

2018 THIRD QUARTER FINANCIAL INFORMATION

- Third quarter 2018 **+1.9%**¹ organic sales growth² (**+6.1%** excluding High Voltage & Projects segment), with a **-0.5%** organic decrease for the first nine months of the year;
- High Voltage & Projects segment down **-16.0%**, due to (i) postponements of contracts and awards of contracts in the first half of the year and (ii) a difficult third quarter for the land high voltage business (**-23.1%** on an organic basis). Orders for the submarine high voltage business buoyant since July, should enable the order book to top one billion euros by year-end;
- Strong organic growth in sales of cables for the building market (**+11.5%**). Growth below expectations for industrial cables despite a favorable trend (**+6.5%**). Stable sales for Telecom & Data cables (**-0.1%**) and medium voltage cables (**-0.2%**);
- Persistently high commodity prices;
- In view of the context, operating margin is expected to come in around 185 million euros for full-year 2018, corresponding to an EBITDA³ of around 325 million euros.

Paris La Défense, November 9, 2018 – Nexans announces sales of 1,613 million euros for the third quarter of 2018, compared to 1,544 million euros in 2017. At constant metal prices⁴, third quarter sales totaled 1,108 million euros, representing year-on-year organic growth of **+1.9%**. Excluding the High Voltage & Projects segment (**-16.0%**), the organic growth figure for cable sales was **+6.1%**. For the first nine months of 2018, sales came to 4,895 million euros at current metal prices and 3,309 million euros at constant metal prices, corresponding to a **-0.5%** organic decrease.

Third quarter organic growth (**+1.9%**) followed the same pattern as first half of 2018, with another significant increase in sales of cables for the building market, while sales of distribution cables remaining roughly stable. The Group's other segments performed as follows:

- Organic sales in the High Voltage & Projects segment continued to contract at the same rate as in first half 2018. The Group suffers from the adverse effect of postponements of projects originally scheduled for the second quarter, as well as a lower workload in the land high voltage business. The intense tendering activity, particularly in the submarine high voltage business, with robust order

¹ The third quarter 2018 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 had a -37 million euro impact on sales at constant non-ferrous metal prices during the period and there was no impact from changes in the scope of consolidation.

² 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.

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

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 constant prices for copper and aluminum.

intakes over recent months confirm that the order book will exceed one billion euros by year-end.

- The positive momentum for specialty cables continued, with an improvement in quarter-on-quarter organic growth (from +0.6% in the first quarter of 2018 to +6.5% in the third quarter). Automotive harnesses and other industrial cables were both lifted by the trend. In the Telecom & Data segment, higher demand for optical fiber cables combined with the gradual recovery in sales of LAN cables and systems in the United States led to stable sales compared with the third quarter of 2017.

Commenting on the Group's performance, Christopher Guérin, Nexans' Chief Executive Officer, said:

“This third quarter, with its sharp growth in sales of cables not reflected in our margin, is demonstrative of the Group’s current challenges.

For this reason, we also announce today a transformation roadmap to change Nexans value delivery model.

This plan will focus the Group on selective growth rather than absolute growth, as well as on increasing return on capital employed and cash generation.

Nexans now has a precise, targeted roadmap to counter the specific challenges raised during fiscal year 2018”.

CONSOLIDATED SALES BY SEGMENT

	Q3 2017	Q3 2018	Organic growth Third quarter	Organic growth YTD (first nine months)
(in millions of euros)	At constant metal prices	At constant metal prices		
Building & Territories	436	441	+5.4%	+3.7%
High Voltage & Projects	214	177	-16.0%	-18.4%
Telecom & Data	119	120	-0.1%	-2.9%
Industry & Solutions	268	288	+6.5%	+2.8%
Other Activities	72	81	+20.1%	+20.8%
Group Total	1,109	1,108	+1.9%	-0.5%

Building & Territories

Third quarter sales generated by the Building & Territories segment amounted to 695 million euros at current metal prices (441 million euros at constant metal prices). This corresponds to an organic growth of +5.4% for the third quarter and +3.7% year-to-date (versus +2.9% for the first half of the year).

Sales of **power cables for the building market** continued on the upward trend that began in the second half of 2017, rising by +11.5% year on year in the third quarter of 2018. All of the Group's regions contributed to this growth, which reached the double digits in some cases.

In Europe, year-on-year growth came to +10.3%, with sales clearly accelerating in France and Belgium.

North America's sales performance remained robust, with organic growth reaching +15.1%, led by Canada.

South America maintained the upward trajectory experienced in the second quarter of 2018, with +3.4% organic sales increase in the third quarter, fueled by the developments undertaken in Colombia and the completion of industrial transfers carried out in Brazil (with the Americana plant closing in September 2018).

The Asia-Pacific region reported +12.6% growth, led by the quarter-on-quarter improvement in sales to Australia's major distributors, even as demand flagged in the South Korean market.

Lastly, Morocco and Turkey were the main growth drivers in the Middle East/Africa region.

