2020 HALF-YEAR FINANCIAL REPORT

Nexans
BRINGS ENERGY TO LIFE

Contents

2020 HALF-YEAR FINANCIAL REPORT

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first-half of fiscal year 2020. It is based on the consolidated financial statements for the six months ended June 30, 2020.
Nexans' shares are traded on the regulated market of Euronext Paris and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category – was as follows at June 30, 2020:

- institutional investors: 85.50%, of which approximately 28.92% held by the companies of the Quiñenco group (Invexans Limited, UK, and Tech Pack, Chile); 7.71% by Bpifrance Participations (France)
- private investors and employees: 11.72%, of which 7.24% by individual shareholders and 4.48% by employees
- treasury shares: 0.36%
- unidentified shareholders: 0.27%.

This interim activity report should be read in conjunction with the condensed interim consolidated financial statements for the six months ended June 30, 2020 as well as with Nexans' Universal Registration Document for the year ended December 31, 2019 which was filed with the French financial markets authority (*Autorité des marchés financiers* − AMF) on March 27, 2019 under number D.20-0210.

1. Significant events of first-half 2020

1.1 Covid-19 - Consequences on operations, results and financing

Since early 2020, the world has been faced with an unprecedented pandemic. After a solid start to the year, Nexans has had to adapt its operating model in order to safeguard its business and employees, while continuing with its operational activities in a way that also protects its customers. The Group has taken measures to protect health and safety and ensure the continuity of its manufacturing operations. As a result, almost all of its plants have been able to operate without interruption, although activity levels have varied depending on the plants and time periods concerned.
The operating and financial impacts of the pandemic are described in further detail below.

Concerning financing, on May 25, 2020, Nexans was granted a 280 million euro government-backed loan by a pool of French banks. It has a twelve-month maturity which Nexans has the option to extend by up to five years. The French government's guarantee covers 80% of the loan's amount. The lending banks are Crédit Agricole CIB (acting as agent), BNP Paribas (acting as coordinator), CIC, Crédit Agricole Ile de France, Natixis and Société Générale.

Prior to taking out this loan, in early April 2020 the Group drew down 200 million euros on its syndicated credit facility in order to redeem commercial paper reaching maturity. This drawdown was repaid on June 22, 2020.

1.2 Asset disposal programs

Two asset disposal programs were in progress at June 30, 2020.

On June 30, 2020, Nexans announced the signing of an agreement to sell Nexans Metallurgie Deutschland GmbH (NMD), a Nexans company specialized in oxygen free copper drawing to Mutares SE & Co. KGaA.
Nexans NMD employs 250 employees and has two manufacturing sites located in Bramsche and Neunburg, Germany. It serves major a first and second tier customer base for automotive, white goods and general industrial applications.
Mutares is a listed company on the Frankfurt Stock Exchange that acquires and actively develops industrial medium sized companies and operations of large corporations.
This transaction is expected to close in Q3 2020.

On July 17, 2020, Nexans announced the execution of an agreement to sell Berk-Tek to Leviton for US$ 202 million, which represents approximately a multiple of 10x over 2019 stand-alone adjusted EBITDA. Berk-Tek reported sales of US$ 163 million in 2019. Berk-Tek is a leading manufacturer of local area network copper and fiber optic cables. Berk-Tek's 350 employees as well as its facilities located in Pennsylvania and North Carolina are expected to move under Leviton ownership before the end of Q3 2020 subject to customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

2. Operations during first-half 2020

2.1 Overview of the first half-year 2020 and General Operating Context in unprecedented crisis

The year 2020 started with a solid performance followed by slowdown in demand in all activities excluding High Voltage & Projects. The Group has taken immediate action to adapt the organization to new health and safety standards, mitigating financial impact by focusing on financial liquidity preservation and accelerating deployment of the "New Nexans" transformation plan while maintaining production continuity.

Since the beginning of the pandemic, Nexans Executive Committee has put in place a stringent mitigation plan, focused on 5 pillars:

1) Workforce protection,
2) Supply chain and Production Continuity,
3) Customer engagement,
4) Liquidity preservation and financial modelization,
5) External stakeholders and hardwire flows with Board of Directors.

The Group swiftly deployed mitigation measures across all units with strict internal control processes, preventive actions by leveraging the experience of our Chinese team, employee engagement and trade union support. Production continuity was maintained while sanitary measures were enforced. Our plants across all geographies witnessed no major disruption. As of end-of-June 2020, 100% of our plants were operational. Throughout the period, supply of raw material was ensured, the Group faced no shortage in neither copper, nor aluminum.

As lockdown measures were enforced and demand decreased, the Group accelerated its Transformation Plan. First, reinforcing cost reductions measures notably by putting an end to: i) consultancy fees; ii) travel costs; while reducing at minima temporary work and keeping deploying the new organization. This resulted in 49 million euros savings over the first six months of 2020. Equally, partial unemployment was activated in all regions with government subsidy. Second, our SHIFT program was deployed across all units, with a specific focus on our top and strategic customers making 90% of our revenues, strengthening customer engagement and reinforcing tight working capital measures to support Group liquidity. Consequently, while our strategic capital expenditures were maintained in High Voltage and Projects, these were limited to maintenance in the rest of our business segments.

