

## NEXANS BRINGS ENERGY TO LIFE



### Progress commitments for 2017

#### Reduce fixed costs

**€135**

million

#### Reduce variable costs

**€90**

million/year

#### Focus on promising markets

**€150**

million



#### Madam, Sir, Dear Shareholders,

The Annual Shareholders' Meeting on May 5 was an opportunity to detail the strategic initiatives implemented to turn our Group around, and to review our progress commitments for 2017.

Nexans is on a dynamic pathway. Our businesses are growing, supported by promising markets, not least of which submarine applications, automotive harnesses and LANs. They have refocused on profitable products and segments in industry. We are now more selective in terms of our market/product business portfolio.

The results of initiatives launched in 2013 are gaining pace. They contributed €73 million additional operating margin in 2014, that is, €54 million more than in 2013. We have been able to offset the pressure on prices and unfavorable market conditions in South America and Australia, and in the mining sector.

In the short-term, market conditions remain difficult and volatile exchange rates and metal prices demand ongoing caution. We are therefore not counting on any improvement in the environment to assist with our recovery. We are counting on our own efforts, our strategic initiatives, stepping up the actions undertaken and the introduction

of new initiatives to offset this scissor effect of lower prices and rising costs.

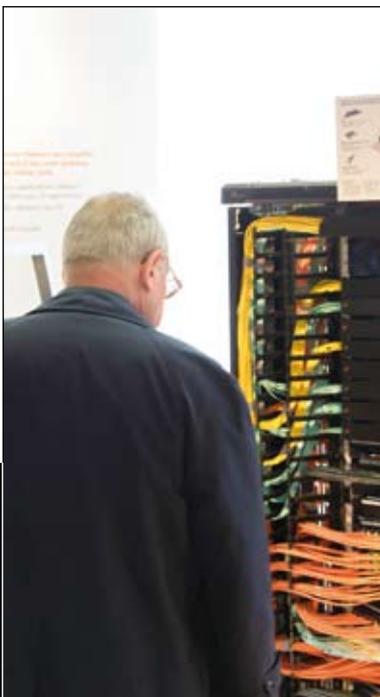
In 2015, the initiatives under way could deliver €77 million in gross savings, and the new initiatives in Europe, involving the across-the-board application of the selective approach successfully implemented by the Industry Division, could deliver an additional €12 million in gross savings. These savings should at least partially offset the price-cost squeeze estimated at between 0.7% and 1.5% of our sales, but the environment is too unstable to predict the effect with any precision. That is why we are not publishing any results forecasts.

We are committed to progress targets for 2017:

- the reduction in fixed costs should come to €135 million; over and above the existing €35 million, the additional €100 million should come from projects currently being examined
- the drop in industrial consumption and purchasing costs will be about €30 million a year.
- the emphasis on promising markets should deliver €150 million, half of which from additional volume generated by growth business and the other half delivered by the improved profitability of other businesses.

I have complete trust in the outlook for our industry and our ability to successfully turn our Group around. The cohesion and commitment of Nexans' teams are exemplary. What better proof than the new and sharp improvement in workplace safety. That is the best evidence of the commitment of each employee and I thank you all for your contribution just as I thank you too, our shareholders, for your continued support.

**Arnaud Poupart-Lafarge**  
Chief Executive Officer



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# 2015 Mixed Shareholders' Meeting

- > **The Mixed Shareholders' Meeting was held on May 5, 2015, at the first call**
- > **Almost 80% of the capital was represented**
- > **The Meeting approved all the resolutions submitted by the Board of Directors**



**Frédéric Vincent**, Chairman of the Board of Directors emphasized the favorable long-term outlook for the cable market, indicating that 1.3 billion people still do not have access to electricity which points to massive investments by 2030.

**Arnaud Poupart-Lafarge**, Chief Executive Officer, explained that in a relatively unfavorable economic climate, any improvements to results are due to our strategic initiatives. The most significant contribution came from high voltage and the reduction in fixed costs, which will remain on the agenda in 2015, then 2016 and 2017. The drop in industrial consumption and purchasing costs will deliver savings of about €30 million a year. Sales margin savings should generate €150 million over the 2015-2017 period.