Sales of **distribution cables and accessories** remained stable year on year (-0.2%) coming in below our expectations at mid-year 2018.

As in the first half of 2018, business continued to be impacted by the non-renewal of several major contracts. In Europe (which represents over 50% of the sub-segment's sales), this negative impact was offset by higher volumes of cable sales, which rose +3.9% in third quarter 2018. In contrast, sales of accessories contracted by -5.3%.

At the same time, the Asia-Pacific region experienced lower sales volume (around -8.0%), mainly affecting Australia and China. The Middle East/Africa region was negatively impacted by market slowdowns in Lebanon and Morocco.

Lastly, third quarter sales for this sub-segment increased sharply in both North America (with organic growth of +14.1% versus -15.4% in the first half of 2018) and South America (organic growth of +7.9% versus -2.4% in the first half).

High Voltage & Projects

Sales generated by the High Voltage & Projects segment amounted to 194 million euros at current metal prices and 177 million euros at constant metal prices in the third quarter of 2018. Organic growth remained negative (at -16.0% versus -19.6% in the first half of the year), due mainly to the land high voltage business whose sales downturn exceeded 20% on an organic basis. However, for the first nine months of the year, sales were down -18.4% on an organic basis.

Third quarter trends were very similar to those in the first half, and the positive impacts of the production start-ups for the land and submarine high voltage contracts (already into the order book in the second half of the year) will not be reflected in the full-year 2018 results.

The **land high voltage cables** business continued to be impacted by a lower workload in Europe, resulting in a -23.1% organic sales decrease in the third quarter of 2018. In view of this context, the Group is continuing to explore solutions to reduce costs and streamline its organizations. Given the measures that need to be taken, the review currently in progress of this business's long-term outlook will result in around 30 million euros worth of asset impairment for 2018.

Sales of **submarine high voltage cables** fell -13.8% year on year in third quarter 2018 (versus a -18.6% decrease in the first half). This decline, which was announced in June 2018, was due to postponements of contracts and projects initially scheduled for the second half of the year. On the operational front, the submarine high voltage business continued to optimally deliver on its contracts during the three months ended September 30, 2018.

Telecom & Data

The Telecom & Data segment' sales for third quarter 2018 were roughly stable year on year (-0.1%), representing 137 million euros at current metal prices (120 million euros at constant metal prices).

Sales figures were impacted by a weak performance from the **special telecom** (submarine) business. This was due to an ongoing difficult situation for this sub-segment, whose sales contracted -36.9% on an organic basis in the third quarter of 2018 and -26.0% year-to-date, reflecting the significantly adverse impact of the reduction in submarine telecom projects. The Group does not expect the picture to improve for this sub-segment in the fourth quarter.

Meanwhile, the **LAN systems and cables** business posted a -1.4% organic sales decrease in third quarter 2018.

In North America, sales of LAN cables began to pick up slowly in the United States (+2.4% in the third quarter versus -9.6% in the first half), following three consecutive semesters of organic decreases. The copper offering returned to normal sales volumes but sales of optical fiber cables (a minority portion of the portfolio) declined sharply. In Europe, sales continued to fare well.

Lastly, sales to **telecom operators** maintained their growth trajectory (+11.2% in third quarter 2018), buoyed by strong demand for optical fiber cables and connection accessories in Europe, mainly in France and Belgium. Although the Group only has a modest level of telecom infrastructure business in its other regions, sales remained stable overall, with the brisk market in Brazil offsetting weak sales in Lebanon and South Korea.

Industry & Solutions

Sales for the Industry & Solutions segment amounted to 345 million euros at current metal prices and 288 million euros at constant metal prices, representing an organic increase of +6.5% versus third quarter 2017 and +2.8% year-to-date.

In **Transportation**, growth for the quarter was +6.5%. Sales of automotive harnesses rose once again, advancing +6.4% on an organic basis in the third quarter, led by a persistently buoyant market in North America (especially for trucks). Conversely, in Europe, following the introduction of the new WLTP vehicle emissions standards, the number of registrations – which had increased since the beginning of the year – dropped in September, pointing to a weaker year-end performance.

After an exceptional growth of around +30% in the first half of the year, sales of railway cables continued to rise during the third quarter but at a slower pace (+5.4%). Sales of cables for shipyards (for the Oil & Gas⁵ sector) climbed +37.2% (but starting from a low basis) thanks to an upturn in business in China, South Korea and Germany. Supplies of aeronautical cables inched down – a trend that is expected to continue in the fourth quarter.

Sales in the **Resources** sub-segment were up +12.7% on an organic basis in third quarter 2018, marking a sharp contrast with the decrease posted in the first half. The mining cables recovery grew even stronger, with sales soaring +29.5%, led by North America where production capacity is becoming stretched. The oil sector picked up overall, on a par with 2017. However, sales of wind turbine cables retreated -6.6%, mainly due to lower business activity in Europe.

Other Activities

The Other Activities segment – which essentially corresponds to sales of copper wires – reported sales of 81 million euros at constant metal prices, representing an organic increase of +20.1% in third quarter 2018 (+20.8% year-to-date), with Canada leading the way.

