2017 FULL-YEAR RESULTS

- **Nexans in Motion plan completed after a third year of progress**
- **Organic growth[1] of 5.1%[2] driven by submarine high-voltage operations**
- **Operating margin of 272 million euros, reflecting a 30 million growth (+16% at constant FX and scope)**
- **Operating cash flow of 277 million euros, up 53 million euros versus 2016**
- **Attributable net income of 125 million euros versus 61 million euros in 2016**
- **Net debt of 332 million euros, an increase of 121 million euros after share buybacks and dividends (34 million euros) and acquisitions (22 million euros); leverage ratio (EBITDA/net debt) of 0.9 versus 0.8 at end-2016**
- **Recommended dividend of 0.7 euro per share versus 0.5 euro in 2016**

Paris, February 15, 2018 – Today, Nexans published its financial statements for the year ended December 31, 2017, as approved by the Board of Directors at its February 14, 2018 meeting chaired by Georges Chodron de Courcel.

I - Overview of 2017

Organic growth accelerated to 8.2% in the second half of the year from 2.4% in the first half, despite slowdowns in businesses in South America and in Oil & Gas business in Asia.
Growth was led by a strong 45% increase in sales by the submarine high-voltage business, continuing a trend that was also a feature of first half performance, and by a second half recovery in cable sales to the building industry and energy operators.

In this environment, the performances of the project-based businesses helped to drive a 30 million euro increase in the Group's consolidated operating margin (to 272 million euros in 2017 from 242 million euros in 2016) and a 36 million euro increase in EBITDA[3] (to 411 million euros from 375 million euros).

[1] Organic growth is defined as the difference between (i) standard sales for the current period of the current year (year Y) calculated at constant non-ferrous metal prices, and (ii) standard sales for the same period of the previous year (year Y-1), calculated at constant non-ferrous metal prices and applying the exchange rates prevailing in year Y and based on the year Y scope of consolidation.

[2] The 2017 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices adjusted for the effects of exchange rates and changes in the scope of consolidation. Exchange rates and changes in the scope of consolidation negatively impacted sales at constant non-ferrous metal prices by 26 million euros and 57 million euros respectively.

[3] Consolidated EBITDA is defined as operating margin before depreciation and amortization.

Commenting on the Group's performance in 2017, Arnaud Poupart-Lafarge, Nexans' Chief Executive Officer, said:
"Our 2017 results are in line with our forecasts, with sustained growth in the submarine high-voltage business and an increase in operating margin compared with 2016.
2017 was the last year of our Nexans in Motion three-year strategic plan. During this period, we moved up a gear in the transformation of our business and fulfilled our promise to double the Group's profitability despite the negative impact of the oil crisis and the difficult situation in South America, estimated at around 50 million euros in 2017.
After doubling our return on capital employed between 2014 and 2017, from 5.8% to 12.5%, we are now focused on the new Paced for Growth strategic plan for 2018-2022, which is designed to increase the pace of profitable growth.
At the Annual Shareholders' Meeting of May 17, 2018 the Board of Directors will recommend a dividend payment of 0.7 euro per share which represents an increase compared to 2016."

II - Detailed business review for 2017

Sales for 2017 came to 6.370 billion euros at current metal prices and 4.571 billion euros at constant metal prices[4], representing organic growth of 5.1% compared with 2016. Organic growth accelerated in the second half to 8.2% from 2.4% in the first half, led by a recovery in demand for low-voltage power cables in the building market and for medium-voltage cables among energy operators.

Operating margin totaled 272 million euros compared with 242 million euros in 2016, corresponding to 6.0% of sales at constant metal prices versus 5.5% in 2016.

These figures reflect mixed operating environments across the different businesses:

- The high-voltage projects business enjoyed robust 34.3% organic growth thanks to the efficient execution of submarine high-voltage contracts for which sales were up 44.9%. With a solid order book, the Group is guaranteed a high level of sales over the next two years.
- Organic growth in sales of low- and medium-voltage cables to energy operators was a negative 3.0%. However, demand from energy distributors recovered in the third quarter of 2017 after twelve months of flagging sales.
- Telecom infrastructure cable sales continued to enjoy strong momentum, with organic growth reaching 10.5%. However, the LAN cables business contracted by 6.9%, reflecting period-on-period declines of 11.4% in the first half and 1.3% in the second.
- Oil & Gas sector activities (cables and umbilical projects) ended the year down 14%, posting 14.4% growth in the second half following a 31.7% fall in the first six months of the year.