On June 11th, Nexans was granted a 280 million euros French State backed loan. End of June 2020, working capital across the group improved by 312 million euros against December 2019, resulting in a net debt position of 276 million euros of which +231 million euros free cash flow generation.

To sustain operations and demonstrate social cohesion, a premium of 750 euros per month for frontline workers was set in certain European plants and the top executives of the Group agreed for pay cuts between 15 to 30%.

In March, in the context of the Covid-19 outbreak, as several governments were taking, or planning to take, restrictive measures resulting into a possible impact on the Group's supply chain and production schedule worldwide, given the overall uncertainty, and as it was too early to assess the impacts on the Group results, Nexans suspended its 2020 Guidance, as announced on February 20th and withdraw the proposed dividend of 0.40 euro per share for the 2019 financial year, announced February 20th, 2020.

As the global situation, dictated by the pandemic outbreak, has now marginally firmed up and considering the actions taken in the first semester by the Group to mitigate the impacts of the pandemic on its operations, subject to there being, for the balance of 2020 several material changes (for more detail please refer to page 11) the full year 2020 outlook was reinstated.

Over the period, the Group pursued its transformation in accordance with New Nexans plan launched November 2018. Strategic investments were carried out and focus on core businesses initiated. As announced July 17, the Group signed an agreement to sell Berk-Tek, a leading US based manufacturer of local area network cables, to Leviton Inc., a US based group. In July, Nexans has decided to wind down the Chester and Wallkill operations as the US business units cash flow performance has been negative for several years. Also, throughout the period, progress was made in transforming the Charleston plant into High-Voltage Subsea cable manufacturing facility which is to provide up to

1,000 km of subsea high voltage export cables for Ørsted offshore wind farms in North America up to 2027. The Charleston investment is yet another important milestone in Nexans commitment to energy transition.

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Nexans **consolidated sales** for the six months ended June 30, 2020 came to 2,895 million euros at constant metal prices, versus 3,271 million euros in the same period of 2019, representing a negative organic growth of (9,8)%.

In order to compensate for the general slowdown in demand and protect profitability, the Group accelerated its Transformation program, undertaking additional cost reductions and optimizations as well rolling-out SHIFT program across all units. **EBITDA** landed at 162 million euros versus 195 million euros in the first six months of 2019, representing 5.6% of sales at constant metal prices (against 6.0% in first half 2019). The decline in performance due to a negative 31 million euros price cost squeeze effect, a 15 million euros decline in volumes unrelated to Covid-19 and 64 million euros estimated Covid-19 impact, was partially compensated by 49 million euros cost reduction efforts, 19 million euros SHIFT and 16 million euros growth initiatives.

Operating margin totaled 83 million euros, representing 2.9% of sales at constant metal prices (against 3.5% in first half 2019).

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Covid-19: Review of the information released by Nexans during the period

- On March 17th the Group announced that the Executive Committee had switched to full daily Crisis Management mode focusing on the main objectives of: Workforce Protection, Supply Chain &Production Continuity, Customer Engagement. Remote working was implemented widely;
- On March 24th the Group announced that, following the adoption of restrictive governmental measures globally, 2020 Guidance announced on February 20th was being suspended;
- On March 31st the group announced that it was withdrawing the proposed dividend of 0.40 euro per share and the restated its belief in the continuous social engagement and cohesion, the protection of its employees and the interest of its customers;
- On April 6th the Group announced that the Annual Shareholders Meeting was going to be held behind closed doors without shareholders being physically present;
- On June 11th the group announced the execution of a French State backed 280 million euros term loan ("PGE") guaranteed by the French State at 80%.

2.2 Analysis by segment

Building & Territories

In the first half, **Buildings & Territories** activity was mixed, reflecting on the one hand a slowdown in **Building** activities paced by the pandemic spread and lockdown measures, and on the other hand resilient demand in the **Territories** (Utilities) segment. Sales landed at 1,233 million euros at constant metal prices, down -8.9% versus first half 2019, and EBITDA totaled 58 million euros, down -27.8% against the same period in 2019.

After a good start in the first months of 2020, the **Building** segment, linked to the construction market and highly GDP-related, saw demand tighten starting mid-March to end of May as our customers faced shutdowns, constraining activities in key regions. Overall in June, the demand was back to pre-crisis levels, construction sites restarting. Conversely, the **Territories** activity was quite stable throughout the period. Utilities and grid renewals benefited from fiscal stimulus to support grid obsolescence and the fight against global warming.

To mitigate the overall slowdown in activity, cost savings were required, notably reducing fixed and maintenance costs. Thanks to the self-help plan, cost optimization measures and the SHIFT program implemented over the last 18 months, these efforts were achieved and to a certain extent compensated decline in demand.

On a geographical perspective, activity and performance was overall impacted by the unprecedented crisis in the first half of 2020.

In **Europe**, the activity was quite contrasted. In the first quarter, Northern Europe demand was quite sound while Southern Europe witnessed a decline in demand starting mid-March, in line with strict country lockdown measures. In the second quarter, activity levels have recovered in June with the restart of construction activities, certain regions witnessing a strong dynamic supported by border closures benefitting local suppliers. As a result, organic sales for the first six months were quite resilient, at -7.5% against first half 2019 with -20.9% in France, -4.9% in Belgium, +36.4% in Italy and +3.5% in Sweden.

