as follows for first-half 2015 and first-half 2014:

Tax proof *(in millions of euros)*	**First-half 2015**	First-half 2014
Income (loss) before taxes	(49)	38
• *of which share in net income (loss) of associates*	*0*	*2*
INCOME (LOSS) BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**(49)**	**36**
Standard tax rate applicable in France (in %)	34.43%	34.43%
THEORETICAL INCOME TAX BENEFIT (CHARGE)	**17**	**(13)**
Effect of:		
• Difference between foreign and French tax rates	6	2
• Change in tax rates for the period	1	0
• Net effect unrecognized deferred tax assets	(29)	(32)
• Taxes calculated on a basis different from "Income (loss) before taxes"	(4)	(4)
• Other permanent differences	(1)	33
ACTUAL INCOME TAX BENEFIT (CHARGE)	**(10)**	**(14)**
EFFECTIVE TAX RATE (IN %)	**-20.72%**	**38.13%**

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

b. Taxes recognized directly in other comprehensive income

Taxes recognized directly in other comprehensive income in the first half of 2015 can be analyzed as follows:

(in millions of euros)	January 1, 2015	Gains (losses) generated during the period[1]	Amounts recycled to the income statement[1]	**Total other comprehensive income (loss)**	June 30, 2015
Available-for-sale financial assets	0	-	-	-	0
Currency translation differences	(5)	1	-	1	(4)
Cash flow hedges	21	2	(3)	(1)	20
TAX IMPACTS ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**16**	**3**	**(3)**	**0**	**16**
Actuarial gains and losses on pension and other long-term employee benefit obligations	41	14	N/A	14	55
Share of other non-recyclable comprehensive income of associates	-	-	N/A	-	-
TAX IMPACTS ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**41**	**14**	**N/A**	**14**	**55**

(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 period 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.

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.k to the full-year 2014 consolidated financial statements).

c. Unrecognized deferred tax assets

At June 30, 2015 and December 31, 2014, deferred tax assets in the respective amounts of 484 million euros and 472 million euros – primarily corresponding to tax losses – were not recognized as the Group deemed that their recovery was not sufficiently probable in the medium-term (typically five years).

NOTE 8: EARNINGS PER SHARE

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

	First-half 2015	First-half 2014
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	**(58)**	**25**
Interest expense on OCEANE bonds, net of tax	Anti-dilutive	Anti-dilutive
ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	**(58)**	**25**
ATTRIBUTABLE NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS		
Average number of shares outstanding	42,496,066	42,043,256
Average number of dilutive instruments	0 (anti-dilutive instruments)	590,166
Average number of diluted shares	42,496,066	42,633,422
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*		
• basic earnings (loss) per share	(1.35)	0.60
• diluted earnings (loss) per share	(1.35)	0.59

NOTE 9: GOODWILL

The increase in goodwill in first-half 2015 (to 313 million euros at June 30, 2015 from 303 million euros at December 31, 2014) is attributable to changes in exchange rates as the majority of the Group's goodwill is denominated in foreign currencies because it relates to the acquisitions of Olex in Australia, Madeco in South America and AmerCable in North America.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in the notes to the full-year 2014 consolidated financial statements. No goodwill impairment losses were recognized in either first-half 2015 or first-half 2014.

NOTE 10: EQUITY

a. Composition of capital stock

At June 30, 2015, Nexans' capital stock comprised 42,551,299 fully paid-up shares with a par value of 1 euro each (42,051,437 shares at December 31, 2014). 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.

No stock options were exercised in the first half of 2015, whereas 1,108 were exercised in first-half 2014.

b. Dividends

At the Annual Shareholders' Meeting held on May 5, 2015 to approve the financial statements for the year ended December 31, 2014, the Company's shareholders approved the Board's proposal not to pay a dividend for 2014.