[4] 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.

Sales by geographic area can be analyzed as follows:

- In Europe, excluding high-voltage projects (up 36.8%) and automotive harnesses (up 2.3%), sales grew 2.7% thanks to stronger demand for specialty cables in certain markets, the second half recovery in sales of power cables for the building market and growing demand from telecommunications operators.
- Sales in North America contracted by 4.0%, with resilient demand for cables in the building market and among energy operators only partly offsetting weak sales of LAN cables and systems.
- Difficult economic conditions in South America led to an 18.7% decline in sales.
- In the Asia-Pacific region, sales were down 1.4%. The renewed momentum enjoyed by most businesses in China, combined with market share gains in Australia and New Zealand, softened the negative impact of lower cable sales to South Korean and Chinese shipyards.
- Sales in the Middle East/Africa region rose 9.2%, reflecting gains in all countries except for Morocco.

2017 key figures

(in millions of euros)	**At constant non-ferrous metal prices**	
	2016	**2017**
Sales	**4,431**	**4,571**
Operating margin	**242**	**272**
Operating margin as a % of sales	**5.5%**	**6.0%**
Attributable net income	61	125

Breakdown of sales by division

	2016	**2017**	
(in millions of euros)	**At constant non-ferrous metal prices**	**At constant non-ferrous metal prices**	**Organic growth**
Transmission, Distribution & Operators	1,842	2,029	13.0%
Transmission			*34.3%*
Distribution & Operators			*-0.8%*
Industry	1,171	1,126	-1.6%
Distributors & Installers	1,127	1,125	0.9%
Other Activities	291	290	-0.5%
Group total	**4,431**	**4,571**	**5.1%**

Operating margin by division

(in millions of euros)	2016	2017
Transmission, Distribution & Operators	122	155
Industry	59	56
Distributors & Installers	78	53
Other Activities	(17)	7
Group total	**242**	**272**

The Nexans in Motion **strategic initiatives** helped drive a 333 million euro improvement in operating margin between 2014 and 2017, with some delivering better results than others. These initiatives will be pursued over the duration of the 2018-2022 strategic plan. They will include actions to improve the Group's cost competitiveness that are projected to have a total impact of some 270 to 290 million euros over the five-year period.

- Measures to reduce **fixed costs** had a 31 million euro positive effect on 2017 operating margin before inflation, on top of the previous year's 22 million euro impact. In all, fixed cost efficiency measures added around 115 million euros to operating margin over the past three years.

- **Variable cost** savings (in the form of lower purchasing costs and improved industrial efficiency measures) had a positive net impact on operating margin of 26 million euros in 2017 and 58 million euros in 2016. Price rises for chemicals and plastics over the year were passed on in sales prices with a time lag, resulting in a more contained reduction in variable costs.
  All told, over the past three years, the Group has delivered a 94 million euro reduction in variable costs.

- **"Market Leadership"** initiatives had a positive 51 million euro effect on operating margin for 2017. The strong performance by the submarine high-voltage business and robust cable sales to telecommunications operators offset downturns in North and South America.
  The cumulative gain over the three-year period was 124 million euros, with the decline in Oil & Gas business eroding the positive contribution of the high-voltage and telecommunications cables businesses.

Over the three-year period 2015-2017, cost and pricing pressures squeezed operating margin by 208 million euros, including 77 million euros in 2017 alone.

Analysis by division

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 2,387 million euros at current metal prices and 2,029 million euros at constant metal prices, with organic growth at 13.0%. This performance reflects strong 34.3% growth in sales by the project-based businesses and stable sales in the Distribution & Operators sub-segment.

Land high-voltage

The recovery that began in the first quarter of 2017 continued over the rest of the year. Organic growth for the year of 9.5% was led by the Europe region. Plants in China (Yanggu) and in the United States continued to operate below capacity.
Operating margin remained negative, with profits in Europe failing to cover the losses generated by the Goose Creek plant. The decision has been made to convert Charleston to submarine cable manufacturing to meet this business's need for additional capacity in a cost-efficient manner while also enabling the plant to return to profit.