In **South America,** sales declined by -15.7% in the first half 2020 against the same period 2019 weighed down by lockdown and confinement measures over a major part of the period in Peru (-30.7%), Chile (-9.1%), Colombia (-7.3%) and Brazil (-2.7%).

Despite being first hit by Covid-19, starting as soon as January 15th, **Asia-Pacific** activity remained quite resilient in the first half year of 2020, at -5,5% against half year 2019. Over the period, Australia (+14.8%) posted solid sales growth, benefitting from solid demand, continued operations thanks to mild lockdowns and market dynamic. In China (-23.7%) and Korea (-26.3%) activity was impacted by plant closures in January and February and slow ramp-up in the second quarter.

In **North America**, despite solid demand from Utilities, sales declined by -9.0% versus H1 2019, with mixed impacts between the two regions. While the US started to recover at the end of the period, Canada was impacted by the slowdown of the market throughout the period.

Over the first six months of 2020, sales in **Middle East and Africa** were down by -9,9% on organic basis. Turkey posted solid sales growth (+4.7%) thanks to increased exports in the region, short lockdown period and a solid growing backlog. Conversely, due to strict lockdown measures, sales in Morocco were down by -3.3% organically. In Lebanon sales were down by -43.5% mainly due to the important political crisis in the country since Q3 2019.

Industry & Solutions

In the first half 2020, **Industry & Solutions** sales landed at 598 million euros at constant metal prices, and EBITDA amounted to 30 million euros. Highly exposed to the most impacted industries by Covid-19, namely automotive harnesses and aerospace, the activity suffered sharp drop in demand (organic sales at -17.1% in H1 2020 vs. H1 2019) which, despite drastic cost reductions, impacted performance (EBITDA down -47.9% in H1 2020 vs. H1 2019).

Although activity dropped significantly both in **Aerospace & Defense** (-34.9% year-on-year) and **Automation** (-23.9% year-on-year), **Industrial cables** sales were down by -13.0% over the first six months of the year. Throughout the period, the **Wind Turbine** business remained dynamic (+22.0% in sales year-on-year), supported by the Energy Transition trend and Nexans leading position in the OEM market, notably with key players such as Siemens-Gamesa, GE and Vestas. Also, **Infrastructure & Rolling Stock** sales remained stable (+0.9% year-on-year) thanks to the solid demand in the Chinese market, compensating the downturn in the European market.

Despite an excellent start to the year, the **Automotive harnesses** was severely impacted markets by sudden lockdowns due to Covid-19 crisis. As OEM customers shutdown factories both in Europe and North America as early as mid-March, sales contracted by -26.3% in H1 2020 against H1 2019. The flexibility of the cost base enabled to compensated to a certain extent the drop in demand, protecting the activities performance.

Telecom & Data

Along the lines of downtrend of demand in the European market since end of 2019 and the Covid-19 outbreak mid-March 2020, **Telecom & Data** sales amounted to 220 million euros at constant metal prices in H1 2020, representing a year-on-year organic contraction of -15.9%. To mitigate drop in volumes, strict cost control measures were implemented, and EBITDA totaled 15 million euros in the first half 2020, compared to 25 million euros same period of 2019.

In the first months of 2020, **LAN cables and systems** benefitted from sound demand in North America and Europe while activity was impacted by Covid-19 lockdowns in China. As the pandemic expanded mid-March, volumes started declining overall. Sales were down -14.9% in the first half of 2020 year-on-year. Thanks to SHIFT measures embedded in 2019 and accelerated cost reductions over the period, performance was resilient.

As Asian competition continued, adding pricing pressure, and lockdown measures limited installation capacity, sales for the **Telecom infrastructure** business contracted -22.3% in H1 2020 compared to H1

2019. Overall, fiber optic cables and accessories demand was buoyant in Sweden (+15.0% year-on-year) which partially compensated weak volumes in Europe, notably in France (-37.8% year-on-year) and Belgium (-25.7% year-on-year). Throughout the period, despite fixed cost reductions, performance was hardly sustained.

Thanks to the sound demand in the renewables space and Nexans' leading position, both sales and EBITDA were up in the **Special Telecom** (Subsea) year-on-year. For the coming year, backlog remains solid.

High Voltage & Projects

In line with the steady backlog execution in Subsea and transformation of Land, **High Voltage & Projects** delivered solid performance in the first half of 2020. Sales stood at 376 million euros at constant metal prices, up +20.4% on organic basis against first half 2019, and EBITDA totaled 60 million euros, up by 55.0% year-on-year. On top of this very positive dynamic, in light of the unprecedented crisis, the segment significantly improved its Operating Working Capital position compared to year end 2019.

Throughout the first six months, **Subsea high-voltage** executed backlog according to schedule, benefitting from continued operations in terms of manufacturing and installation. Contracting activity continued to be sound as several projects were secured such as Seagreen and Crete-Attica, while new orders are expected in the second half. Over the period, sales increased by 20.2% year-on-year and adjusted backlog landed at 1.5 billion euros end of June, with a 24 months visibility. In parallel, the Charleston plant transformation progressed well and the first phase of Seagreen project cable manufacturing were launched. In line with expectations, progress was made on the execution of the turnkey projects NSL, Lavrion-Syros and Mallorca-Menorca while also managing Inspection, Maintenance and Repair projects in the Mediterranean Sea region.

