



CORE TAG™: The new anti-theft cable from Nexans.

MARCH 2013

Shareholder Newsletter 30

Message from the Chairman

Several major initiatives implemented in 2012 are strategic for our Group's future. The integration of AmerCable, the leading North American company for mining and oil & gas industry cables, provides the potential for global growth in this dynamic and profitable market. The creation of an extra high voltage cable plant in the United States will enable us to profit from the modernization and extension of power distribution grids in North America. The acquisition of the power cables business from Chinese group Shandong Yanggu has opened up new prospects for Nexans in China and more broadly across Asia. Our financial resources were secured and our debt structure optimized. We signed an agreement with our reference shareholder Madeco allowing it to lift its stake in Nexans to 28%. This is a reflection of its trust in our Group.

We operated in an uneven economic environment that deteriorated significantly in the second half of 2012 and we encountered difficulties in implementing underwater high voltage contracts. These factors combined prevented us from achieving the expected results. The figure for our sales is unchanged on a comparable basis.

(1) At constant non-ferrous metal prices.

The operating margin came to 202 million euros, or 4.2% of sales⁽¹⁾, compared with 5.7% in 2011. The net income (Group share) was 27 million euros. The Board of Directors will put to the Annual Shareholders' Meeting the payment of a dividend of 0.50 euros per share, compared with the previous 1.10 euros.

The environment appears uncertain as we head into 2013, especially in Australia and Brazil, and recessionary in Europe. The profitability of our underwater high voltage business will improve, but will still not be back to normal. At present, we are expecting operational profitability to be roughly the same as in 2012. To ensure our Group's growth matches its potential, we must protect and restore our competitiveness. In this respect, we will be examining a draft plan aimed at eventually making savings of about 70 million euros in Europe. This project will in particular concern land-based high voltage cables, special cables for industry and administrative structures in general. It will be presented to the relevant employee representative bodies in the third quarter of 2013.

At its January 14 meeting, the Board of Directors adopted the main outline for the 2013-2015 strategic plan, which sets the direction for the Group in terms of markets, products and industrial policy.

In an unchanged economic climate, the aim is to raise the operating margin by 2015 to 350 to 400 million euros and the return on capital employed to above 11%. We will be able to achieve these targets by regaining our performance in underwater high voltage cables, growing land-based high voltage business in the United States and Asia, improving our competitiveness in mature markets, and adopting an offensive growth strategy on targeted markets with potential for a high growth rates and profitability. I am confident in our ability to carry this plan through to a successful outcome and I thank you for your support.



Frédéric Vincent
Chairman and CEO



LATEST NEWS

- 2012 Full-year results
- Analysis by business segment
- Questions for Nicolas Badré, Chief Financial Officer



MARKETS & SOLUTIONS

- 2012 world overview
- China: close-up on Shandong Yanggu



CHALLENGES & OUTLOOK

- Europe: the new structure delivers on its promise
- High voltage and underwater cables: operations gradually stabilizing



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Log onto www.nexans.com/2012annualresults to view the presentation of the full-year 2012 results on February 7, in Paris: business overview and outlook by Frédéric Vincent, and presentation and analysis of the financial results by Nicolas Badré.



Global expert in cables and cabling systems

Full-year 2012 results



Key figures

- 2012 sales stable on the basis of comparable data
- High voltage underwater cable business improved in the second half
- Operating margin: 202 million euros
- Net debt: 606 million euros
- Proposed dividend: 0.50 euros per share
- Draft savings plan: 70 million euros
- 2015 operating margin target: 350 to 400 million euros

In millions of euros	2011	2012
Net sales	6,920	7,178
Sales at constant metal prices ⁽¹⁾	4,594	4,872
EBITDA ⁽²⁾	397	351
Operating margin	261	202
Operating margin rate ⁽³⁾	5.7%	4.2%
Provision for European anti-competition risk ⁽⁴⁾	(200)	-
Restructuring cost	(22)	(21)
Net income (Group share)	(178)	27
Net financial debt	222	606
Net debt/Shareholders' equity	12%	33%

Organic growth: negative 0.3%

Sales came to 7.2 billion euros compared with 6.9 billion euros in 2011.