A conference call is scheduled today at 10:00 a.m. (Paris time).

To take part, please dial one of the following numbers:

- *In France:* +33 (0)1 71 23 01 07
- *In the United Kingdom:* +44 (0)1296 480 180
- *In the United States (toll-free number):* +1 718 354 1176
PIN: 937667#

The local numbers to call to listen to a replay of the conference (available in the afternoon) are:

- *In France:* +33 (0)800 94 41 12
- *In the United Kingdom:* +44 (0)2071 369 233
- *In the United States:* +1 617 213 4164
To listen to the conference, please enter 76259678

Financial calendar

February 14, 2019: 2018 Full year results

⁵ Oil & Gas activities cover (i) cables for oil and gas production and refining and for Asian shipyards, and (ii) umbilical cables.

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 include a description of the Group's risk factors – particularly those related to the investigations into anti-competitive behavior launched in 2009 and the Group's outlook. Readers can also refer to chapter 3 of the 2018 half-year financial report, "Risk factors and main uncertainties".

The Group's outlook for second half 2018 and its 2019-2021 strategic plan are subject to major uncertainties relating to (i) the geopolitical and macroeconomic environment, (ii) potential changes in market trends, and (iii) performance risks. They mainly include:

- *The uncertainty in the economic and political environment in Europe including the possible consequences of Brexit which could lead to lower growth ;*
- *The impact of protectionist trade policies triggered notably by the current US government as well as growing pressures to increase local content requirements ;*
- *Geopolitical instability including embargoes of Qatar and Iran, political instability in Libya and Ivory Coast, as well as persistent tensions in Lebanon, the Persian/Arabian Gulf and the Korean peninsula ;*
- *The continued uncertain political and economic situation in South America, particularly in Brazil, 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 ;*
- *Abrupt changes in non-ferrous metal costs that can impact short term customers' purchasing patterns;*
- *A significant drop in metal prices leading to core exposure reevaluation and a direct impact on net income, though without impact on cash or operational margin;*
- *The impact of rising inflationary pressures, notably on raw material costs (resins, steel etc.) and labor costs which may impact competitiveness depending on the ability to pass them through into the selling prices to our customers;*
- *The impact of changes in exchange rates on the conversion of the financial statements of the Group's subsidiaries located outside the euro zone.*
- *The sustainability of the high rates of growth and/or Nexans' market penetration in the segments related to renewable energy development (wind and solar farms, interconnections etc.);*
- *The speed and magnitude of recovery in the LAN cabling markets in North America and the Group's ability to take advantage of the strong growth in large data centers;*
- *The risk that the expected sustained growth in the automotive markets in North America and in the electric vehicle market worldwide does not materialize;*
- *The Group's ability to adapt to changes in O&G customers' investments in exploration and production in reaction to oil and gas price fluctuations;*
- *The risk that certain programs designed to improve the Group's competitiveness such as programs of design to cost, fixed cost reductions, R&D and innovation programs, or certain business development plans targeting new markets, experience delays which can result from the speed in technology transfer on obtaining customer qualifications, or which otherwise do not fully meet their objectives;*
- *The risk in particular that the time and cost foreseen to return Land High Voltage activities to profitability will not be met;*
- *The risk that the timing of expected contract awards or entering into force of contracts in submarine cables are delayed, or accelerated, which can result in unused capacity, otherwise disrupt planning, or exceptional capacity utilization in any given year;*
- *The inherent risks related to carrying out major turnkey projects for submarine high-voltage cables. Those might 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 DoWin6, which will be the first contract to supply and install HVDC extruded insulation cables), leading to a high capacity utilization rates of the plants involved;*
- *The 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 to 2021 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 off-shore 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 player 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), the International Cablemakers Federation (ICF) and CIGRE to name just a few.

Nexans employs nearly 26,000 people and has an 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 visit: www.nexans.com

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Appendices

(in millions of euros)

	Third quarter	
	2017	2018
Sales at current non-ferrous metal prices by segment		
Building & Territories	662	695
High Voltage & Projects	231	194
Telecom & Data	132	137
Industry & Solutions	314	345
Other Activities	205	242
Group Total	1,544	1,613
Sales at constant non-ferrous metal prices by segment		
Building & Territories	436	441
High Voltage & Projects	214	177
Telecom & Data	119	120
Industry & Solutions	268	288
Other Activities	72	81
Group Total	1,109	1,108

Impact of changes in the scope of consolidation and exchange rates on sales at constant non-ferrous metal prices

	Third quarter 2017	Currency effect	Organic growth	Effect of changes in scope of consolidation	Third quarter 2018
Building & Territories	436	(14)	23	(3)	441
High Voltage & Projects	214	(4)	(34)	0	177
Telecom & Data	119	(2)	0	4	120
Industry & Solutions	268	(1)	18	4	288
Other Activities	72	(1)	14	(4)	81
Total	1,109	(22)	20	1	1,108