As expected, the **Land high-voltage** business was breakeven in the first half of 2020, supported by increased sales (+21.0% year-on-year) and execution of both the closure of the Hanover plant and the transfer of projects to Charleroi. The business witnessed limited disruption due to Covid-19 as projects were executed according to plan.

Other activities

The "Other Activities" segment – corresponding for the most part to external sales of copper wires – reported sales of 468 million euros at constant metal prices in the first half of 2020, down -16.7% year-on-year. EBITDA was a negative -1 million euros over the period against a negative -7 million euros for the same period 2019.

End of June the Group announced the signing of an agreement to sell Nexans Metallurgie Deutschland GmbH (NMD), a Nexans company specialized in oxygen free copper drawing to Mutares SE & Co. KGaA.

The first half 2020 figures also include corporate structural costs that cannot be allocated to the other segments, notably the impact of IFRS 16 for lease assets not allocated to specific activities.

2.3 Accelerating the "New Nexans" 2019-2021 Plan

Under the backdrop of unprecedented global coronavirus pandemic (Covid-19) crisis, the Group accelerated the "New Nexans" Transformation plan. First, by both reinforcing cost reduction measures initiated 18 months ago and soliciting additional savings. Second, by leveraging on the SHIFT program to step up portfolio turnaround converting value burners and transformation candidates into profit drivers as well as enhancing cash optimization. As of June 2020, 84 million euros EBITDA improvement were achieved.

Cost Reduction initiatives

To mitigate the slowdown in activity, the Group accelerated cost saving measures in the first half 2020, generating 49 million euros EBITDA improvement:

- The organization simplification plan completed in 2019 enabled the Group to be very agile. Teams on the field swiftly adjusted production capacity and raw material supply in accordance with change in demand, avoiding any bottlenecks while in headquarters partial employment was applied.

- Efforts were done on direct costs, including subcontracting, travel, manpower, working hours and salaries as well as on indirect costs, such as consulting fees, insurance, marketing campaigns, communication, etc.
- The implementation of an industrial productivity plan, combining dedicated teams deployed on the field with a series of transversal actions, enabled better use of group scale by duplicating "best practices" and/or by standardizing key processes.

SHIFT deployment and Cash conversion

The SHIFT transformation plan, based on a methodology developed in-house at Nexans and deployed group-wide since November 2018, focused on locking-in the improvements and was deployed across most units in half-year 2020, generating 19 million euros in positive effects on EBITDA in just 6 months.

Despite a challenging environment, thanks to the hard work of our teams, Middle East & Africa, South and North America and Asia-Pacific successfully reported significant profitability improvements.

Also, to safeguard liquidity and maintain a positive cash level, with the full engagement and mobilization of all Business units, cash conversion measures focused on operating working capital management were deployed in record time:

- Strict cash conversion targets were set and implemented to all business units ensuring an accelerated and global organizational alignment during this uncertainty period;
- Close inventory management was enforced to ensure business continuity for our partners while avoiding unnecessary cash mobilization resulting from misaligned inventory coverages. Specific commercial actions were initiated to improve our Days Inventory Outstanding performance;
- Payables and Receivables were tailored with our partners (customers and suppliers) positively contributing to a shorter Cash Conversion Cycle and improved contractual conditions;
- Rigorous capex control, freeze of all non-essential investments, and maintenance expenditures adjusted to utilization rates.

Value growth initiatives

Over the first six months, the value growth initiatives were mainly focused on high Voltage Subsea activities, strengthening Nexans position among the key players of the energy transition. EBITDA improvement reached 16 million euros.

2.4 Other items in the first-half 2020 consolidated income statement

The Group ended the semester with a positive **operating income** of 4 million euros, compared with a 54 million euros loss in June 2019. The main changes were as follows:

- The **Core exposure effect** was a negative 3 million euros in 2020 against a positive 2 million euros in 2019, reflecting lower average copper prices over the period.

- **Reorganization costs** amounted to 53 million euros in 2020 versus 182 million euros in 2019. The total included 27 million euros – mainly for non-reserved costs – for the project to reorganize the Group's activities in Europe announced on January 24, 2019, as well as 10 million euros for new actions launched during the semester in Asia-Pacific, Northern Europe and North America. In 2020, reorganization costs also included 6 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018. The remaining costs related for the most part to reorganization plans in progress in North America.

- **Net asset impairment** represented a charge of 18 million euros in 2020 versus a nil amount in 2019. In 2020, the impairment losses were mainly related to some individual items of property, plant and equipment mainly in South America. It also included the impairment of the German metallurgy business for 3 million euros, in relation with the divestiture process.

- **Other operating income and expenses** represented a net expense of 21 million euros compared with a net income of 13 million euros in 2019. In addition to the net asset impairment referred to above, they included a 2 million euros of sanitary expenses made to mitigate the Covid-19 pandemic.

In 2019, the net income of 13 million euros included a net gain of 10 million euros on some assets' disposals.