The scope and exchange rate effects are positive at 1.57 and 1.35 million euros respectively.

At constant non-ferrous metal prices, sales came to 4.9 billion euros. On the basis of comparable data, sales decreased by 0.3%.

Operating margin rate: 4.2%

The operating margin rate fell by 1.5 points compared with fiscal year 2011. Nonetheless, it rose by 1.1 points between the first and second halves of 2012 on the back of improved underwater cable business.

The other businesses reported varying performances depending on the geographic area.

Net income (Group share): 27 million euros

The net financial debt came to 112 million euros, restructuring costs to 21 million euros and company income tax to 5 million euros, compared with 110 million euros, 22 million euros and 31 million euros respectively in 2011.

The net income (Group share) was therefore 27 million euros. It was a net loss of 178 million euros in 2011 after setting up a provision of 200 million euros to cover the risk of the European Commission imposing fine on the Group for anti-competitive conduct.

Proposed dividend: 0.50 euros

The Board of Directors will submit to the Shareholders' Meeting the payment of a dividend of 0.50 euros per share for fiscal year 2012, compared with the 1.10 euros for 2011.

Net debt/Shareholders' equity: 33%

The consolidated net debt was 606 million euros at December 31, 2012, compared with 222 million euros at December 31, 2011. This change is mainly attributable to the acquisition of AmerCable accounting for 211 million euros, and Shandong Yanggu for 127 million euros. The Group's financial structure is nonetheless still very solid with financial debt equating to one third of shareholders' equity and 1.73 times EBITDA.

2013 outlook and 2015 targets

For 2013, the Group is currently expecting its operational profitability to be roughly the same as in 2012 and is examining a draft plan to eventually save about 70 million euros in Europe in order to restore its competitiveness. The sectors concerned are mainly land-based high voltage cables, special cables for industry and administrative structures. This project will be presented to the relevant employee representative bodies in the third quarter of 2013.

For 2015, all economic conditions being equal, the aim is to achieve an operating margin of about 350 to 400 million euros and a return on capital employed of more than 11%.

Nexans Excellence Way adopted by 75 sites

The Nexans Excellence Way program is still being rolled out and embedded having been adopted by 75 sites, 16 of which have made significant progress. It has also been expanded to include the supply chain and purchasing.

Workplace safety: 23% improvement

The frequency of time-off accidents per million hours worked fell by 23% in 2012. The rate was 5.9 compared with 8.3 in 2011 and 15 in 2009.

Innovation: 78 new patents filed

As one of the Top 50 most innovative companies in France⁽¹⁾, Nexans strives to meet customers' needs with 600 research engineers and technicians, 4 research centers, a research budget of 81 million euros in 2012 and a portfolio of 600 patents.

(1) INPI (French Institute of Industrial Property) 2012.

(1) At constant non-ferrous metal prices.
 (2) Operating margin before amortization.
 (3) As a % of sales at constant non-ferrous metal prices.
 (4) The final financial consequences may be different as the Group is subject to investigation by other anti-trust authorities in the same areas of business.

Questions for...



Nicolas Badré,
Chief Financial Officer

What is the Group's liquidity situation?

It is solid with significant resources. We made two calls on the market in 2012 to diversify our sources and extend the average term of our debt. We issued a 275 million euro OCEANE⁽¹⁾ maturing in February 2019, followed by a 250 million euro bond maturing in December 2018. Both these operations were well received by investors. We have no reimbursement to make before 2016 and then from 2016 to 2019, our schedule is well balanced. We also increased our syndicated credit facility from 540 to 600 million euros with more flexible cover conditions.

What investments are you planning in 2013?