Submarine high-voltage

Organic growth in the submarine cables business stood at 44.9%. The plants are operating at full capacity and installation activity was at an historic high in 2017, at nearly double the 2016 level, creating the need for a second cable laying ship.
In the Oil & Gas sector, Direct Electrical Heating (DEH) systems and umbilical cables grew at a more subdued rate of 5.4%. In total, 2017 saw deliveries on contracts continue in line with expectations both in terms of revenue and margin at completion.
Several capacity extension initiatives were launched during the year: such as the buyout of the Group's joint venture partner, Viscas, in NVC, the extension of the Goose Creek plant and decision to implement a two-year plan to convert this plant to submarine cable manufacturing, the construction of a new cable laying ship, etc. In view of the time necessary for these facilities to come online, a step up in productivity is anticipated for 2020-2022, following 2018-2019 levels similar to the peak in 2017.

Distribution

After a contraction of sales both in second half 2016 and first half 2017 (negative 9.7% in the first half), sales of distribution cables started to recover in second half 2017 (4.8% organic growth) to reach with negative organic growth of 3.0% overall the full year.
In Europe, the upturn in demand among energy operators that began in third-quarter 2017 continued through the end of the year, with growth reaching 9.9% in the second half compared with a negative 17.7% in the first half. The situation was generally difficult in Germany, Italy, Greece and the Nordic countries. However, the industrial restructuring operation carried out two years ago helped to keep the business in profit.
Sales increased in the other regions, except for South America where business continued to be hampered by a lack of overhead power line contracts in Brazil and low levels of investment in Chile.

In the Asia-Pacific region, sales growth was limited in China and sharper in Australia and New Zealand, where the Group won back market share.
Operating margin for the Distribution business as a whole was adversely affected by the negative performance in South America.

Operators

Organic growth in sales of cables to telecommunications operators was 10.5% year on year. All regions contributed to the increase, which was accompanied by an upturn in operating margin driven by higher demand for optical fiber cables and telecom accessories.

Operating margin for the Transmission, Distribution & Operators division as a whole came to 155 million euros, or 7.7% of sales at constant metal prices versus 6.6% in 2016.

Industry

Industry division sales totaled 1,332 million euros at current metal prices and 1,126 million euros at constant metal prices. Organic growth was a negative 1.6%.

Sales of automotive harnesses rose 2.3% over the year. Operating margin for this business reflected the Group's investment in developing new models, notably for hybrid and electric vehicles. Initiatives to optimize production costs were pursued in Europe, including by reallocating production between the plants in Eastern Europe and those in Tunisia.

Sales of other industrial cables contracted by 4.0% due to the 30.1% decline in cables for Oil & Gas sector business, particularly in Asia.
For example, in South Korea, cable sales to shipyards fell 32.0% compared with 2016. In China, demand from the shipbuilding industry declined at a similar rate; however, the 12.4% growth in sales of cables for railway networks and completion of the new plant in Suzhou helped to drive a sharp improvement in operating margin.
In Europe, organic growth came to 4.1%, reflecting robust sales of railway and automation cables. Growth in other flagship sectors, such as renewable energies and aeronautics, reached a plateau but their performance over the year was still positive.
In North America, AmerCable staged a recovery, with sales rising 6.9% in 2017. The turnaround was helped by renewed demand for mining extraction cables, leading to an 18.4% increase in sales, and stable sales of extraction cables for the Oil & Gas sector versus 2016.

The operating margin remained stable at 5% totaling 56 million euros versus 59 million euros in 2016. The erosion of margins for the automotive harnesses activity and the continued decrease in Oil & Gas sector business were offset by higher margins for other industrial cables.

Distributors & Installers

The Distributors & Installers division posted sales of 1,823 million euros at current metal prices and 1,125 million euros at constant metal prices, representing organic growth of 0.9% that reflected contrasting trends between power cables and LAN cables.

Organic growth in sales of **power cables** for the building industry came to 3.5% in 2017, thanks to a sharp acceleration in the second half after the 0.4% negative growth in the first six months. All regions contributed to the recovery, except for South America where demand remained flat.

In Europe, demand picked up strongly in most countries, led by France, once the new EU Construction Products Regulation (CPR) came into effect. Although margins were broadly stable compared with 2016, they increased in the second half of the year. Range enhancements have not yet translated into extra margin points.

In North America, sales were comparable between the first and second halves, with each period seeing around 2.0% growth compared with the year earlier period. Growth continued to be more robust in the United States than in Canada, although Canadian volumes recovered in the second half. Margins narrowed due to the time lag before higher copper prices could be passed on to customers.

In the other regions, sales grew throughout the year, particularly in the Middle East/Africa region thanks to strong momentum in the Lebanese and Turkish markets.