At the Annual Shareholders' Meeting held on May 15, 2014 to approve the financial statements for the year ended December 31, 2013, the Company's shareholders approved the Board's proposal not to pay a dividend for 2013.

c. Treasury shares

Nexans did not hold any treasury shares at either June 30, 2015 or December 31, 2014.

d. Stock options

At June 30, 2015, there were 981,617 stock options outstanding, each exercisable for one newly-issued share, i.e., 2.3% of the Company's capital stock. At December 31, 2014, a total of 1,001,960 options were outstanding, exercisable for 2.4% of the Company's capital stock.

At June 30, 2014, net income of 0.5 million euros was recorded as a result of the end of the vesting period for the last stock option plan set up.

e. Free shares and performance shares

At June 30, 2015 there were 755,276 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.8% of the Company's capital stock (763,982 at December 31, 2014, also representing a total of 1.8% of the Company's capital stock).

The fair value of free shares and performance 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. A 2.2 million euro expense was recognized in the income statement for the six months ended June 30, 2015.

NOTE 11: PENSION AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. At June 30, 2015 the benefit obligations and plan assets for France, Switzerland, Germany and Canada were remeasured based on the applicable discount rates and fair value of the plan assets.

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 weighted average rates used for the main countries concerned are listed below:

Discount rate(1)	**June 30, 2015**	Dec. 31, 2014	June 30, 2014
France	2.00%	2.00%	2.50%
Germany	2.00%	2.00%	2.50%
Switzerland	1.00%	1.25%	1.75%
Canada	3.85%	3.85%	4.15%

(1) In accordance with IAS 19R, interest income on plan assets is calculated based on the applicable discount rate rather than the expected return on plan assets.

Change in net provision for pension and other long-term employee benefit obligations

(in millions of euros)	**2015**	2014
NET PROVISION RECOGNIZED AT JANUARY 1	**432**	**393**
• Of which pension assets	(3)	(5)
• Of which pension liabilities	435	398
Net cost for the period	12	16
Actuarial gains and losses	16	28
Contributions and benefits paid	(20)	(19)
Other	5	0
NET PROVISION RECOGNIZED AT JUNE 30	**445**	**418**
• Of which pension assets	(5)	(6)
• Of which pension liabilities	450	424

NOTE 12: PROVISIONS

(in millions of euros)	**Total**	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2014	**274**	**38**	**130**	**106**
• *Of which long-term*	*112*	-	*10*	*102*
Additions	95	9	85	1
Reversals (utilized provisions)	(38)	(8)	(29)	(1)
Reversals (surplus provisions)	(15)	(2)	(13)	(0)
Business combinations	-	-	-	-
Other	3	0	4	(1)
AT JUNE 30, 2015	**319**	**37**	**177**	**105**
• *Of which long-term*	*181*	-	*78*	*103*

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. They do not include provisions for construction contracts in progress, as expected losses on these contracts are recognized as contract costs in accordance with the method described in Note 1.e.a to the full-year 2014 consolidated financial statements.

Restructuring costs came to 98 million euros in first-half 2015 versus 16 million euros in the corresponding prior-year period.

- Out of the 98 million euros recorded in first-half 2015, 67 million euros related to the project to reorganize the Group's operations in Europe (see Note 2). This amount primarily corresponds to provisions for employee-related costs in the three countries that will be particularly affected, namely France, Norway and Germany. The remainder of the overall 98 million euros mainly concerns reorganization plans for the Asia-Pacific Area, notably for production sites in China and the integration of Australian operations into the regional supply chain.
- The 16 million euro figure for first-half 2014 relates to (i) various restructuring plans launched during the period – notably in China and Brazil – which accounted for 6 million euros of the total, and (ii) restructuring plans launched in previous years, notably in connection with the cost-saving plan implemented in Europe and the industrial reorganization measures put in place in Australia.

As was the case in previous years, all of the restructuring plans set up by the Group in the first half of 2015 included assistance measures negotiated with employee representative bodies and, where appropriate, the relevant authorities, aimed at reducing the impact of the plans on the employees concerned.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations. At June 30, 2015, this item amounted to 80 million euros (see **Note 15**).
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).