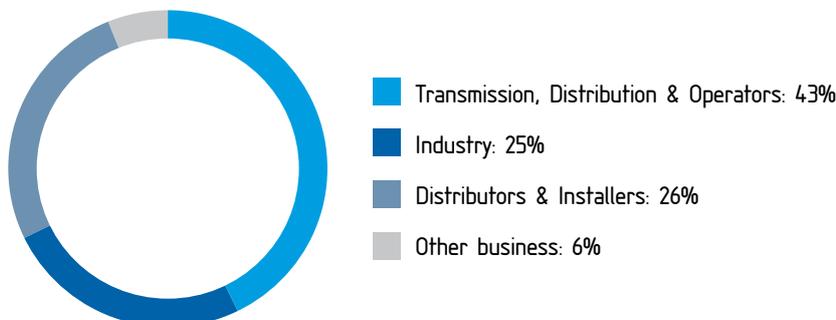
Our industrial investments should be around 200 million euros compared with 161 million euros in 2012. This envelope includes the equipment for our new very high voltage cable plant in the United States, which will employ the best available technology. We will also be investing in China to enable Shandong Yanggu to expand its production of 220 kV high voltage cables. We have not programmed any acquisitions, but we remain open to any opportunities that may present themselves. Our financial flexibility allows us to adopt this position.

Are you expecting to withdraw from any business?

Several months ago, we announced we had received expressions of interest for Berk-Tek, our American subsidiary specialized in LAN data networks. The process is ongoing and we will decide what action to take in the first quarter. We have no other divestments planned.

Analysis by business segment

Breakdown of 2012 sales⁽²⁾ by business



Transmission, Distribution & Operators

Sales⁽²⁾: 2,088 million euros
Operating margin: 70 million euros
Operating margin rate⁽²⁾: 3.4%

• Underwater cables and systems

(25% of segment sales): business, down by 6.6%, and results suffered from the operating difficulties that delayed invoicing. An extensive action plan has been implemented to remedy the situation (see p. 7). The order backlog represents 2.5 years' activity.

• **Land-based high voltage** (13% of segment sales): business is unchanged at a low level. The strong competitive pressure and insufficient security in Libya to revive installation activities in that country weighed on the results. The order backlog represents one year's activity.

• **Distribution** (53% of segment sales): business contracted by 4% with significant differences between countries: growth in France, Norway, North America and Lebanon; slower sales in Germany, Russia, Morocco, Egypt, Korea, Australia and Brazil.

• **Telecom operators** (9% of segment sales): business grew by 3% driven by high demand for fiber optic cables in Europe.

Industry

Sales⁽²⁾: 1,195 million euros
Operating margin: 44 million euros
Operating margin rate⁽²⁾: 3.7%

• **Automobile and industry bundles** rose by 8.5% on the back of the success of German premium automakers.

• **In transportation**, the aeronautical industry is very buoyant. Traditional shipbuilding declined, but there was strong growth in offshore oil & gas applications. Rail business contracted sharply as a result of the temporary stop to investment in China.

• **Energy and mining resources** reported significant growth. Nexans AmerCable has considerably strengthened the Group's position on these market segments and contributed positively to its results.

• **Capital goods** and automation plummeted, mainly in Europe, which accounts for the bulk of activity in this segment.

Distributors & Installers

Sales⁽²⁾: 1,285 million euros
Operating margin: 78 million euros
Operating margin rate⁽²⁾: 6.1%

• In Europe, 39% of the segment's sales, business tapered by 6% due to slowing demand in France and Scandinavia, the Group's main markets.

• Sales rose in North and South America, Asia-Pacific and in the Middle East, Russia and Africa area which respectively account for 24%, 13%, 14% and 9% of this segment's sales.

Other business

Sales⁽²⁾: 304 million euros
Operating margin: 10 million euros
Operating margin rate: n.m

This segment covers all other business and electrical wires for which sales improved, mainly in North America.

(1) Convertible bond and/or exchangeable for new or existing shares.

(2) At constant non-ferrous metal prices.

2012 world overview

In all geographic areas, except North America, business varied sharply between countries and between markets.

Europe

The year was marked by the success of the new integrated structure that has improved responsiveness to customers' needs and lightened the cost structure, and by the difficulties encountered in high voltage business and softening European domestic demand in the second half.

> **CORE TAG™**, Nexans' new anti-theft cable, is being used by the Réseau Ferré de France (French rail infrastructure operator). The owner's name is indicated on a fire-resistant copper band integrated in the conductor. This patented solution is ideal for use in many sectors affected by cable theft.



Middle East, Russia and Africa

Sales held up well in Morocco despite an increasingly difficult economic context, in particular because the dynamic export sector, offsetting the sharp production downturn in Egypt.