Sales of **LAN cables and systems** remained on the downward trend that began in the second half of 2016. Organic growth for the year was a negative 6.9%, although the downtrend flattened in the second half when sales contracted 1.3%. The Europe, Asia-Pacific, South America and Middle East/Africa regions all returned to growth in the second half.

In China, the Group installed an optical fiber and optical fiber connectors assembly line to meet local demand.

Overall demand contracted in North America, where the LAN sales represents approximately 50% of the total Group sales in this segment. Margins in the United States were eroded by volume-led pricing pressures.

Overall operating margin stood at 53 million euros, representing 4.7% of sales at constant copper prices, compared with 78 million euros in 2016.

Other Activities

External sales of copper wires came to 828 million euros at current metal prices and 290 million euros at constant metal prices, representing negative organic growth of 0.5%.

Operating margin for this segment was 7 million euros versus a negative 17 million euros in 2016. It corresponds to the profit on sales of copper wires offset by central costs that cannot be allocated to the other divisions, as well as provision reversals.

III - Analysis of net income and other income statement items

(in millions of euros)	2016	2017
Operating margin	**242**	**272**
Core exposure effect	(6)	64
Restructuring costs	(33)	(37)
Other operating income and expenses	(22)	(19)
o/w net asset impairment	*(8)*	*(8)*
o/w other operating income and expenses	*(14)*	*(11)*
Share in net income of associates	4	2
Operating income	**185**	**281**
Net financial expense	(88)	(62)
Income taxes	(37)	(91)
Attributable net income	**61**	**125**

The Group's **operating income** came in at 281 million euros in 2017, compared with 185 million euros in 2016. The main changes were as follows:

- The **Core exposure effect** was a positive 64 million euros in 2017 versus a negative 6 million euros the previous year, reflecting rising copper prices between November 2016 and the 2017 year-end.

- **Restructuring costs** came to 37 million euros in 2017 versus 33 million euros in 2016. They correspond to the cost of plant closures in Belgium (industrial harnesses) and Brazil and to costs incurred under existing plans for which no provisions could be recorded.

- As was the case in 2016, **net asset impairment** of 8 million euros for the year concerned intangible assets in the Asia-Pacific region.

- **Other operating income and expenses** represented a net expense of 19 million euros compared with 22 million euros in 2016. They included 6 million euros in provisions set aside in connection with antitrust investigations and 6 million euros in fees related to acquisition projects.

The Group recorded a **net financial expense** of 62 million euros compared with 88 million euros the previous year. This decrease can be primarily attributed the Group’s lower interest expenses (down 8 million euros) and foreign exchange gains of 3 million euros versus losses of 7 million euros in 2016.

Income tax expense for 2017 amounted to 91 million euros, compared with 37 million euros in 2016. The increase was mainly due to the 122 million euro growth in income from ordinary activities before tax and to the roughly 15 million euro negative effect of US and Belgian tax reforms on the carrying amount of deferred tax assets.

Attributable net income came in at 125 million euros, up 64 million euros compared with 61 million euros in 2016.
At the Annual Shareholders' Meeting, the Board of Directors will recommend paying a 2017 dividend of 0.7 euro per share.

Net debt amounted to 332 million euros at December 31, 2017 versus 211 million euros one year earlier. The increase mainly reflects:

- Operating cash flow of 277 million euros, up 53 million euros year on year.
- Cash outflows related to restructuring plans of 63 million euros versus 86 million euros in 2016.
- Cash payments for investments, net of disposals, of 161 million euros, up 26 million euros versus 2016.
- A 111 million euro increase in working capital requirement for the Group's cable businesses. This increase was due to less favorable cash flow patterns compared with 2016 and to the business growth observed in the fourth quarter of 2017. The working capital requirement for the project-based businesses was flat compared with 2016, despite last year's rapid business growth.
- Dividend payments of 23 million euros, share buybacks for 11 million euros and acquisitions for 22 million euros.
- A leverage ratio (EBITDA/net debt) of 0.9 versus 0.8 at end-2016.

IV - The Group's Paced for Growth vision in action

The 2018-2022 five-year strategic plan, Paced for Growth, unveiled on December 13, 2017, paves the way for five years of sustainable and profitable growth. The Group has set the target of deriving 25% more revenues from its current scope of businesses by 2022, which will lift sales from 4.6 to around 6 billion euros, raising EBITDA generated by these businesses by 50% to around 600 million euros and delivering a return on capital employed of over 15%.