The line item "Other" includes the impact of fluctuations in exchange rates as well as reclassifications of restructuring provisions that correspond to provisions for impairment of assets to the appropriate line of the consolidated statement of financial position.

See also **Note 15** on disputes and contingent liabilities.

NOTE 13: NET DEBT

At June 30, 2015, the Group's long-term debt was rated BB- by Standard & Poor's with a stable outlook (BB- with a stable outlook at December 31, 2014).

a. Analysis by nature

(in million of euros)	**June 30, 2015**	Dec. 31, 2014
ORDINARY BONDS[1]	**597**	**596**
CONVERTIBLE BONDS[1]	**252**	**452**
Other long-term borrowings[1]	7	9
Short-term borrowings[2]	337	190
Short-term bank loans and overdrafts	19	23
GROSS DEBT	**1,212**	**1,270**
Short-term financial assets	-	-
Cash	(487)	(546)
Cash equivalents	(194)	(264)
NET DEBT/(CASH)	**531**	**460**

(1) Excluding short-term accrued interest not yet due.
(2) The OCEANE bonds redeemable in 2016 were reclassified to short-term debt in the first-half of 2015.

Since the second quarter of 2010, short-term borrowings have included a securitization plan set up by Nexans France involving the sale of euro-denominated trade receivables, which was contractually capped at 110 million euros at June 30, 2015 (the “ON balance-sheet” program).

There were no material cash and cash equivalent balances held by subsidiaries that were considered as not available for use by the Group in accordance with IAS 7 at either June 30, 2015 or December 31, 2014.

b. Bonds

At June 30, 2015 in millions of euros	Carrying amount at June 30, 2015	Face value at issue date	Maturity date	Nominal interest rate	Strike price *(in euros)*[(3)]
OCEANE 2016 convertible/exchangeable bonds	212	213	January 1, 2016	4.00%	53.15
OCEANE 2019 convertible/exchangeable bonds	255	275	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS[(1)]	**467**	**488**			
Ordinary bonds redeemable in 2017	352	350	May 2, 2017	5.75%	N/A
Ordinary bonds redeemable in 2018	251	250	March 19, 2018	4.25%	N/A
TOTAL ORDINARY BONDS[(2)]	**603**	**600**			

(1) Including 8 million euros in short-term accrued interest.
(2) Including 6 million euros in short-term accrued interest.
(3) Redemption price at par value. The conversion ratio is 1.1250 shares for OCEANE 2016 and 2019.

The OCEANE 2016 convertible/exchangeable bonds were reclassified to short-term debt at June 30, 2015 due to changes in their maturity schedule.

c. Committed credit facilities

In accordance with the announcement made on December 7, 2012 concerning the extension of its committed credit facilities, on February 5, 2013, the Group signed a second addendum to its December 1, 2011 syndicated loan agreement. The amended agreement includes a new lender and the committed credit facility has been increased by 57 million euros, bringing the total amount of this secured source of financing – which expires on December 1, 2016 – to 597 million euros.

The syndicated loan agreement is subject to two financial ratio covenants:

- the consolidated net debt to equity (including non controlling interests) ratio must be below 1.10; and
- consolidated debt was capped at 3.5x EBITDA between January 1, 2013 and December 31, 2014 and at 3x thereafter

These ratios were well within the specified limits at both June 30, 2015 and December 31, 2014.

NOTE 14: DERIVATIVE INSTRUMENTS

The market value of the derivative instruments used by the Group for its operational hedges of foreign exchange risk and the risk associated with fluctuations in non-ferrous metal prices is presented in the following table:

(in millions of euros)	**June 30, 2015**	Dec. 31, 2014
ASSETS		
Foreign exchange derivatives – Cash flow hedges[1]	20	28
Metal derivatives – Cash flow hedges[1]	3	1
Foreign exchange derivatives – Held for trading[1]	25	14
Metal derivatives – Held for trading[1]	2	0
DERIVATIVES ASSETS	**50**	**43**
LIABILITIES		
Foreign exchange derivatives – Cash flow hedges[1]	26	23
Metal derivatives – Cash flow hedges[1]	27	15
Foreign exchange derivatives – Held for trading[1]	24	45
Metal derivatives – Held for trading[1]	1	3
DERIVATIVES LIABILITIES	**78**	**86**

(1) Within the meaning of IAS 32/39.