Nexans started up production at the plant created in Morocco with Alstom to equip tramways and high-speed trains.

> **Large projects.** Nexans is providing cables for the Barzan Onshore Gas Plant (Qatar), South Yoloten Gas Field (Turkmenistan), KPR refinery in Mombasa (Kenya), and the first wind farm in Pakistan.



North America

All businesses reported strong growth, except LAN cables. Nexans integrated AmerCable, the leading North American cable maker supplying mining and oil & gas sites, and began construction of an extra high voltage underground cable plant to capitalize on demand expected to double by 2020.

> **The Curiosity rover** has been exploring Mars since 2012. Curiosity is equipped with power, command and data cables manufactured by Nexans in the United States.



South America

Growth was trending well on all markets except for the overhead power lines segment in Brazil, which is expected to build up momentum again in 2013. The Group took advantage of this pause to improve its manufacturing efficiency.

> **Major contract.** Nexans is supplying cables for a 168,000 sqm conference center near Fortaleza (Brazil): more than 800 km of power distribution cables manufactured at the Americana and Rio de Janeiro plants.



Asia-Pacific

The stop to rail investment in China until October and the downturn in energy infrastructure cables in Australia and South Korea explain the trend for this activity. Nexans finalized the acquisition of 75% of Shandong Yanggu, one of China's leading manufacturers of cables for electricity grid operators.

> **Adaptation.** Nexans is working with the shift at South Korean shipyards to LNG carriers, ocean drilling vessels, FPSO (floating production, storage and offloading) vessels, and offshore wind farms.



Geographic breakdown of 2012 sales⁽¹⁾



- Europe: 56%
- Middle East, Russia and Africa: 7%
- North America: 15%
- South America: 9%
- Asia-Pacific: 13%

(1) By origin, at constant non-ferrous metal prices.

Shandong Yanggu opens a new chapter in the history of Nexans in China

At the end of August, Nexans finalized the acquisition of 75% of the energy infrastructure cables business of Shandong Yanggu Cables Group, which is associated with the new company through a 25% stake in the equity.



Book of Hope

Shandong Yanggu and its employees demonstrated their solidarity by donating a library to a primary school close to the site attended by many migrants' children.

Located in Shandong province, northeast China, Shandong Yanggu New Rihui manufactures high, medium and low voltage power cables. It books sales of around 150 million euros and has about 1,200 employees.

Now we do with Shandong Yanggu, which is fully qualified for 110 and 220 kV cables by State Grid Corporation of China (SGCC), the national electricity grid operator, and CSG, the operator in the country's south.

Questions for...



Satrijo Tanudjojo,
Country Manager, China

What will Shandong Yanggu contribute to Nexans?

It's a decisive step toward gaining a position on the Chinese energy infrastructure market, since it is essential to manufacture locally to be qualified by electricity companies in China. Nexans already manufactures cables for industry in China, in particular for the nuclear and rail transportation segments, but we had no manufacturing base to serve electricity transmission and distribution operators.

What are your strategic priorities?

We are clearly targeting projects where we can provide a difference through our technology and engineering, product quality and service solutions. This is the position Nexans targets for all its activities in China. In addition to China, we wanted to develop an efficient and competitive manufacturing base to serve the rapidly growing Asian markets.

"We are clearly targeting projects where we can provide a difference through our technology and solutions."

How is the integration of Shandong Yanggu organized?

A 100-day program has been implemented to ensure the sound integration of all functions: quality, safety, operations, human resources, finance, compliance and communication. Shandong Yanggu employees are highly motivated.

China: the world's No. 1 energy infrastructure market

Under the 12th five-year plan (2011-2015), 190 billion euros will be invested in electricity transport. China will increase its inter-regional transport capacity and plans to build a very high voltage transmission network to link the main power generation centers in the north and west to the main consumption areas in the east and south. There is also a project to develop intelligent networks: a field in which Nexans can contribute a great deal.