Operating activities have been reconfigured around four new segments, each with its own strategy and identified growth levers (pro forma sales and operating margin based on the new configuration are presented in the appendix).

- The Building & Territories segment comprises the current sales of cables to the building market (Distributors) and to energy operators (Distribution). This segment offers moderate growth prospects in mature economies. Nevertheless, future challenges such as smart cities, the energy transition and e-mobility are creating new opportunities. Combined with strict cost discipline, the Group believes that these opportunities will deliver profitable growth.
- In the High Voltage & Projects segment, the Group intends to continue leveraging its competitive advantage. Growth will be driven by the energy transition in Europe, North America and Asia-Pacific, thanks in particular to the Group's strong pipeline of offshore wind farm and interconnector projects. Past and future investments in production and installation capacity and R&D will allow the Group to keep pace with the very promising growth outlook.
- In the Telecom & Data segment, the Group intends to double its market presence with a unique point-to-point connectivity offer (telecom infrastructure and data cabling systems) that responds to the exponential growth in demand for bandwidth.

- Lastly, in the Industry & Solutions segment, global mobility, the energy revolution and industry 4.0 are driving growth. The Group will focus on expanding its positions in the markets where it has the greatest competitive advantage. Aeronautics, railway, power generation renewables, automation and Oil & Gas upstream are just a few examples of the Group's high value-added product categories.

The plan's success in generating growth will depend on the Group's innovation capabilities beyond cables, its digital transformation to support sales growth and its ongoing drive to reduce costs and boost productivity (through more efficient management of assets and optimized production processes). Close attention will be paid to allocating capital (acquisitions) and talent (hiring), as well as to maintaining the Group's corporate social responsibility (CSR) commitment.

In addition, Nexans' strong commitment to CSR, which is central to the Group's "Paced for Growth" strategic plan, is described in "Transitions", the Group's first ever integrated report published today.

V - Nexans employee share issue

In first half 2018, Nexans intends to launch a group employee share ownership plan involving the issue of a maximum of 400,000 new shares reserved for employees and 100,000 new shares reserved for the bank that structured the offer, as authorized by the 20th and 21st resolutions approved by the Annual Shareholders' Meeting of May 11, 2017. This will be the eighth international employee share ownership plan set up by the Group. It will propose a "leveraged" structure, whereby employees are provided with a capital guarantee. The shares will be offered at a subscription price that includes a 20% discount on the benchmark price.

The share issue is a reflection of Nexans' intention to closely involve its employees internationally in the Group's development and future performance. The detailed terms of this operation ("Act 2018") will subsequently be released to employees and will be covered by a specific press release. The share issue is planned for July 2018.

The presentation of the results will be available on the Nexans website at www.nexans.com from 7:30 a.m. (Paris time) today.

It includes in the appendices the sales and operating margin in performance in 2017 according to the new segmentation adopted for 2018 and beyond, as well as an introduction to the application in 2018 of the new IRFS 15 standards.

A Q&A session by conference call is scheduled today at 9:00 a.m. (Paris time).

To take part, please dial one of the following numbers and ask for "Nexans Conference Call":

- From France: +33 (0)1 76 77 22 74
- From other European countries: +44 (0)330 336 9105
- From the United States: +1 646 828 8143

Confirmation code: 1599232

Financial calendar

May 3, 2018: 2018 First Quarter Financial Information
May 17, 2018: Annual Shareholders' Meeting
July 26, 2018: 2018 First Half Results

NB: Any discrepancies are due to rounding

This press release contains forward-looking statements which are subject to various expected or unexpected risks and uncertainties that could have a material impact on the Company's future performance.
Readers are also invited to log onto the Group's website where they can view and download the presentation of the 2017 annual results to analysts as well as the 2017 financial statements and Registration Document, which includes a description of the Group's risk factors – particularly those related to the investigations into anti-competitive behavior launched in 2009 – as well as an overview of the Group's outlook for 2018-2022 and the related uncertainties.