- **Net financial expense** amounted to 19 million euros in 2020 compared with 31 million euros during the previous year's first semester. The decrease is mainly related to a more favorable impact of foreign exchange gains and losses.

The Group reported a 54 million euros **net loss** for the semester, versus net loss of 113 million euros for 2019. The 2020 figure corresponds to a 15 million euros **loss before taxes** (versus 85 million euros in loss before taxes in 2019). **Income tax expense** stood at 39 million euros, the depreciation of some deferred tax assets in Europe being the main reason for the difference with the income tax expense of 2019 first semester of 27 million euros.

The Group ended the semester with an **attributable net loss** of 55 million euros versus attributable net loss of 116 million euros in 2019.
Net debt significantly decreased to 276 million euros at June 30, 2020, from 709 million euros one year earlier, reflecting:

- Cash from operations of +336 million euros,
- Reorganization cash outflows of -182 million euros, of which almost two third concerned the European reorganization plan announced at the end of January 2019.
- Capital expenditures, net of disposal proceeds, for -204 million euros, corresponding for the most part to the investments made for the transformation of Charleston plant, and to those for the construction of the new Aurora cable-laying vessel.
- A +588 million euros improvement in working capital due mainly to the improved working capital positions of both Group's Cables and Projects business in connection with the liquidity preservation measures and, to a lesser extent, to the decrease in volumes.
- Cash outflows of -66 million euros from financing activities, including -49 million euros in interest payments, -10 million euros for the purchase of treasury stock, and -7 million euros related to the purchases of non-controlling interests.
- A -13 million euros negative impact corresponding to lease liabilities.
- A negative impact of -19 million euros for unfavorable foreign exchange evolutions.

3. 2020 outlook reinstated

On March 24th, 2020 in the context of the Covid-19 outbreak, as several governments were taking, or planning to take, restrictive measures resulting into a possible impact on the Group's supply chain and production schedule worldwide, given the overall uncertainty, and as it was too early to assess the impacts on the Group results, Nexans suspended its 2020 Guidance, as announced on February 20th.
As the global situation, dictated by the pandemic outbreak, has now marginally firmed up and considering the actions taken in the first semester by the Group to mitigate the impacts of the pandemic on its operations, subject to there being, for the balance of 2020 several material changes:

- No material changes in the overall macro-economic environment;
- No material Covid-19 impact on its units and businesses such that they will remain unimpacted and fully operational;
- No downturn in market demand;
- No "second wave" pandemic that will materially affect Nexans operations globally

Full year 2020 Guidance was reinstated:

- EBITDA between 310 and 370 million euros.
- Positive Free Cash Flow
- Return on capital employed (ROCE) before tax at between 7% and 10%.

4. Risk factors and main uncertainties

A detailed description of recurring risk factors relating to Nexans' business – notably risks related to antitrust investigations – is provided in Nexans 2019 Universal Registration Document, in Section 3.1, "Risk factors", and in Note 16 "Disputes and contingent liabilities" to the condensed interim consolidated financial statements for the six months ended June 30, 2020.

Nexans considers that the main risks identified in the 2019 Universal Registration Document have not changed significantly, with the exception of the following:

- The risk factor described in Section 3.1.1.1 "Geopolitical, Political and Social Instability Risks" of the 2019 Universal Registration Document is amended as follows: "*In 2019, the political instability in Lebanon has led Lebanese banks to apply a strict foreign exchange control policy which may affect activities of our subsidiary in Lebanon. In 2020, as a corollary to the risk that our operations could be affected, our subsidiary in Lebanon is also subject to a risk of asset haircuts.*"

- The risk factor described in Section 3.1.2.1 "Risks related to Covid-19" of the 2019 Universal Registration Document is amended as follows: "*In the current uncertain environment, regarding the outbreak of Covid-19, we at Nexans are monitoring its development closely and managing its effects to ensure the best possible outcome in the interest of our People and Communities, our Customers and business partners, of all our stakeholders.*

  The Group has focused and is still focusing on four main key objectives: Workforce Protection, Supply Chain & Production Continuity, Customer Engagement, and continuing to focus on strengthening our financial liquidity.

  Health and safety are our number one priority. We are following the health authorities' guidance and regularly updating workplace recommendations to employees. We express our gratitude to all our colleagues worldwide; their discipline and determination in managing the effects on our business and operations are outstanding.

  The Group is closely monitoring the evolution of this pandemic and in particular the restrictive measures adopted by State authorities in many countries around the world (such as the travel ban on European citizens in the United States, social distancing in Italy, France, Norway or similar measures in many other countries).

  A dedicated crisis management cell has been set up at the Group level as well as at the level of Group entities impacted by this pandemic. The Group has taken mitigation actions to minimize the economic impacts of this pandemic and ensure the continuity of its business in its industrial and commercial operations. In this respect, the following measures have been enforced:

  - *production continuity was maintained while sanitary measures were put in place for the first half of the year 2020,*
  - *the Group has not suffered major contractual impacts (such as termination of major contracts for "force majeure" or payment of liquidated damages for delays in contract or project execution),*
  - *there has been no major disruption in our supply chain, and*
  - *the Group's cash position has been strengthened in particular via a 280 million euro French State-backed loan.*

  The Group salutes the professionalism of its teams, particularly in China, Korea, Japan, Europe and the United States, the areas most affected by coronavirus exposure to date.