Developments in Industry

Growth in China is expected to exceed 8% a year from 2013 to 2016 with excellent prospects in sectors with a high-technology component for which Nexans has been qualified: high-speed trains with 5,200 km of new lines planned already in 2013; the aeronautical industry with the ramp-up of the Airbus A320 in Tianjin and Comac's mid-range C919 aircraft scheduled to enter service in 2016; the revival of China's nuclear program, the creation of offshore wind farms, as well as the mining, and oil & gas markets through Nexans AmerCable.

Europe: become the benchmark for service quality and innovation

Nexans is keen to make the best use possible of its manufacturing base in Europe to increase its market share and profitability in order to fund its growth investments. The new integrated structure in Europe aims to help focus on this goal.

Questions for...



Pascal Portevin
Senior Corporate
Executive Vice President in
charge of the Europe Area

Rollout of the new structure in Europe was completed in 2012. What are the benefits?

Our structure has been designed to reflect that of our major customers, which have also restructured in Europe. Now, each has a single point of entry at Nexans with a dedicated contact who is in a position to mobilize all the resources required. The supply chain, with a manager in each country and in each plant, enables us to provide a differentiating service delivering excellence in terms of deadlines and service. This structure also allows us to develop our positions with major accounts in countries where we were not able to provide efficient service under the previous structure.



Can you give us some examples?

Our electricity grid operator customers generally sign contracts with us spanning several years. We have undertaken to qualify at least two plants to service each contract. In 2012, this meant we could allocate the French plant in Bourgen-Bresse to supply customers in Belgium and Germany within the required timeframes, but which our plants in Charleroi (Belgium) and Hanover (Germany) were unable to do because their workloads were too high. Our added value services, like working with our customers to redesign to cost, ready-to-install systems or shared inventory management also give us an edge. It enabled us to win three tenders with Siemens to supply cables for wind turbines, machine tools and rail rolling stock.



Eddy Spytkowski
Cross Sector Commodity Manager
Philips

“Having a single contact at Nexans means we can get relevant answers to our questions much faster: for the customer, that’s a tangible improvement.”



High-voltage and underwater cables: operations gradually stabilizing

Interconnections between countries, links between islands and continents, delivery of electricity from offshore wind farms, umbilical cables for oil and gas platforms and telecommunications: high voltage and underwater applications are enjoying high global demand.

Question for...



Frédéric Michelland

Senior Corporate Executive
Vice President, High-Voltage
and Underwater Cables Business
Group, and North America
and South America Areas

What is the situation in the first quarter 2013?

The main risks – image, finance and managerial – identified in 2012, notably linked to the execution of existing contracts, were contained. Crisis situations were managed by the teams and in the field.

At the same time, we concentrated on adapting our operating methods more structurally in these activities in order to bring them into line with the market's new requirements in terms of growth, increased complexity and excellence standards. Senior management, the organization and teams were reinforced. The basic processes were reviewed and some are now being recast, especially the interfaces between different departments.

Performance indicators have been gradually developed to set shared and mutually understood targets, and to measure the progress made. Concurrently, we redefined our three-year goal because without a forward vision, it is difficult to embed such a transformational project for the long-term. I'm confident about the future even if we aware that we need to remain very vigilant. This confidence is shared by our customers: in December, we won a record contract worth around 300 million euros and our order backlog now exceeds one billion euros.



The average size of projects has doubled in 10 years

Nexans doubled the capacity of its Halden (Norway) plant in 2011, however, the rapid sequencing of our new contracts made possible by the increase in our production facility's capacity had not led us to rethink either our organization or the way we work. This fact contributed significantly to revealing the structural weaknesses in our operating methods in this business.

Order backlog of 1 billion euros and a record contract

Nexans won a record contract with Terna worth about 300 million euros

to supply and lay one of the underwater cables linking in direct current Italy to Montenegro across the Adriatic Sea.



Watch the video on www.nexans.com/terna-en

Dirk Steinbrink, Executive Vice President High Voltage & Underwater Cables Business Group, comments on this success.