The Group's outlook for 2018 and subsequent years is subject to several major uncertainties:

- *The impact on Oil & Gas customers' exploration-production capex of oil and gas price fluctuations.*
- *The impact of the political and economic situation in South America, which is affecting the building market and major infrastructure projects in the region as well as creating exchange rate volatility and an increased risk of customer default.*
- *The political crisis between Qatar and its fellow members of the Gulf Cooperation Council, political instability in Libya and Côte d'Ivoire, and persistent geopolitical tensions in Lebanon, the Persian/Arabian Gulf and the Korean Peninsula.*
- *The sustainability of the high rates of growth in the data center, renewable energy and energy transmission segments.*
- *The economic and political environment in the United States and Europe, with potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit and the Catalan crisis on the other.*
- *The impact of changes in exchange rates on the conversion of financial statements of Group subsidiaries located outside the Eurozone.*
- *Inherent risks related to carrying out major turnkey projects for submarine high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (Beatrice, Nordlink, NSL, East Anglia One and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), and the high capacity utilization rates of the plants involved.*
- *The risk that certain programs designed to improve the Group's competitiveness, certain R&D and innovation programs, or certain business development plans targeting new markets experience delays or do not fully meet their objectives.*
- *Inherent risks associated with major capex projects, particularly the risk of completion delays. These risks notably concern the construction of a new submarine cable laying ship and the extension of the Goose Creek plant in North America to add production of submarine high-voltage cables, two projects that will be instrumental in ensuring that the Group fulfills its 2021-2022 objectives.*

About Nexans

As a global leader in advanced cabling and connectivity solutions, Nexans brings energy to life through an extensive range of best-in-class products and innovative services. For over 120 years, innovation has been the company's hallmark, enabling Nexans to drive a safer, smarter and more efficient future together with its customers. Today, the Nexans Group is committed to facilitating energy transition and supporting the exponential growth of data by empowering its customers in four main business areas: Building & Territories (including utilities, smart grids, e-mobility), High Voltage & Projects (covering offshore wind farms, submarine interconnections, land high voltage), Telecom & Data (covering data transmission, telecom networks, hyperscale data centers, LAN), and Industry & Solutions (including renewables, transportation, Oil & Gas, automation, and others).
Corporate Social Responsibility is a guiding principle of Nexans' business activities and internal practices. In 2013 Nexans became the first cable provider to create a Foundation supporting sustainable initiatives bringing access to energy to disadvantaged communities worldwide. The Group's commitment to developing ethical, sustainable and high-quality cables drives its active involvement within several leading industry associations, including Europacable, The National Electrical Manufacturers Association (NEMA), International Cablemakers Federation (ICF) or CIGRE to mention a few.
Nexans employs more than 26,000 people with industrial footprint in 34 countries and commercial activities worldwide. In 2017, the Group generated 6.4 billion euros in sales.
Nexans is listed on Euronext Paris, compartment A.
For more information, please consult: www.nexans.com

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Appendices

1. Consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of cash flows
5. Information by reportable segment
6. Information by major geographic area
7. Information by major customer
8. Breakdown of sales based on the new segmentation
9. Organic growth based on the new segmentation
10. Profitability based on the new segmentation

The audit procedures have been carried out and the Statutory Auditors' report is being issued.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2017	2016
NET SALES	**6,370**	**5,814**
Metal price effect[1]	*(1,799)*	*(1,383)*
SALES AT CONSTANT METAL PRICES[1]	***4,571***	***4,431***
Cost of sales	(5,510)	(5,002)
Cost of sales at constant metal prices[1]	*(3,711)*	*(3,619)*
GROSS PROFIT	**860**	**812**
Administrative and selling expenses	(489)	(489)
R&D costs	(99)	(81)
OPERATING MARGIN[1]	**272**	**242**
Core exposure effect[2]	64	(6)
Other operating income and expenses[3]	(19)	(22)
Restructuring costs	(37)	(33)
Share in net income of associates	2	4
OPERATING INCOME	**281**	**185**
Cost of debt (net)[4]	(56)	(64)
Other financial income and expenses	(6)	(24)
INCOME BEFORE TAXES	**219**	**97**
Income taxes	(91)	(37)
NET INCOME FROM CONTINUING OPERATIONS	**127**	**60**
Net income from discontinued operations	-	-
NET INCOME	**127**	**60**
- attributable to owners of the parent	125	61
- attributable to non-controlling interests	2	(1)
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
- basic earnings per share	3.04	1.43
- diluted earnings per share	2.71	1.40

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.*

3 *"Other operating income and expenses" included 8 million euros in net asset impairment in 2017 versus 8 million euros in 2016.*

