

JANUARY 2018 # 45

SHAREHOLDER NEWSLETTER



02 2018-2022
STRATEGIC PLAN



03 MARKETS
& SOLUTIONS



04 NEXANS
FOUNDATION
GOVERNANCE

THIS YEAR IN 2017 ACTIONS IN 17 COUNTRIES 19 PROJECTS DEPLOYED WITH 19 NGOs & NPOs NEARLY 70,000 BENEFICIARIES

Nexans FOUNDATION

Q3 2017 sales¹

+6,7 %²

in Q3

+3,8 %²

over 9 months

Ambition 2018-2022 EBITDA³

±600 M€

ROCE⁴

>15 %

⁽¹⁾ At constant metal prices

⁽²⁾ Organic growth

⁽³⁾ Operating margin + allocation to amortization of fixed assets

⁽⁴⁾ Operating margin for the past 12 months divided by the amount of capital employed, restated for the anti-trust provision

Dear Shareholder,

Q3 2017 sales confirmed the return to positive organic growth driven by our underwater project business, but not only, as several other segments are benefiting from an upturn in demand.

As you are aware, 2017 was the last year in our *Nexans in Motion* 2015-2017 strategic plan focused on restoring the Group's profitability. We will publish our annual results on February 15, but we already know that this plan has produced the expected results with the return on capital employed (ROCE)³ having doubled in three years from 5.8% to 11%.

These results have been achieved despite the drop in oil & gas sector investment and the crisis in South America, both of which affected our businesses. They were also achieved on a highly competitive market which forced us to offset wage increases and contracting prices by around €5 million a year in total.

We have adopted a level of discipline, which we will maintain to constantly improve our competitiveness in all areas and remain highly selective with regard to our order book.

We operate in a demanding environment, but it is one full of opportunities. The energy transition, urban growth, electric mobility and the explosion of data exchange are all growth and value creation drivers for Nexans.

Paced for Growth^{*}, our 2018-2022 strategic plan, will put Nexans in a higher gear on high-potential global markets. We will achieve this change by relying on our ability to innovate

and to set ourselves apart by providing new value-added solutions that are more complete, more efficient and value-creating for our customers and for our Group.

Our aim for 2022 is to increase Nexans' sales by 25% across its current scope, to lift the EBITDA³ by 50% and to achieve a ROCE⁴ in excess of 15%. This will allow us to undertake targeted acquisitions that will provide the Group with 1.5 to €2 billion in additional sales while still maintaining a solid balance sheet.

You will find in this Shareholder Letter the main thrust of this new strategic plan. I sincerely hope that you will support the direction and targets we have set.

Be assured, Dear Shareholder, of the commitment of all Nexans' teams to making this plan a success.

I extend to you all my warmest wishes for a happy New Year 2018.



Arnaud Poupart-Lafarge
Chief Executive Officer

PACED FOR GROWTH*, NEXANS' STRATEGIC PLAN FOR 2018-2022, MARKS THE BEGINNING OF A NEW CYCLE OF PROFITABLE GROWTH AND A NEW AMBITION: BECOME LEADER FOR ADVANCED CABLING AND CONDUCTIVITY SOLUTIONS

4 GLOBAL TRENDS

Energy transition, explosion in data exchange, faster urbanization and development of electric mobility:

these shared (r)evolutions all provide opportunities to progress the energy and data value chain.

Nexans is committed alongside its clients to help them take up these challenges and optimize their projects with advanced cabling and conductivity solutions.

4 AMBITIONS FOR 2022

Based on its current scope of business, for 2022, Nexans aims for:

- > **Sales** of € billion with an annual growth rate of around 3% in 2018 and 2019, then 6% starting from 2020 with the introduction of its new production and underwater cable installation capacities.
- > **EBITDA³** representing 10% of sales, that is €600 million.
- > **ROCE⁴** above 15%.
- > **Targeted acquisitions** that could provide additional sales of 1.5 to 2 billion.