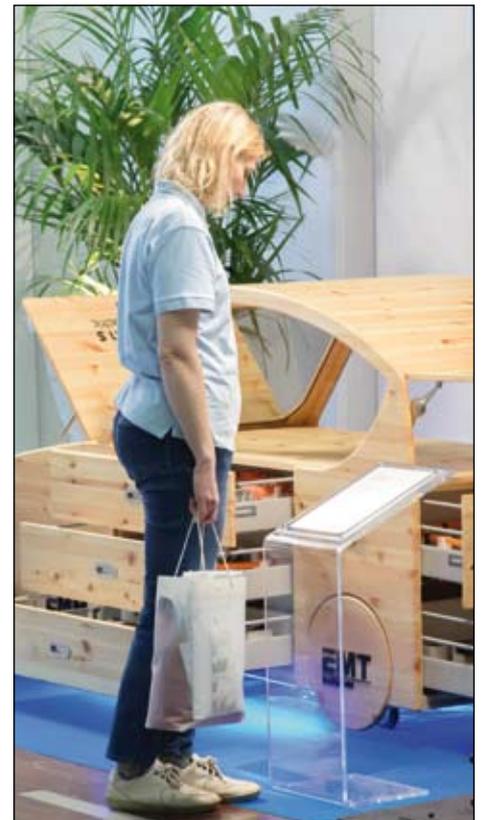
**Dirk Steinbrink**, Executive Vice President High Voltage & Underwater Cables Business Group, presented the NordLink connection project between Germany and Norway: a record contract worth €500 million signed in February (see page 3).

**Christopher Guérin**, Senior Executive Vice President Europe, detailed the long-term partnership relations between Nexans and two very large transportation industry customers: Airbus, for aeronautical construction and STX for shipbuilding.

**Pascal Portevin**, Senior Corporate Executive, Vice President, International and Technical, R&D and Industry Operations, illustrated how, together with its customers, Nexans' capacity for innovation enables it to help take up the energy transition and climate change challenges facing an increasingly densely populated, urbanized, mobile and connected world.

**Nicolas Badré**, Chief Financial Officer, analyzed the Group's results and its financial structure.

**Véronique Guillot-Pelpel**, Board Member and Chair of the Appointments, Remuneration and Corporate Governance Committee, explained the Committee's work, the structure and remuneration for the Chairman and the Chief Executive Officer.



## MAIN RESOLUTIONS ADOPTED

**The renewal** for four years of the terms of office of Georges Chodron de Courcel and Cyrille Duval, Independent Board Members, and of Hubert Porte, the Board Member proposed by the shareholder Invexans.

**The appointment** of Mazars as Statutory Auditor for the legal term of six years.

**The renewal** of the authorities enabling the Board of Directors to implement the international employee shareholder policy

and the long-term remuneration policy of performance shares for the main executive managers.

**The Board of Directors** therefore has 12 Members of whom:

- > 4 women, that is, more than 33%,
- > 6 Independent Members in accordance with the AFEP- MEDEF code criteria, that is, more than 54%,
- > 1 Member representing the employee shareholders.

# 3 Markets & Solutions



**NORLINK**

## A SUBSEA INTERCONNECTION PROJECT BETWEEN GERMANY AND NORWAY

Last February, Nexans signed the largest contract of its history: the design, manufacture and installation of two high voltage direct current (HVDC) subsea cable systems with a total length of 700 km to interconnect the German and Norwegian electricity grids. This interconnection will strengthen the energy security of both countries and make better use of their respective generation of renewable energies by exporting any surplus: wind and solar power for Germany, and hydropower for Norway.

The NordLink project involves the Norwegian Statnett and Dutch Tennet transmission grid operators and Germany's KfV development bank.

The contract is worth about €500 million.

The cables manufactured by Nexans will have the same tried-and-tested structure as those used for the four HVDC cables delivered by the Group for the interconnection between Denmark and Norway.

They will be laid by the C/S Nexans Skagerrak and protected in trenches dug by the Capjet ROV.

*"We are delighted to pursue our partnership with Tennet, KfW and Statnett and so to contribute to the integration of the European electricity market, which is synonymous with energy security and competition. In terms of its length and value this subsea interconnection project is the largest ever won by Nexans. Our technology and turnkey solutions were the standout differentiators. We all contributed massively to the success of this major project,"* said Dirk Steinbrink, Executive Vice President High Voltage & Underwater Cables Business Group.