4 *Financial income amounted to 3 million euros in 2017 versus 4 million euros in 2016.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	**2017**	**2016**
NET INCOME	**127**	**60**
Recyclable components of comprehensive income	**(105)**	**169**
Available-for-sale financial assets	0	0
Currency translation differences	(133)	56
Cash flow hedges	28	113
Tax impacts on recyclable components of comprehensive income	**(8)**	**(26)**
Non-recyclable components of comprehensive income	**23**	**9**
Actuarial gains and losses on pensions and other long-term employee benefit obligations	23	9
Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income	**(9)**	**(2)**
Total other comprehensive income (loss)	**(99)**	**150**
Total comprehensive income	**28**	**210**
- attributable to owners of the parent	29	211
- attributable to non-controlling interests	(1)	(1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At December 31, in millions of euros)	**2017**	**2016**
ASSETS		
Goodwill	236	254
Intangible assets	127	146
Property, plant and equipment	1,129	1,170
Investments in associates	40	30
Deferred tax assets	135	180
Other non-current assets	100	60
NON-CURRENT ASSETS	**1,767**	**1,840**
Inventories and work in progress	1,107	926
Amounts due from customers on construction contracts	199	238
Trade receivables	1,033	996
Derivative instruments	59	70
Other current assets	177	201
Cash and cash equivalents	805	1,025
Assets and groups of assets held for sale	0	0
CURRENT ASSETS	**3,380**	**3,456**
TOTAL ASSETS	**5,147**	**5,296**
EQUITY AND LIABILITIES		
Capital stock, additional paid-in capital, retained earnings and other reserves	1,372	1,253
Other components of equity	52	159
Equity attributable to owners of the parent	**1,424**	**1,412**
Non-controlling interests	48	57
TOTAL EQUITY	**1,472**	**1,469**
Pensions and other long-term employee benefit obligations	387	430
Long-term provisions	94	100
Convertible bonds	267	263
Other long-term debt	451	504
Non-current derivative liabilities	3	10
Deferred tax liabilities	103	90
NON-CURRENT LIABILITIES	**1,305**	**1,397**
Short-term provisions	79	110
Short-term debt	419	469
Liabilities related to construction contracts	163	209
Current derivative liabilities	36	47
Trade payables	1,342	1,244
Other current liabilities	331	351
Liabilities related to groups of assets held for sale	0	0
CURRENT LIABILITIES	**2,370**	**2,430**
TOTAL EQUITY AND LIABILITIES	**5,147**	**5,296**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	**2017**	**2016**
Net income (loss)	127	60
Depreciation, amortization and impairment of assets (*including goodwill*)[1]	147	141
Cost of debt (gross)	60	68
Core exposure effect[2]	(64)	6
Current and deferred income tax charge (benefit)	91	37
Net gains (losses) on asset disposals	(1)	6
Other restatements[3]	(28)	(63)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]	**332**	**255**
Decrease (increase) in working capital	(109)	(105)
Income taxes paid	(56)	(37)
Impairment of current assets and accrued contract costs	(2)	17
NET CHANGE IN CURRENT ASSETS AND LIABILITIES	**(167)**	**(125)**
NET CASH GENERATED FROM OPERATING ACTIVITIES	**165**	**130**
Proceeds from disposals of property, plant and equipment and intangible assets	8	11
Capital expenditure	(169)	(146)
Decrease (increase) in loans granted and short-term financial assets	(5)	1
Purchase of shares in consolidated companies, net of cash acquired	(25)	0
Proceeds from sale of shares in consolidated companies, net of cash transferred	1	23
NET CASH USED IN INVESTING ACTIVITIES	**(191)**	**(111)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES	**(26)**	**19**
Proceeds from (repayments of) long-term and short-term borrowings	(90)	17
- of which proceeds from 2016-2021 ordinary bond issue	-	248
- of which proceeds from 2017-2024 ordinary bond issue	199	-
- of which repayment of the OCEANE 2016 convertible/exchangeable bonds	-	(213)
- of which repayment of the 2007-2017 ordinary bonds	(350)	-
Cash capital increases (reductions)	(7)	24
Interest paid	(61)	(62)
Transactions with owners not resulting in a change of control	3	2
Dividends paid	(23)	(1)
NET CASH USED IN FINANCING ACTIVITIES	**(178)**	**(20)**
Net effect of currency translation differences	(19)	19
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(223)**	**18**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,016**	**998**
CASH AND CASH EQUIVALENTS AT YEAR-END	**794**	**1,016**
of which cash and cash equivalents recorded under assets	*805*	*1,025*
of which short-term bank loans and overdrafts recorded under liabilities	*(11)*	*(9)*

1 *In 2016, the Group changed the presentation of impairment losses related to restructuring operations and recorded them under "Other restatements".*