3 STRATEGIC DIRECTIONS

To achieve these targets and create value for its shareholders and all its stakeholders, Nexans will act in a structured manner in 3 directions:

> Competitiveness

The efforts made to lower costs will continue in order to offset the scissor effect of price erosion and cost inflation.

> Selectivity

Nexans will leverage its distinctive advantages and focus its investment on the most profitable markets presenting the best growth prospects.

> Solutions

To speed up its growth, Nexans will develop its portfolio of value-added solutions, in particular through external growth in order to acquire new expertise.

Agile innovation, digital transformation, stepped-up sales approach, plant automation, training and recruitment of talented new individuals are all ways for ensuring the success of this plan.

4 BUSINESS SEGMENTS

In order to seize market opportunities, Nexans will reorganize its business into 4 segments aligned on our clients' needs:

> **Building & Territories** includes solutions for buildings, cities and smart networks, electric mobility, local electrical infrastructure, decentralized energy systems and rural electrification.

2018-2022 expected annual growth: 2.5%, in line with market projections.

> **High Voltage & Projects** includes turnkey and end-to-end solutions for underwater links, offshore wind farms, underwater oil & gas operations (DEH and umbilical cables), and land high voltage.

2018-22 expected annual growth: 8% with a marked increase starting in 2020.

> **Telecom & Data** includes solutions for telecom infrastructure (underwater fiber-optic cables and FTTx), telecom networks, data centers and LANs.

2018-22 expected annual growth: 10% for the entire period.

> **Industry & Solutions** includes solutions provided for the transportation, automation, renewable energy, resources (Mines, Oil & Gas), and high-tech (Nuclear and Medical) sectors.

2018-22 expected annual growth: 7.5%, with an increase starting in 2020.

Paced For
GROWTH

Inspired with purpose

In this video filmed in around 20 countries by themselves, Nexans' employees share their pride in their day-to-day work and the meaning that it brings to people and society. In this way, the Group's employees express their commitment to their clients, innovation, industrial performance, the environment and society.



Click on links to find out more

Find out more

- Presentation of our strategic plan on December 13, 2017
- Interview with Arnaud Poupart-Lafarge in *L'Opinion* on January 3, 2018



ORGANIC GROWTH: 6.7% IN Q3 2017

Nexans reported sales¹ of 1.109 billion in Q3 2017, representing 6.7% organic growth. Over 9 months, sales¹ rose 3.8% to €4.444 billion.

High-voltage business grew by an organic 40% in Q3 and by 35% over 9 months, driven by high-voltage underwater projects, which rose 63% in Q3 and 46% over 9 months.

Non-project business stabilized in Q3, rising 0.6%.

- > The recovery in Europe and the Middle East/Africa zone offset the weakness in America and in oil & gas business.
- > The latter segments negatively impacted industrial cable sales to Asian shipyards, the main cause for the contracting sales in the Industry segment.

- > Distribution cable sales to energy operators and energy cables for the building industry reported renewed growth.
- > Sales of LAN cables and systems for private communication networks contracted while sales of telecom infrastructure cables continued to trend positively.

¹ At constant metal prices

MARKET & SOLUTIONS

UNDERWATER ELECTRIC CABLE LINK

NORWAY

Beating its previous world record, Nexans will lay at a depth of 526 meters a 420-kV cross-linked polyethylene insulation cable (XLPE). It will be the last link in the new **BKK Nett** electricity connection that will supply 200,000 households and industrial sites in the country's west.



TELECOMMUNICATIONS

MALAYSIA

Huawei Marine has selected Nexans to supply cables for the **SEAX-1** underwater link between Malaysia and Indonesia. 250 km of underwater cables with 24 unrepeated fiber-optic pairs (URC-1) will be used for this robust high-speed connection for the growing number of internet users in this region.