Derivatives primarily comprise forward purchases and sales.

For derivatives qualified as "Cash flow hedges", the opening and closing positions in the consolidated statement of financial position cannot be directly reconciled with amounts recorded in equity under "Changes in fair value and other" as certain positions may notably be rolled over while retaining the cash flow hedge accounting qualification.

NOTE 15: DISPUTES AND CONTINGENT LIABILITIES

a. Antitrust investigations

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

During the first half of 2014, Nexans France SAS has booked a debt of 70.6 million euros for payment of the fine which was made in the beginning of July 2014 (thus within 90 days of receipt of the notification of the decision as provided for in European regulations). It also booked a provision for risks of 80 million euros, for:

- costs of potential follow on actions in Europe (if the decision of the European Commission having not taken into account the lack of effect on customers, which it is not required to find in order to impose sanctions),
- other consequences related to this decision, which found that there was a cartel covering much of the world, and related to other recent developments in countries where investigations or procedures are currently ongoing in the same business sector, i.e. the United States, Canada, Brazil, Australia and South Korea (other than ongoing investigations into local activity as described below).

The provision is based on assumptions about consequences in similar cases as well as on management's estimations based on the information available today. There therefore remains uncertainty as to the amount of the risk linked to eventual claims and fines in the other countries where investigations or procedures are currently ongoing. The final costs related to these risks could thus be significantly different from the amount of the provision constituted at June 30, 2014.

In addition, as described in previous period consolidated accounts, Nexans' Korean subsidiaries are involved in proceedings and investigations by local antitrust authorities in relation to activities other than high-voltage cables. Six administrative and criminal proceedings were commenced in 2007 and an additional case in 2013. These subsidiaries have paid fines of approximately 4 million euros in relation to the 2007 investigations. A 7 million euro provision was booked in the financial statements in order to cover customer claims following the decisions handed down in these proceedings. In January 2015, a Korean civil court issued a judgment with respect to one of the customer claims relating to the 2007 cases which resulted in the Korean subsidiaries of Nexans paying the equivalent of 2 million euros. This judgment by the customer is subject to appeal.

There has been a criminal conviction in 2014 of both the Korean subsidiary and a former executive, in relation to the 2013 procedure, for which the Korean subsidiary paid a fine of an insignificant amount and the Korean subsidiary's former executive was criminally sentenced

Nexans local subsidiaries are cooperating with local Korean authorities in additional investigations into businesses other than the high-voltage business for which only one administrative decision has been taken at this time. In June, the Korean subsidiary has been granted by Korean Fair Trade Commission ("KFTC") immunity in the first case to be decided for its cooperation. The principal remaining risks in relation to with these investigations are related to potential customer claims.

The Group's Australian subsidiary Olex Australia Pty Ltd was informed on December 3, 2014 of the commencement of court proceedings by the Australian Competition and Consumer Commission (the "ACCC"). The proceedings involve cable wholesalers and manufacturers in Australia, including Olex. The proceedings relate to 2011 initiatives to deal with supply chain inefficiencies involving Olex's wholesaler customers for low-voltage cables, which the ACCC alleges involve competition law violations. Olex intends to refute the allegation and has not constituted a provision for this case.

In early July 2015, Nexans Iberia received a request for information as part of an investigation carried out by the Spanish competition authorities in relation to low- and medium-voltage power cables. Nexans Iberia responded to the Spanish competition authorities on July 20, 2015. The Group cannot estimate at this stage the potential risks associated with this investigation.

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 most significant of these cases is as follows:

- In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary refuted these claims. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with this alleged infringement of industrial property rights, this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case, even if a dispute involving a higher amount than the amount of compensation payable by the third party cannot be ruled out.

