

SHAREHOLDER NEWSLETTER



Dividend distributed

€ 0,50
per share

Net profit (group share)

€ 61 million

Result of strategic initiatives

€ 119 million
+22,6 %

Operating margin

€ 242 million
+24 %

Dear Shareholder,

The Annual Shareholders' Meeting was held on May 11 on the first call. I would like to thank all those who attended.

2016 was the second year of *Nexans In Motion*, our 2015-2017 transformation plan: it marks a return to profit despite the massive contraction in oil investments. The strategic initiatives have delivered the expected results. The operating margin is up 24% and our Group has produced a net profit of €61 million. This has allowed us to resume distributing a dividend set at €0.50, marking a sign of shared confidence in the resilience and prospects of our company, which turns 120 this year.

2017 will be a demanding year. The progress in the implementation of our plan and the delivery of significant high-voltage underwater projects allow us to maintain our target margin of €375 million for 2015-2017 - before inflation and pressure on prices. It also allows us to look forward to a further improvement in the operating margin, especially in the second half of the year.

Finalizing the alignment of our plants' performance on the best of them, continuing to optimize our structures and cross-business functions to improve our efficiency and productivity, and putting the Group back on the path to profitable growth by leveraging its capacity to serve the industries of the future: such are our aims.

The industries of the future for Nexans are the major underwater projects and advanced onshore solutions, the production of renewable electricity, electric mobility, highly energy-efficient data centers, telecommunications and high-capacity data networks. For all these markets, our Group has the technology and solutions that make the difference. This fills us with confidence.

Dear shareholder, we thank you for sharing that confidence just as we thank the Nexans teams for their commitment.



Georges Chodron de Courcel
Chairman of the Board of Directors



Arnaud Poupart-Lafarge
Chief Executive Officer

- > The Mixed Shareholders' Meeting was held on May 11, 2017, on the first call.
- > 71% of the capital was represented.
- > The Meeting approved the 26 resolutions submitted by the Board of Directors.

• **Georges Chodron de Courcel**, Chairman of the Board of Directors, opened the meeting thanking the Nexans teams for their results enabling the Group to once again distribute a dividend.

• **Arnaud Poupart-Lafarge**, Chief Executive Officer, presented the year's highlights and emphasized Nexans' contribution to the global energy transition through its major projects, innovations and the commitment of its Foundation to ensuring access to energy for the most underprivileged. He reviewed the changes in the business activities and the results of the *Nexans In Motion* plan's initiatives: in 2016, fixed costs were cut by €22 million and variable costs were reduced by €58 million; the market leadership actions focused on restoring margins drove €39 million benefit. The program aimed at selling, stopping or realigning business activities that are not sufficiently profitable is now almost complete.

• **Steven Vermeulen**, Executive VP Americas, discussed the Group's opportunities and strategy in these regions, which together account for sales of €1 billion with 14 plants and 3,000 employees.



Shareholders were invited to visit an exhibition of Nexans' contribution to the energy transition and an animated display of the 120 key dates in the history of the Group as it celebrates its 120th anniversary this year.

• **Andreas Wolf**, Executive VP of Automotive & Industrial Wire Harnesses BG, explained that innovation and closeness with customers, mainly German car manufacturers, has led to a fivefold increase in this business over the past 20 years and that it now exceeds €400 million.

• **Nicolas Badré**, Chief Financial Officer, analyzed the change in the Group's results and its financial structure, as confirmed by progress reflected in the 5.5% operating margin on sales⁽¹⁾, its strength with a net debt of 14%, an excellent

liquidity position and a balanced reimbursement schedule. S&P have upgraded their rating to BB stable, reflecting all these improvements.

• **Véronique Guillot-Pelpel**, Chairwoman of the Appointments, Compensation and Corporate Governance Committee, discussed the Committee's work, the structure and amount of compensation paid to the Chairman of the Board of Directors and the Chief Executive Officer, the long-term remuneration policy for senior management and high-potential talent.

2016 results

In millions of euros⁽¹⁾

	2016	2015
Sales	4,431	4,604
Operating margin	242	195
- as a% of sales	5.5%	4.2%
Operating income	185	(66)
Net financial expenses	(88)	(105)
Company tax	(37)	(25)
Net profit (loss) – Group share	61	(194)
Operating cash flow	224	191
Net investments	135	170
Net debt ratio	14%	16%

⁽¹⁾ At constant non-ferrous metal prices

> The main resolutions approved

- The distribution of a **€0.50 dividend** per share, ex-dividend May 16, payable on May 19, 2017.

