

# SHAREHOLDER NEWSLETTER



**The expected contribution of the strategic initiatives is confirmed.**

**Start of a more active phase in optimizing the business portfolio.**

**Aim to resume payment of a dividend as soon as possible.**

**VIDEO** : watch the highlights of the Nexans 2016 Annual Meeting in 3 minutes on [www.nexans.com](http://www.nexans.com)

## Dear Shareholder,

The Nexans 2016 Annual Meeting was held on May 12 on the first call. I thank all of you who attended. It was an opportunity to review the past year, examine our strategic initiatives and discuss the outlook for Nexans. Two new highly experienced members were voted onto the Board.

As you know, Frédéric Vincent had announced the end of his term and the Directors of your company have appointed me as Chairman of the Board of Directors. You can count on my commitment alongside Arnaud Poupart-Lafarge whose vision I appreciate along with his ability to mobilize the teams and drive our transformation dynamic.

Nexans is a group with high potential, well-placed to respond to the challenges of the energy transition, urbanization, rapid growth in mobility and data transmission. The company's transformation has picked up pace and is delivering the expected results. The operating margin has improved by one-third and net debt was more than halved in 2015. No further proof is needed of the commitment to our company's results demonstrated by all the teams, employees, high potential talent and senior managers. We are on the right track.

We need to continue down this path and maintain the momentum built up by the strategic initiatives. Continue to improve our operating margin by further reducing our variable costs and focus our resources on the strongest and most profitable markets: that is the roadmap laid out before us.

We will be building on our solutions for renewable energy, smart and resilient networks, buildings and sustainable mobility, and more efficient datacenters. The innovations presented at the Annual Meeting reflect our Group's technological creativity and progress.

We are entering a more active phase in the optimization of our business portfolio. The capital invested in our businesses comes to a little over €2 billion of which €350 million could be put to better use in a different configuration (partnerships or disposals). It is with this in mind that we sold our business in Argentina, rail harnesses in Germany, and closed a small unit working for defense aerospace in the United States. Other similar operations will likely follow.

All these actions should eventually result in a marked improvement in our operating margin, even in the absence of a recovery in the business volumes. We would also like to resume as soon as possible the payment of a dividend to our shareholders who are providing us with the means to complete this transformation of Nexans. The entire Group is working flat out to achieve that.

I would like to thank each of our employees for their commitment just as I thank you, dear Shareholder, for your continued trust and support.



**Georges Chodron de Courcel**  
Chairman of the Board of Directors

- > The Mixed Shareholders' Meeting was held on May 12, 2016, at the first call.
- > 73.5% of the capital was represented.
- > The Meeting approved the 15 resolutions put by the Board of Directors.



- **Georges Chodron de Courcel**, Chairman of the Board of Directors, explained that the Group's new governance separating the roles of Chairman and Chief Executive Officer was working well. He expressed his confidence in Nexans' ability to successfully complete its transformation.

- **Arnaud Poupart-Lafarge**, Chief Executive officer, reviewed business developments in 2015 and the results of the strategic initiatives. €62 million has been cut from fixed costs out of the €135 million reduction to be made in costs over the three years. Variable costs have been trimmed by €10 million. Optimizing margins through a combination of industrial and commercial excellence, innovation and selectivity, delivered additional margin of €34 million in 2015.

« The restoration of Nexans' profitability is the *sine qua non* for its growth and it is our number one priority », concluded Arnaud Poupart-Lafarge.



- **Benjamin Fitoussi**, Executive Vice President, Middle East, Russia and Africa, which also includes Central Asia, addressed the opportunities in this region with its high growth potential and which represents a market worth €14 billion or 12% of the global cable market.

- **Nicolas Badré**, Chief Financial Officer, analyzed the Group's results and financial structure with its debt now reduced from €460 million to €201 million following a sharp reduction in the working capital requirement to which all teams contributed.

- **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.



- **Pierre Kayoun**, Corporate Vice President, Technology & Innovation, reminded the Meeting that Nexans is ranked among France's top 50 most innovative companies. He illustrated this point with the advanced solutions provided by the Group for the energy transition and applications in extreme conditions.

He also explained how digital technology is contributing to innovation and speeding up the development of new products and services.

### MAIN RESOLUTIONS APPROVED

- **The renewal** for four years of the term of office of **Colette Lewiner**, independent director.
- **The appointment** for four years of **Kathleen Wantz-O'Rourke**, as an independent director, and **Marie-Cécile de Fougères**, as a director representing the employee shareholders.
- **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.

**Nexans**  
**Act 2016**

Launched in May 2016, the Group's 7th employee share ownership plan will cover 23

countries and result in an increase in Nexans' shareholders' capital through a maximum of 500,000 new shares. The payment and issue of the shares is scheduled for July 28, 2016. Prior to this plan, the employees held 3.1% of the Nexans share capital.

## Nexans welcomes two new women Directors



**The Board of Directors with the Chief Executive Officer.** Left to right: Kathleen Wantz-O'Rourke, Philippe Joubert, Hubert Porte, Véronique Guillot Pelpel, Colette Lewiner, Andronico Luksic Craig, Marie-Cécile de Fougères, Cyrille Duval, Georges Chodron de Courcel, Arnaud Poupart-Lafarge, Fanny Letier, Jérôme Gallot and Francisco Pérez Mackenna.

**Marie-Cécile de Fougères** has worked for Nexans since 1999. Reporting to the Vice President Strategy and Transformation, she assists project managers. Previously, she worked at Nexans in administration control, logistics and supply chain, information technology and project management in France and around the world. With a Master's degree in Fundamental Physics, Marie-Cécile de Fougères is also a graduate of the Lyon School of Business.