AUTOMATION

A HIGH-PERFORMANCE RANGE

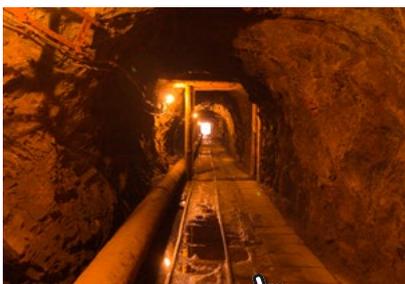
Tailored to the American and Canadian markets, this offer combines robust and reliable cables for cable trays and extreme resistance to the speed and movement of servomotors and multi-conductors designed for dynamic applications, including in highly aggressive environments.



MINES

CANADA

Mosaic has contracted Nexans for 8 years to equip and manage all the energy supply cables for **Mosaic K3** in Canada, which is destined to become the world's largest potassium mine by 2024.



OIL & GAS

UNITED ARAB EMIRATES

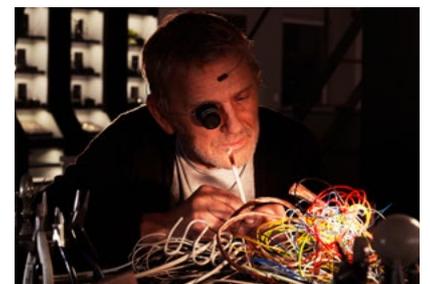
Hyundai Heavy Industries has selected Nexans as the sole supplier of cables for the second phase in the development of the **Nasr oilfield** off the Abu Dhabi coast. The Group will supply 3,000 km of energy, instrumentation and communication cables for this very large project.



RECYCLING

AN ATTRACTIVE OFFER.

This **new Nexans service** allows Group clients and partners to contribute to the circular economy while getting a financial return on the sale of their copper and aluminum cable waste.



READ ABOUT ALL THE PROJECTS SUPPORTED SINCE 2013

In 5 years, the Nexans Foundation: For fair access to electrical power has contributed to 67 projects led by 39 associations in 30 countries in Europe, Africa, the Middle East, South America, the Caribbean and Asia. Thanks to its support, the living conditions have durably improved for almost 700,000 people.

A world map on the Nexans Foundation website shows all the projects supported since the Foundation was established in 2013. It also provides details about the current year's projects.



NEXANS LIVING HISTORY: ALL THERE IS TO KNOW IN 6 CHAPTERS

Did you know that Nexans is the result of the association of a genius inventor teaming up with a brilliant industrialist? That the company celebrated its 120th anniversary in 2017? That it electrified the Champs-Élysées

sector in the early 20th century, contributed to the rise of the telephone in the 1920s, manufactured and laid the first underwater high-voltage cable? Did you know that Nexans has well over 10 world records for the longest

and heaviest cables, as well as those that are most resistant to cold or heat and even fire? Read the first chapter about the Group's beginnings!



GOVERNANCE: 2 APPOINTMENTS



Angéline Afanoukoé

The France Group Committee (Works Council) has appointed **Angéline Afanoukoé** as the member representing the employees on the Nexans Board of Directors. External Affairs Senior Manager for Nexans Group since January 2017, Angéline previously managed communications with Individual and Employee shareholders from 2002 to 2012, and was in charge of the Group's media relation activities from 2012 to 2017.



Anne Lebel

The Nexans Board of Directors has appointed **Anne Lebel** as Censor with a view to proposing her candidature as member of the Board of Directors to the 2018 Shareholders' Meeting. Anne has been Chief Human Resources Officer of Natixis since 2016. Prior to this, she was Global Head of Human Resources for Allianz Global Corporate & Specialty.

Stay connected

Log onto www.nexans.com to watch the video presentation of the Nexans strategic plan to investors on December 13, 2017.

Diary

- February 15, 2018:** 2017 Full Year Results
- May 3, 2018:** First Quarter Sales
- May 17, 2018:** Shareholders' Meeting
- July 26, 2018:** 2018 Half Year Results

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Enjoy access to reports, video interviews and email alerts about Nexans news. You simply need to own at least one Nexans share and have a valid email address.

www.eclub.nexans.com

Nexans share Euronext Paris Compartment A

- Share capital: € 43 494 691
- Par value: 1€
- Code ISIN : FR0000044448
- Deferred settlement service
- SBF 120 index

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