2 *Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.*

3 *"Other restatements" in 2017 primarily included (i) a negative 52 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings) and (ii) a positive 23 million euros related to the cash impact of hedges. In 2016, this item primarily included a negative 70 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 (63 million euros and 86 million euros in 2017 and 2016 respectively), and deducting gross cost of debt and current income tax paid during the year.*

INFORMATION BY REPORTABLE SEGMENT

2017 *(in millions of euros)*	**Transmission, Distribution & Operators**	**Industry**	**Distributors & Installers**	**Other Activities**	**Group total**
Net sales at current metal prices	2,387	1,332	1,823	828	**6,370**
Net sales at constant metal prices	2,029	1,126	1,125	290	**4,571**
Operating margin	155	56	53	7	**272**
Depreciation and amortization	(72)	(33)	(25)	(9)	**(139)**
Net impairment of non-current assets (including goodwill)	(7)	-	-	(1)	**(8)**

2016 *(in millions of euros)*	**Transmission, Distribution & Operators**	**Industry**	**Distributors & Installers**	**Other Activities**	**Group total**
Net sales at current metal prices	2,133	1,346	1,619	716	**5,814**
Net sales at constant metal prices	1,842	1,171	1,127	291	**4,431**
Net sales at constant metal prices and 2017 exchange rates	1,839	1,168	1,112	291	**4,410**
Operating margin	122	59	78	(17)	**242**
Depreciation and amortization	(69)	(32)	(26)	(6)	**(133)**
Net impairment of non-current assets (including goodwill)	(8)	-	-	-	**(8)**

INFORMATION BY MAJOR GEOGRAPHIC AREA

2017 *(in millions of euros)*	**France**	**Germany**	**Norway**	**Other*** **	**Group total**
Net sales at current metal prices*	1,023	841	858	3,647	**6,370**
Net sales at constant metal prices*	663	753	800	2,355	**4,571**
Non-current assets (IFRS 8)* *(at December 31)*	175**	168	180	1,009	**1,532**

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

2016 *(in millions of euros)*	**France**	**Germany**	**Norway**	**Other*** **	**Group total**
Net sales at current metal prices*	864	807	634	3,509	**5,814**
Net sales at constant metal prices*	630	735	587	2,479	**4,431**
Net sales at constant metal prices and 2017 exchange rates*	630	735	583	2,463	**4,410**
Non-current assets (IFRS 8)* (at December 31)	161**	179	153	1,107	**1,600**

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

INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2017 or 2016.

BREAKDOWN OF SALES BASED ON THE NEW SEGMENTATION

(in millions of euros)	Q1	Q2	H1	Q3	Q4	H2	2017
Building & Territories	427	456	883	436	438	874	1,757
High Voltage & Projects	207	239	446	214	224	438	885
Telecom & Data	131	139	270	119	124	243	512
Industry & Solutions	295	292	587	268	271	539	1,126
Other Activities	76	73	149	72	68	141	290
Group Total	**1,137**	**1,199**	**2,336**	**1,109**	**1,126**	**2,235**	**4,571**

ORGANIC GROWTH BASED ON THE NEW SEGMENTATION

(in millions of euros)	Q1	Q2	H1	Q3	Q4	H2	2017
Building & Territories	-6.0%	-4.6%	-5.3%	+4.8%	+7.6%	+6.2%	+0.1%
High Voltage & Projects	+23.8%	+37.9%	+31.0%	+38.2%	+25.4%	+31.4%	+31.2%
Telecom & Data	+4.4%	+1.1%	+2.7%	+2.5%	+21.6%	+11.5%	+6.7%
Industry & Solutions	-0.7%	-0.8%	-0.7%	-3.8%	-1.2%	-2.5%	-1.6%
Other Activities	-3.6%	-1.2%	-2.5%	-1.6%	5.3%	1.6%	-0.5%
Group Total	**1.2%**	**3.6%**	**2.4%**	**6.7%**	**9.6%**	**8.2%**	**5.1%**

PROFITABILITY BASED ON THE NEW SEGMENTATION

(in millions of euros)	EBITDA			Operating margin		
	H1	H2	2017	H1	H2	2017
Building & Territories	59	67	126	33	44	77
High Voltage & Projects	62	56	118	43	37	80
Telecom & Data	37	25	62	31	20	52
Industry & Solutions	50	40	89	33	23	56
Other Activities	3	13	16	(1)	9	7
Group total	**211**	**200**	**411**	**140**	**132**	**272**