  With the coronavirus still active in certain countries and the threat of a second wave in others, the adoption by the State authorities in many countries around the world of national restrictive measures (travel bans, containment measures, etc.) and prolonged measures to control the pandemic could still affect the Group's operations, its operating profit and financial position. For example, State measures could still affect either directly the manufacturing capacity of Nexans' operational entities (absenteeism, shutdown of certain factories, delay in the execution of projects or orders, etc.), or indirectly the commercial or industrial activities of Nexans entities (suppliers unable to supply Nexans production sites, shortage of raw materials, customers postponing projects or orders).

As a consequence, as of the date of this Half-Year Financial Report and given the overall uncertainty, it is still impossible to predict the duration of the Covid-19 crisis and the extent of the damage caused by the coronavirus outbreak and therefore to assess further impacts on the Group's results in particular relative to a drop in demand, the risks of payment default or potential difficulties in the execution of projects or purchase orders."

- The risk factor described in Section 3.1.2.2 "Risks related to Cybersecurity, continuity and performance of information systems" of the 2019 Universal Registration Document is supplemented as follows: "*It should be noted that in the context of the coronavirus pandemic, cyber risk has increased with a general upsurge of cyber-attacks including attempted fraud. In this context, the Group has subscribed a 'stand-alone' cyber insurance policy.*"

- The risk factor described in Section 3.1.3.1 *"Risks related to non-compliance with antitrust laws"* of the 2019 Universal Registration Document is amended as follows:

  "In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice. On July 16, 2020 the Court of Justice of the European Union ("CJEU") dismissed Nexans' appeal. As the CJEU is the final instance of appeal, the case against the European Commission's decision is now closed. This ruling does not impact the reserves as it merely confirms the fine imposed by the European Commission, which was paid in full in 2014."

  The risk factor described in Section 3.1.3.1 "Risks related to non-compliance with antitrust laws" of the 2019 Universal Registration Document is supplemented as follows:

  "In addition, one of the Group's competitors, which has been subject to follow-on damage claims initiated in 2015 in the UK, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company. The contribution claim is currently stayed, pending the outcome of the main proceedings.

  The same competitor is also the main defendant in a separate damages case filed by another client before the UK courts. In June 2020, this competitor filed a second contribution claim against Nexans France SAS and the Company. The contribution claim is still at the very preliminary stages and no risk quantification is available yet."

- The risk factor described in Section 3.1.3.1 *"Risks related to non-compliance with antitrust laws"* of the 2019 Universal Registration Document is amended as follows:

  "The investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector was concluded on February 11, 2019 and a recommendation was made to the Administrative Tribunal of CADE to sanction the defendants in this case. On April 15, 2020, the Tribunal of CADE imposed a fine on several cable manufacturers, including the Company, in the amount of BRL 6,384,600 (approximately 1.1 million euros), which was less than the amount of the provision. The Company has paid the fine and is currently in the process of appealing CADE's decision."

- The risk factor described in Section 3.1.4 *"Financial Risks – Liquidity risks"* of the 2019 Universal Registration Document is supplemented as follows:

  "In terms of financing, in the context of the Covid-19 crisis and with the aim of optimizing the management of its liquidity risk, the Group signed a state-backed loan ("PGE") amounting to 280 million euros with a pool of French banks with a maturity of 12 months and an extension option of up to 5 years at the discretion of Nexans."

- The risk factor described in Section 3.1.5 *"Insurance"* of the 2019 Universal Registration Document is supplemented as follows:

  *"**Cyber Policy***

  Since July 1, 2020, for the first time, the Group has taken out a "stand-alone" cyber policy covering Nexans entities against possible cases of unavailability, loss of integrity and loss of confidentiality of Nexans data following a malicious attack or an accidental event affecting the Information System of the Nexans Group."

If these risks were to materialize they could have a significant adverse effect on the Group's operations, financial position, earnings and outlook.

Nexans may be exposed to other risks that were not identified at the date of this report, or which are not currently considered material.

In addition to the risk factors described in Section 3.1 of the 2019 Universal Registration Document and the risks inherent in executing the New Nexans Transformation Plan, the uncertainties for the second half of 2020 mainly include:

