



Press release

## 2013 First-Quarter Financial Information

---

- **Activity in the first quarter fell 3.4% at current scope and 5.6% at constant scope as a result of a high baseline effect (strong first quarter 2012)**
- **Stable price environment**
- **Strong growth in submarine transmission reflecting a gradual return to normal at operational level**
- **Implementation of the measures designed to deliver benefits in 2014 and 2015 from the strategic initiatives announced in February 2013**

**Paris, April 25, 2013** – Nexans today announced 2013 first-quarter sales of 1.668 billion euros, that is, 1.130 billion euros at constant non-ferrous metal prices<sup>1</sup>. The corresponding figure for the first quarter 2012 was 1.169 billion euros resulting in an organic contraction of nearly 5.6%<sup>2</sup>.

As the company was expecting, the first quarter 2013 saw a significant organic contraction caused by the combined effect of a high first-quarter 2012 baseline, a deteriorating global economy in the second half of 2012 and unfavorable weather conditions that delayed the installation of infrastructure cables.

This contraction resulted in a sharp slowdown in non-high voltage activities (-8%) in all geographical areas and in all businesses. Within this same scope, there was a sequential contraction (the first quarter 2013 compared with the last quarter 2012), except in Europe which rose 1.7%. Within this same context, the Group has not noted any price decreases.

---

<sup>1</sup> To neutralize the effect of variations in the purchase price of non-ferrous metals and therefore measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

<sup>2</sup> The 2012 sales on the basis of comparable data correspond to constant non-ferrous metal sales, recalculated after adjustments for exchange rates and scope. The exchange effect on 2012 first-quarter sales at constant non-ferrous metal prices is -6 million euros and the scope effect is 32 million euros.

High voltage activity rose, at a constant scope, overall by 8.3%, of which submarine cables by 22.3% reflecting the gradual return to normal in Norway. The start is slower in land high voltage but sales should increase in the second quarter.

The company is expecting a second quarter 2013 to be significantly higher in particular following the especially unfavorable weather conditions and a correction in the land high voltage trend (see above).

Finally, the Group is putting in place the operational levers to improve performance in 2014 and 2015. Additionally, in Europe, the Group is mobilizing its teams to prepare a plan to generate savings which will be subject to consultation with employee representatives in the third quarter.

## CONSOLIDATED SALES BY BUSINESS

	Q1 2012	Q1 2013	Organic growth Q1 2013 vs. Q1 2012	Organic growth Q1 2013 vs. Q4 2012
(millions of euros)	At constant metal prices	At constant metal prices		
Distributors and Installers	332	295	-10.1%	-3.1%
Industry	281	294	-2.5%	-3.4%
Transmission, Distribution and Operators o/w Transmission	481	470	-4.5%	-13.2%
Other	75	71	+8.3%	-25.5%
<b>Group total</b>	<b>1,169</b>	<b>1,130</b>	<b>-4.9%</b>	<b>3.7%</b>
			<b>-5.6%</b>	<b>-7.3%</b>

With sales of 295 million euros, the **Distributors & Installers** business reported an organic contraction of 10.1% compared with the first quarter 2012. This evolution is mainly attributable to the sharp slowdown in Europe in the middle of last year resulting in a very unfavorable base effect on the first quarter 2013.

The sequential analysis reveals an organic contraction of 3.1% reflecting a good performance in Brazil, steady sales in Europe and a slowdown in the other areas.

In Europe, France showed a strong resilience compared with the last quarter. On the other hand, sales in Scandinavia tapered because harsh weather conditions slowed progress at construction sites.

Activity in North America was impacted by heavy stock reductions for mining projects, especially in Canada.

In Asia-Pacific, the trend remains positive in South Korea, whereas the situation in Australia remains delicate because of weak demand from the main distributors. A reorganization plan involving 60 employees has been launched.

**Industry business sales** come to 294 million euros, that is, an organic contraction of 2.5% compared with the first quarter 2012. This reflects weaker activity in Europe in some capital goods segments starting in the second quarter 2012.

The sequential analysis reveals an organic contraction of 3.4% for this sector. This figure breaks down into the following contrasting trends:

- the good performance of automotive harnesses in Europe, which continue to benefit from their position with high end German automotive manufacturers, reporting double-digit growth;
- stable performance by the transportation sector in the first three months of the year, both in Europe and in Asia. Growth in Europe is driven by sales to the aeronautical, railways and shipbuilding industries; in Asia, growth contracted sharply in China attributable to the two weeks of Chinese New Year during which activity all but ceases. In South Korea, dynamic offshore activity offset the more tempered rate in shipbuilding in the first quarter;
- ongoing weak demand in the other European capital goods/automation segments among others and a cable inventory reduction effect in the resources sector in North America.

Sales for the **Transmission, Distribution and Operators** segment reported an organic contraction of 4.5% from 481 million euros in 2012 to 470 million euros in 2013.

Transmission (high voltage) reported organic growth of 8.3% compared with the first quarter 2012.

For land high voltage cables, the expected slow start should correct itself in the second quarter. The bidding activity in response to call for tenders remains active ; the Westernmost Rough Wind Farm contract has been recently booked.

Submarine high voltage business grew by 22.3% compared with the first quarter 2012. The Halden plant is gradually regaining a normal level of production. The improvement to the margin will be felt more strongly at the end of 2013, after delivering those contracts with their margins affected by the operational difficulties experienced in 2012.

Distribution and Operator business posted an organic contraction of 11.2% compared with the first quarter 2012. This is attributable to the sharply slowing sales since the second half 2012 in the MERA, South America and Asia-Pacific areas, and to a lesser extent in the European markets.