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2015 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

c. Contingent liabilities relating to disputes and proceedings

The main cases for which the Group has not recognized provisions are as follows:

- A European transmission link owner made a claim against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable. The dispute between the transmission link owner and the Nexans subsidiary was referred to arbitration proceedings. In the first half of 2015 the European transmission link owner and the Nexans subsidiary reached an agreement relating to the supply of a new cable under a commercial contract. The signing of the commercial contract effectively ended the arbitration proceedings, without payment by Nexans to the European transmission link owner.

- In 2012, Nexans Inc. filed a procedure to invalidate four (4) patents held by Belden for data network cables and Belden lodged infringement lawsuits against Nexans Inc. In reexamination proceedings (inter parte review) before the US Patent and Trademark Office, Nexans Inc. was successful in obtaining full invalidations for all of the claims for three (3) of the four (4) patents, and for the fourth patent, two of the four (4) claims were invalidated. Belden appealed the US Patent and Trademark Office's decision for three (3) of the patents concerned.

  As part of the appeal proceedings launched by Belden, in April 2015, the US Court of Appeals for the Federal Circuit confirmed that two (2) of the patents held by Belden for data network cables were invalid. The appeal remains pending for the patent for which two (2) of the claims were invalidated.

  Although the outcome of these proceedings is not yet known, the Group believes that they will not have a material impact on its consolidated earnings although such a possibility cannot be entirely ruled out.

At the end of June 2015, certain contracts entered into by the Group could lead to performance difficulties, although the Group does not currently consider that the potential difficulties concerned justify the recognition of provisions in the consolidated financial statements or specific disclosure as contingent liabilities.

NOTE 16: SUBSEQUENT EVENTS

None

STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 INTERIM FINANCIAL INFORMATION

(FOR THE SIX MONTHS ENDED JUNE 30, 2015)

To the Shareholders,
Nexans
8, rue du Général Foy
75008 Paris, France

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Nexans, for the six months ended June 30, 2015;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to **Note 15a**, "Antitrust investigations", to the condensed interim consolidated financial statements, which describes the consequences of the decision of the European Commission.

II - SPECIFIC VERIFICATION

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, July 28, 2015
PricewaterhouseCoopers Audit

Eric Bulle
Partner

Paris La Défense, July 28, 2015
Mazars

Isabelle Sapet
Partner

STATEMENT BY THE PERSON RESPONSIBLE

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2015 HALF-YEAR FINANCIAL REPORT

Paris, July 28, 2015

I hereby declare that to the best of my knowledge, the condensed interim consolidated financial statements for the six months ended June 30, 2015, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and the interim activity report presented herein provides a fair view of significant events of half-year 2015 and their impact on the financial statements, the main related party transactions and the principal risks and uncertainties for the remaining six months of the year.

The Statutory Auditors' review report on the condensed interim consolidated financial statements for the six months ended June 30, 2015 presented on page 30 of the 2015 Half-year Financial Report contains the following observation: *"Without qualifying our conclusion, we draw your attention to* ***Note 15a,*** *"Antitrust investigations", to the condensed interim consolidated financial statements, which describes the consequences of the decision of the European Commission."*

Arnaud Poupart-Lafarge
Chief Executive Officer

Because our world will always require more energy to function, develop and achieve higher living standards, for over a century now Nexans has played a key role in providing the energy that people need.

Our cables are an indispensable part of today's connected towns and cities, providing access to energy, creating communication channels, facilitating the movement of goods and people, and ensuring the comfort and safety of the infrastructure and buildings that are essential for development and improving the quality of life.

Our teams help meet these vital needs for 21st century society by providing high-performing, cost-efficient and long-lasting solutions for the most complex of uses and the most demanding of environments.

Through our combination of technological leadership, global expertise and local presence, we can effectively partner our customers' development projects, offering them the best conditions for achieving their objectives while respecting the highest levels of safety and taking the greatest possible care of people and the environment.

www.nexans.com