- **700 km total length**
- **525 kV power**
- **1400 MW capacity**
- **450 m depth**
- **2016 production startup**
- **2019 commissioning**
- **€500 m contract amount**

## COMMERCIAL TRADE SHOWS

### MAY

#### Oil & Gas:

#### **Our services make all the difference**

Nexans was present at the OTC professional trade show in Houston (United States) from May 4 to 7.

As the global specialist in applications for the most demanding environments, such as deep water or Arctic region operations, we develop standard and customized solutions that come with unrivaled on-site maintenance services.

### JUNE

#### **Aerospace: the most complete range of products and services**

Nexans will be attending the International Paris Air Show from June 15-21 in Le Bourget (France). We will present our latest-generation energy, data and hybrid cables. Light, flexible and strong, they comply with the most stringent requirements for virtually all civilian and military applications.

# 4 2015 first-quarter sales

## 2015 FIRST-QUARTER SALES UP 1.8% ON A COMPARABLE BASIS<sup>2</sup>

The first-quarter sales rose 1.8% on a comparable basis but with significant variance in trends.

• **Worldwide high voltage business** increased 16% driven by dynamic subsea cable business and an upswing in onshore cables. Sales to electricity distributors and telecommunications operators fell by 6.7%.

• **In Europe**, the 3% upturn reflects strong growth for automotive harnesses. Nexans is continuing to refocus on the most profitable business to the detriment of volume in an economic climate that remains fragile.

• **In North America**, sales contracted by nearly 7%. Strong growth in cables for the building sector and LANs did not offset the sharp taper in the oil, gas and mining sectors, slower sales to electricity companies and the drop in external sales of winding wire.

• **In South America**, sales declined by 11% because of the increased difficulties in Brazil. On the other hand, Peru and Columbia saw a marked improvement.

• **In the Middle East, Russia and Africa area**, despite a geopolitical context that remains difficult, sales were up by 3%, in particular due to the dynamic Turkish market. All areas of the transformation plan are proceeding according to expectations, especially the reduction in fixed costs.

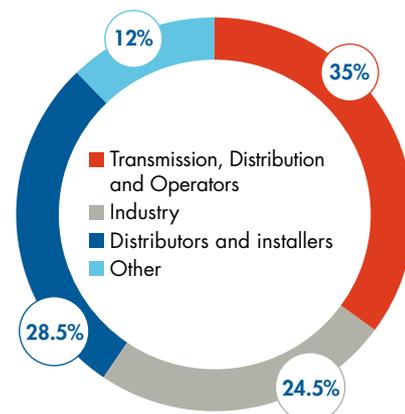
### KEY POINTS

- Increased momentum in the most profitable businesses: subsea, automotive harnesses and LAN cables.
- Improved mix in Europe.
- Slower activity due to market conditions in Brazil, Australia and in the Oil & Gas sector.
- Strategic initiatives progressing in line with expectations.

<sup>2</sup> Sales on the basis of constant non-ferrous metals sales recalculated after adjustments for exchange rates (+ €49 million) and scope (- €4 million).

## CONSOLIDATED SALES BY BUSINESS at current metal prices

€ millions	Q1 2015	Q1 2014	Organic growth
<b>Transmission, distribution et operators</b>	<b>560</b>	551	<b>+ 1.8%</b>
Transmission	-	-	<b>+ 16%</b>
Distribution et Operators	-	-	<b>- 6.7%</b>
<b>Industry</b>	<b>393</b>	358	<b>+ 6.7%</b>
<b>Distributors and Installers</b>	<b>457</b>	448	<b>0%</b>
<b>Other</b>	<b>191</b>	203	<b>- 10.2%</b>
<b>Total</b>	<b>1,601</b>	1,560	<b>+ 1.8%</b>



## SHAREHOLDERS' DIARY

### Stay connected

Log onto [www.nexans.com](http://www.nexans.com) to watch the recorded broadcast of the 2015 Mixed Shareholders' Meeting.

### Diary

> July 29, 2015  
2015 first-half financial information

### Join the Shareholder E-Club

Membership provides you with access to reports, video interviews and email alerts about Nexans news. Enrollment is free and there are no obligations. You simply need to have at least one registered or bearer Nexans share and a valid email address.

[www.eclub.nexans.com](http://www.eclub.nexans.com)

### Nexans share NYSE Euronext Paris, Compartiment A

- Share capital: €42,551,299
- Shares in circulation: 42,551,299
- Par value: €1
- ISIN code: FR0000044448
- Deferred settlement service
- SBF 120 index

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