The sequential analysis reveals a 3.4% contraction compared with the last quarter. It reflects a slightly positive trend in Europe and Latin America (Peru), but negative in North America and the MERA area (Morocco in particular).

Operator business sales rose sharply largely because copper cable business continues to trend well in Lebanon and Latin America.

**Sales for Other business** came to 71 million euros, reflecting negative organic growth of 4.9% compared with the first quarter 2012.

### **Other information**

For the purposes of consolidating Nexans by the equity method in the Madeco's first-quarter consolidated accounts, the following non-operational accounting data is provided: change in shareholders' equity linked to the fair value of metal hedging instruments (-9 million euros), change in shareholders' equity attributable to conversion differences (+39 million euros), and core exposure effect (-3 million euros).

There will be a telephone conference (in English) today at 10:00 a.m. (GMT+1). The local numbers to call are:

- In France: 01 70 77 09 43
- In the UK: +44 (0) 203 367 9458
- In the USA: +1 866 907 5924

The local numbers to call to listen to a repeat of the conference (available within 2 hours) are:

- In France: 01 72 00 15 00 (in English)
- In the UK: +44 (0) 203 367 9460
- In the USA: +1 877 642 3018

To listen to the conference, when requested, please dial 281428 followed by the pound (#) sign.

### **Financial calendar**

May 14, 2013: Annual Shareholders' Meeting  
May 30, 2013: Individual shareholder information meeting in Lille\*  
July 25, 2013: 2013 first-half financial results  
\* Provisional date subject to change

Readers are also invited to log onto the [Group Internet site](#) where they can in particular consult the presentation of the annual results to analysts, the full financial statements for the year ended at December 31<sup>st</sup>, 2012 and the registration document for 2012 including details of risk factors for the Group and confirmation of the risks related to the competition investigations in Europe, the United States, Canada, Brazil, Australia and South Korea for alleged anticompetitive behavior in submarine and underground power cables and associated services and equipment, the results and consequences of which could have a material adverse effect on the Group's results and thus its financial situation.

Information of a prospective nature in this press release is dependent on the risks and uncertainties, known or unknown at this date, that may impact on the Company's future performance, and which may differ considerably.

In addition to the risk factors, the main uncertainties weighing on 2013 concern in particular:

- The global economic environment
- The resilience of energy infrastructure markets in emerging countries
- The growth of renewable energy and the oil & gas markets, as well as clients' investment programs in these segments
- The recovery of cables for industry in certain segments of the transportation industry, such as shipbuilding, automation and the growth of railways in China
- The Group's ability to improve its profitability and increase its productivity

- The assumption of limited impact in 2013 of the competition investigations commenced in 2009, and in any event consistent with the accounting options adopted
- The Group's ability to integrate its acquisitions, benefit from its partnerships and complete planned divestments under the best possible conditions
- The risk of client credit, especially in Europe and Egypt, and even more particularly in Greece where credit risk is no longer insurable
- The business risk in the Middle East and in North Africa.

## About Nexans

With energy at the basis of its development, Nexans, worldwide expert in the cable industry, offers an extensive range of cables and cabling solutions. The Group is a global player in the energy transmission and distribution, industry and building markets. Nexans addresses a wide series of market segments: from energy and telecom networks to energy resources (wind turbines, photovoltaic, oil and gas, and mining) to transportation (shipbuilding, aerospace, automotive and automation, and railways). Nexans is a responsible industrial company that regards sustainable development as integral to its global and operational strategy. Continuous innovation in products, solutions and services, employee development and commitment, customer orientation and the introduction of safe industrial processes with limited environmental impact are among the key initiatives that place Nexans at the core of a sustainable future.

With an industrial presence in 40 countries and commercial activities worldwide, Nexans employs 25,000 people and had sales in 2012 of nearly 7.2 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A.

For more information, please consult: [www.nexans.com](http://www.nexans.com)

## Additional information :

### Financial Communication

Michel Gédéon

Tel : +33 (0)1 73 23 85 31

e-mail : [michel.gedeon@nexans.com](mailto:michel.gedeon@nexans.com)

Laura Duquesne

Tél : + 33 (0)1 73 23 84 61

e-mail : [laura.duquesne@nexans.com](mailto:laura.duquesne@nexans.com)

Carole Vitasse

Tél : + 33 (0)1 73 23 84 56

e-mail : [carole.vitasse@nexans.com](mailto:carole.vitasse@nexans.com)

### Communication

Jean-Claude Nicolas

Tel : + 33 (0)1 73 23 84 51

e-mail : [jean-claude.nicolas@nexans.com](mailto:jean-claude.nicolas@nexans.com)

Angéline Afanoukoe

Tel : + 33 (0)1 73 23 84 12

e-mail : [angeline.afanoukoe@nexans.com](mailto:angeline.afanoukoe@nexans.com)

**APPENDIX**  
(in millions of euros)

	<b>First quarter</b>	
	<b>2012</b>	<b>2013</b>
<b>At current metal prices</b>	<b>1,752</b>	<b>1,668</b>
<b>At constant metal prices</b>	<b>1,169</b>	<b>1,130</b>
<b>Sales at current metal prices by business</b>		
Transmission, Distribution and Operators	582	581
Industry	364	377
Distributors & Installers	579	513
Other	228	197
<b>Total Group</b>	<b>1,752</b>	<b>1,668</b>
<b>Sales at constant metal prices by business</b>		
Transmission, Distribution and Operators	481	470
Industry	281	294
Distributors & Installers	332	295
Other	75	71
<b>Total Group</b>	<b>1,169</b>	<b>1,130</b>