**Kathleen Wantz-O'Rourke**, who has just joined Akka Technologies, has held positions in finance and general management in Siemens' subsidiaries, and then at Engie as Director Corporate Performance and Transformation. She is a Member of the Supervisory Board of Compagnie Nationale du Rhône and Director of Trust Management Institute. Franco-Australian, Kathleen Wantz-O'Rourke has a Master's degree in Administration Sciences from Paris Dauphine University and is a graduate of the Institut de Haute Finance.

Following these appointments, the Board of Directors has 12 members including:

- 5 women
- 6 independent members in accordance with the AFEP- MEDEF code criteria
- 1 member representing the employee shareholders.

Watch the video about the profiles of the new Board Members on [www.nexans.com/2016asm](http://www.nexans.com/2016asm)

## 2016 FIRST-QUARTER SALES

**Sales on a comparable basis<sup>1</sup> fell by 1.5%** as expected compared with the same quarter a year earlier, but rose 2.4% on the final quarter 2015.

These changes are primarily attributable to the timing for underwater high voltage projects.

**The trends observed at the end of 2015 have continued overall**, and are resulting in widely varying situations:

- Robust growth in automobile harnesses, aerospace, wind power, and cables and LAN systems for data networks
- Contracting oil and mining industry related business
- Improvements in land-based high voltage with a stronger order backlog, and in distribution cables for power companies.

**The strategic initiatives are progressing satisfactorily.**

- In Europe, the reduction plan for support functions and medium voltage power cable production capacity is advancing on schedule.
- In the United States, we have decided to close the plant serving the Defense market. This decision is a further example of the selectivity policy being applied to our portfolio of businesses, contracts and products.

### Sales by business and at constant metal prices

In € millions	Q1 2016	Q1 2015	Q1 2016 vs Q1 2015 <sup>2</sup>	Q1 2016 vs T4 2015 <sup>2</sup>
Transmission, distribution and operators	449	482	-1.6%	+1.2%
• Transmission	-	-	-9.9%	+2.6%
• Distribution and operators	-	-	+4.6%	+0.4%
Industry	301	326	-5.2%	+2.2%
Distributors and Installers	279	290	-0.6%	-0.3%
Other	76	74	+11.8%	+24.6%
<b>Total</b>	<b>1 104</b>	<b>1 172</b>	<b>-1.5%</b>	<b>+2.4%</b>

(1) 2015 first-quarter sales on a comparable basis correspond to sales at constant non-ferrous metal prices, restated for exchange rates and scope. Sales on the basis of constant non-ferrous metals prices recalculated after adjustments for exchange rates (-€40 million) and scope (-€10 million). (2) Organic growth.

## BRILLIANT

Fonte Solar I & II, the largest photovoltaic complex in Brazil is equipped with 210 km of Nexans ENERGYFLEX® photovoltaic cable.

## COMPETITIVE

WINDLINK® is the name of a new generation of low voltage aluminum cables for wind turbines. Forty percent lighter than copper and far more economical, they are also more resistant to torsion.

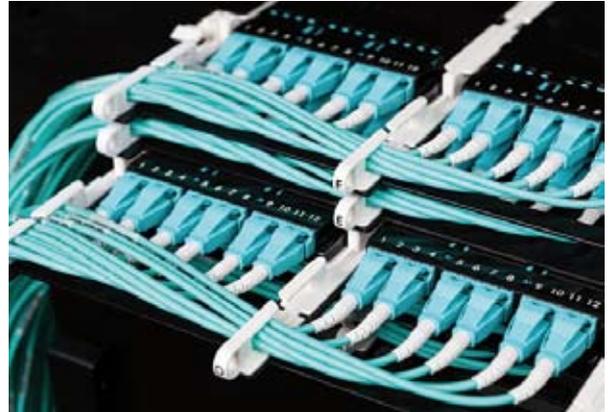
## DISCREET

Nexans is supplying 275 km of fiber optic cable to connect the Amazon. Laid in river beds, it will connect four million people to the Internet.



## INTELLIGENT

The choice of new Nexans solutions for datacenters: ENSPACE pre-connected ultra-high density fiber formulas to speed up rollout and LANSense management to optimize the energy and operational efficiency of installed systems.



## RELIABLE

A 76-kilometer, 225 kV underground cable – one of the longest in the world at this voltage – will improve the reliability of electricity supply to Brittany, France, which only generates 13% of the power consumed in the region.

## UNIQUE

Nexans and G2mobility, leader in smart charging systems in France, have formed an industrial and commercial partnership to speed up the rollout of electric vehicle charging infrastructure in France and around the world. Together, we provide a unique solution including connection infrastructure, charging stations, energy management and monitoring systems.

## GIANT

We are supplying the cables for a project designed to increase electricity production by 23% in Qatar and to produce 620,000 m<sup>3</sup> of drinking water a day by desalination.

### Stay connected

Log onto [www.nexans.com/2016asm](http://www.nexans.com/2016asm) to watch the recorded broadcast of the 2016 Shareholders' Meeting.

### Diary

**July 28, 2016**

2016 first-half financial information

### Join the Shareholder E-Club

Enjoy access to reports, video interviews and email alerts about Nexans news. It costs nothing to join and membership is obligation-free. You simply need to own at least one Nexans share and have a valid email address.

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

### Nexans share Euronext Paris Compartment A

- Share capital: 42,637,219
- Shares in circulation: 42,637,219
- Par value: €1 euro
- ISIN code: FR0000044448
- Deferred settlement service.
- SBF 120 index

[investor.relation@nexans.com](mailto:investor.relation@nexans.com) - [www.nexans.com](http://www.nexans.com)

**NEXANS - Individual Shareholder Relations - 8, rue du Général Foy - 75008 Paris – France**