- The impact of protectionist trade policies globally (such as those implemented by the current US government), as well as growing pressure to increase local content requirements;
- Geopolitical instability, particularly in certain countries, cities or regions such as Qatar, Libya, Lebanon, Iraq, and the Persian/Arabian Gulf as well as in Hong Kong;
- The impact that the coronavirus pandemic and the adoption by State authorities, in many countries around the world, of national restrictive measures (including prolonged measures to control the pandemic such as travel bans and country lockdowns) could have on our business Group's operation growth, its operating profit and financial position;
- Credit risk has increased in certain countries (like Brazil, Peru, Colombia) in the context of the coronavirus pandemic;
- The uncertain economic environment in the United States and Europe, with the risk of growth being slowed by potential major changes in US trade policy on one side and the possible consequences of Brexit on the other side;
- Political, social and economic uncertainty in South America, such as in Brazil, Chile, Venezuela and Bolivia, which is i) affecting the building market as well as major infrastructure projects in the region (such as the Maracaibo project in Venezuela), ii) creating exchange rate volatility and iii) increasing the risks of customer default;
- A marked drop in non-ferrous metal prices resulting in the impairment of Core exposure, not having an impact on cash or operating margin, but impacting net income;
- The impact of growing inflationary pressure, particularly on commodities prices (resins, steel) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices;
- The sustainability of growth rates of the fiber and copper structured cabling (LAN) market and the Group's capacity to seize opportunities relating to the move to higher performing categories in this market;
- The speed of deployment of "ftth" ("fiber to the home") solutions in Europe and North West Africa and the Group's capacity to seize opportunities relating to the development of this market;
- The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize in particular in the context of the coronavirus pandemic;
- Fluctuating oil and gas prices, which are leading Oil & Gas sector customers to revise their exploration and production capex programs at short notice. The considerable uncertainty about the implementation of these customers' capex programs may also affect the Group's ability to plan for future means of cables and umbilicals for these customers, and for imposing changes to the agreed delivery schedules for contracted projects in the context of the coronavirus pandemic;
- The risk of the award or entry into force of subsea and land cables contracts being delayed or advanced, which could interfere with schedules in a given year;
- Inherent risks related to (i) carrying out major turnkey projects for high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (NSL, East Anglia One, Hornsea 2, Mindanao-Visayas, Lavrion - Syros, Seagreen, Mallorca - Menorca and DolWin6, the latter which will be our first contract to supply and install HVDC extruded insulation cables), (ii) the high capacity utilization rates of the plants involved, (iii) the projects' geographic location and the political, social and economic environments in the countries concerned (Venezuela, Philippines);
- The inherent risks associated with major capital projects, particularly the risk of completion delays and the risks of delays to win projects to fill the new capacities. These risks notably concern the construction of a new subsea cable laying ship, the extension of the Charleston plant in North America to increase the production of subsea high voltage cables, two projects that will be instrumental in ensuring that we fulfill our 2020 and 2021 objectives;
- The challenges created by the Covid-19 pandemic (with subsequent measures taken by national States such as country lockdowns or travel bans) for the performance of projects in countries like the US (e.g. to meet the defined manufacturing schedule in Charleston) as well as for turnkey projects such as Seagreen (Scotland) and Visayas-Mindenao (Indonesia);

- Inherent risks related to the reorganization project announced in January 2019 for the land high voltage activity that could lead to delays in projects or generate additional costs which could question a rapid return to break even.

Without having major operational impacts, the two following uncertainties may have an impact on the financial statements:

- Sudden changes in metal prices that may affect customers’ buying habits in the short term;
- The impact of foreign exchange fluctuations on the translation of the financial statements of the Group’s subsidiaries located outside the euro zone.

5. Related-party transactions

The Company considers that there were no significant changes in its main transactions with related parties during the first half of 2020 compared to the situation described in the 2019 Universal Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2019 and list of related party agreements and commitments), with the exception of the following two agreements entered into during the first half of 2020:

1) A related-party agreement authorized by the Board of Directors on March 31 and May 13, 2020, and entered into on May 25, 2020 with Natixis relating to the granting of a 280 million euro loan guaranteed by the French State and granted by Crédit Agricole CIB, BNP Paribas, CIC, Crédit Agricole Ile de France, Natixis and Société Générale. This loan is 80%-backed by the French State and has a maturity of twelve months with a five-year extension option.

   Anne Lebel, a member of Nexans Board of Directors, was Chief Human Resources and Corporate Culture Officer on the Executive Management Committee of Natixis at the time this agreement was signed. She left the Natixis Group on July 20, 2020.

   The Board of Directors noted the Company's interest in carrying out this transaction, particularly in view of the financial conditions from which the Company benefits.

2) A related-party agreement authorized by the Board of Directors on April 23, 2020 and entered into on May 10, 2020 with Bpifrance Financement relating to the sale of receivables with respect to the Research Tax Credit (CIR) and the Competitiveness and Employment Tax Credit (CICE) for 2018 and 2019 for an amount of up to 15 million euros, at a very limited cost.

   Bpifrance Financement is a subsidiary of Bpifrance SA. Bpifrance Participations, which holds 7.71% of Nexans’ share capital and is a member of Nexans’ Board of Directors, is also a wholly-owned subsidiary of Bpifrance SA.

   The Board of Directors noted the interest for the Company to carry out this sale of receivables at a very limited cost.