- **The renewal** of the 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 and high-potential employees. These authorities represent a maximum dilution of around 2% of the shareholders' equity.

- **The transfer of the corporate headquarters** to Paris La Défense.

- **The renewal** for four years of the terms of office of **Andrónico Luksic Craig** and **Francisco Pérez Mackenna** as directors representing the main shareholder Invexans.

- **The appointment** for four years of **Marc Grynberg**, as an independent director to provide Nexans with his experience at the head of Umicore, a leading global materials technology and recycling group.

Further to these appointments, the Board of Directors has 12 Members of whom:

- > 5 are women,
- > 6 are independent directors in the sense of the criteria set out in the AFEP-MEDEF Code
- > 1 director representing the employee shareholders.

> First-quarter 2017 sales

Business grew by 1.2% on a like-for-like basis and by 4.4% excluding oil & gas.

- **On the infrastructure market** electricity **transmission** is growing strongly: the start of the production rollout for the Nordlink and Beatrice major underwater high voltage contracts (+70.6%) and the strong onshore high-voltage market (+6.7%) have largely offset the contraction in umbilical cables (-45.7%).

Distribution cables for energy operators are down by 11.3%.

Telecom cables grew by 22% driven by the rollout of fiber optic networks

- **For industry**, growth in automotive harnesses (+4.9%) and other segments (+3.2%) buoyed by the aeronautical, rail infrastructure, robotics and medical sectors, almost allowed to offset the tapering

business for the oil and mining industries (-38.7%).

- **For the construction market**, low voltage power cables remained steady (-0.1%); and LAN data cables are down (-11.8%) due to the destocking on a market that remains favorable nonetheless.

Consolidated sales by business at constant metal prices and on a comparable basis⁽¹⁾

In € millions	T1 2017	T1 2016	T1 2017 vs T1 2016 ⁽²⁾	T1 2017 vs T4 2016 ⁽²⁾
Transmission, distribution and operators	485	449	+ 5.9 %	+ 8.7 %
> Transmission	-	-	+ 25.0 %	+ 18.7 %
> Distribution and operators	-	-	- 6.5 %	+ 1.3 %
Industry	295	301	- 0.7 %	+ 4.7 %
Distributeurs et Installateurs	280	279	- 3.0 %	- 0.6 %
Other ⁽³⁾	76	76	- 3.6 %	+ 12.5 %
Total	1.137	1.104	+ 1.2 %	+ 5.5 %

⁽¹⁾ Sales on the basis of constant non-ferrous metals prices (€1,137 million) recalculated after adjustments for exchange rates (€30 million) and scope (negative €13 million).

⁽²⁾ Organic growth.

⁽³⁾ Mainly external sales of copper wire.



Photo: ©Adrien Teurlais

On June 6, Nexans moved into its new corporate headquarters in La Défense, in the Faubourg de l'Arche district.

Located between the Adria Tower and the Léonard de Vinci University campus, this separate building with a surface area of 10,000 sq. m on eight floors has innovative, collaborative and modular working spaces combined with a series of cutting-edge

applications that encourage greater creativity and innovation for developing unique solutions for customers.

This new site houses all 500 employees engaged in headquarter and French business activities who previously worked out of two sites in Paris and Clichy.

Grouping at the one site these activities, which already shared support services,

will encourage seamless relations and stronger team cohesion. It will also help boost the productivity of Group structures and reduce costs as the lease is lower than that of the former Paris headquarters.

Nexans has signed a nine-year lease for the entire building.

Stay connected

Log onto www.nexans.com/ag17 to watch the video of the 2017 Shareholders' Meeting

Diary

July 27, 2017:

2017 Half-year results

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www.eclub.nexans.com

Nexans share Euronext Paris Compartment A

- Share capital: € 43,411,421
- Shares in circulation: 43,434,766
- Par value: 1€
- ISIN code: FR0000044448
- Deferred settlement service
- SBF 120 index

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Publication Manager: Michel Gédéon /Editor-in-chief: Angeline Afanoukoe – June 2017
Photo credits: Nexans, Adrien Teurlais