Other major contracts signed in 2012:

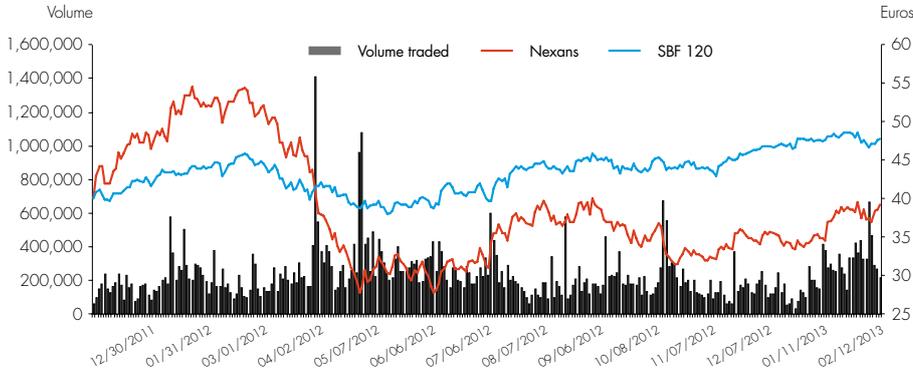
- An HVDC (High-Voltage Direct Current) line between Labrador and Newfoundland across the Belle Isle Strait in Canada – more than 80 million euros.
- High voltage cables for the Northwind wind farm offshore from Belgium – more than 50 million euros.



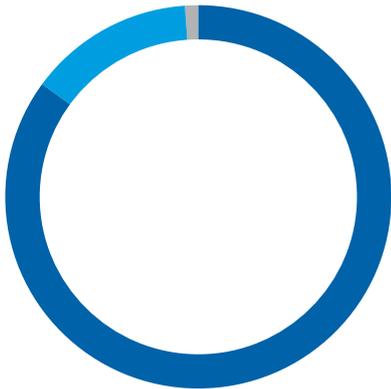
- Umbilical cables for Statoil gas projects in the North Sea, Norwegian Sea and Barents Sea – 45 million euros.
- A 10-year worldwide contract with BP International to supply umbilical cables and pipeline heating systems.

Stock price analysis

Change in the share price from December 30, 2011 to February 12, 2013



Breakdown of the capital (estimate at December 31, 2012)



- Institutional investors: 85%
of which:
 - Madeco (Chile): about 22.5%
 - FSI (France): 5.5%
 - Dodge & Cox (United States): 5.2%
 - Manning & Napier (United States): 5.1%
 - Third Avenue Management (United States): 5.1%
- Individual and employee shareholders: 14%
- Unidentified shareholders: 1%

Stock market data

- **Shareholders' equity:**
29,394,042 euros
- **Shares in circulation:**
29,394,042 (at January 31, 2013)
- **Par value:** 1 euro
- **ISIN code:** FR0000044448
- **Where listed:** Euronext Paris
compartment A
- **Deferred settlement service**
- **SBF120 index**
- **Ethibel Excellence Investment Register**
 - ESI Excellence Europe
 - ESI Excellence Euro

Shareholders' diary

- **March 13, 2013:** Information meeting for individual shareholders in Lyon*
- **April 25, 2013:** 2012 first-quarter financial information
- **May 14, 2013:** Annual Shareholders' Meeting
- **May 30, 2013:** Information meeting for individual shareholders in Lille*
- **July 25, 2013:** 2013 first half-year results

* Date subject to change.

Join us for the Nexans Annual Shareholders' Meeting

Tuesday, May 14, 2013

Théâtre Claude Lévi-Strauss
at the quai Branly museum,
Paris (France)

Join the Shareholder E-Club

or access to reports, video interviews
and Nexans news email alerts.

Simply register at
www.eclub.nexans.com



2G polyvalent superconductor
current limiter

Superconductivity thematic meeting

The first "Thematic Morning"
for Nexans' individual shareholders
was held at the company headquarters
on September 26, 2012.

Nicolas Badré, Chief Financial Officer,
and Jean-Maxime Saugrain, Corporate
Vice President Technical, addressed the
following subjects with Group individual
shareholders:

- The principles of superconductivity, its history and development over time;
- What is a superconducting cable or current limiter?
Composition, applications and advantages;
- Superconductivity at Nexans, pioneer in these fields,
past and present projects involving Nexans.

The conference was followed by a Q&A session in which other more technical aspects were addressed, such as, the manufacture of this type of cable and the physical properties of this energy transportation process.

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