Nexans

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30,2020

Consolidated income statement

(in millions of euros)	Notes	First-half 2020	First-half 2019
NET SALES[1]	3 and 4	**2,953**	3,432
Cost of sales		(2,623)	(3,040)
GROSS PROFIT		**330**	392
Administrative and selling expenses		(206)	(231)
R&D costs		(41)	(48)
OPERATING MARGIN[2]	3	**83**	113
Core exposure effect[3]		(3)	2
Other operating income and expenses[4]	5	(21)	13
Reorganization costs	14	(53)	(182)
Share in net income of associates		(1)	0
OPERATING INCOME (LOSS)		**4**	(54)
Cost of debt (net)		(18)	(19)
Other financial income and expenses	8	(2)	(12)
INCOME (LOSS) BEFORE TAXES		**(15)**	(85)
Income taxes	9	(39)	(27)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(54)**	(113)
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**(54)**	(113)
▪ attributable to owners of the parent		(55)	(116)
▪ attributable to non-controlling interests		1	3
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	10		
▪ basic earnings (loss) per share		(1.27)	(2.67)
▪ diluted earnings (loss) per share		(1.27)	(2.67)

(1) *Sales at constant metal prices calculated using these reference prices are no longer presented in the income statement but are still presented in the segment information provided in Note 3 and are used in the management report (section 2.1).*
These sales figures based on a constant price for copper and aluminum are used by the Group in its tracking of its operating performance to neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying trend in its business (cost of sales is adjusted in the same way). Since January 1, 2020, the reference price for copper has been 5,000 euros per tonne (compared with 1,500 euros in 2019 and previous years). The reference price for aluminum is 1,200 euros per tonne for both 2019 and 2020.

(2) *Performance indicators used to measure the Group's operating performance.*

(3) *Effect relating to the revaluation of Core exposure at its weighted average cost.*

(4) *As explained in **Note 5**, "Other operating income and expenses" for first-half 2020 include net impairment losses of 18 million euros. In first-half 2019, they included a net disposal gain of 10 million euros.*

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2020	First-half 2019
NET INCOME (LOSS)	**(54)**	(113)
Recyclable components of comprehensive income	**(89)**	30
▪ Currency translation differences	(66)	15
▪ Cash flow hedges	(23)	16
Tax impacts on recyclable components of comprehensive income	**5**	(3)
Non-recyclable components of comprehensive income	**(7)**	(10)
▪ Actuarial gains and losses on pensions and other long-term employee benefit obligations	(7)	(10)
▪ Financial assets at fair value through other comprehensive income	-	-
▪ Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income	**1**	3
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(89)**	21
TOTAL COMPREHENSIVE INCOME (LOSS)	**(143)**	(92)
▪ attributable to owners of the parent	(144)	(95)
▪ attributable to non-controlling interests	1	3

Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Goodwill	11	237	242
Intangible assets		116	126
Property, plant and equipment		1,318	1,382
Investments in associates		34	37
Deferred tax assets		165	175
Other non-current assets		110	92
NON-CURRENT ASSETS		**1,981**	2,053
Inventories and work in progress		900	1,113
Contract assets		86	69
Trade receivables		886	1,015
Current derivative assets		57	40
Other current assets		193	186
Cash and cash equivalents	15	1,028	642
Assets and groups of assets held for sale	7	90	0
CURRENT ASSETS		**3,240**	3,065
TOTAL ASSETS		**5,220**	5,117

EQUITY AND LIABILITIES

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Capital stock, additional paid-in capital, retained earnings and other reserves		1,097	1,167
Other components of equity		(39)	42
Equity attributable to owners of the parent		**1,058**	1,209
Non-controlling interests		42	42
TOTAL EQUITY	**12**	**1,100**	1,251
Pensions and other long-term employee benefit obligations	14	361	373
Long-term provisions	13 and 14	105	106
Long-term debt	15	938	923
Non-current derivative liabilities		8	7
Deferred tax liabilities		120	118
NON-CURRENT LIABILITIES		**1,532**	1,527
Short-term provisions	13 and 14	145	191
Short-term debt	15	365	190
Contract liabilities		322	256
Current derivative liabilities		94	33
Trade payables		1,208	1,319
Other current liabilities		391	350
Liabilities related to groups of assets held for sale	7	63	0
CURRENT LIABILITIES		**2,588**	2,339
TOTAL EQUITY AND LIABILITIES		**5,220**	5,117

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding[(2)]	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
JANUARY 1, 2019[(1)]	**43,371,996**	**44**	**1,606**	**(8)**	**(309)**	**(36)**	**22**	**1,319**	42	**1,361**
Net income (loss) for the period	-	-	-	-	(116)	-	-	(116)	3	(113)
Other comprehensive income (loss)	-	-	-	-	(7)	13	15	21	0	21
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**(122)**	**13**	**15**	**(95)**	**3**	**(92)**
Dividends paid	-	-	-	-	(13)	-	-	(13)	(2)	(15)
Capital increases	-	-	-	-	-	-	-	-	-	-
Share buyback program	-	-	-	-	-	-	-	-	-	-
OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee share-based and stock option plans:										
▪ Service cost	-	-	-	-	4	-	-	4	-	4
▪ Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	(4)	(4)
Other	-	-	0	-	0	0	(1)	(1)	-	(1)
JUNE 30, 2019	**43,371,996**	**44**	**1,607**	**(8)**	**(441)**	**(23)**	**36**	**1,214**	**39**	**1,254**
JANUARY 1, 2020	**43,449,835**	**44**	**1,606**	**(5)**	**(479)**	**(4)**	**47**	**1,209**	42	**1,251**
Net income (loss) for the period	-	-	-	-	(55)	-	-	(55)	1	(54)
Other comprehensive income (loss)	-	-	-	-	(6)	(18)	(65)	(89)	-	(89)
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**	**(61)**	**(18)**	**(65)**	**(144)**	**1**	**(143)**
Dividends paid	-	-	-	-	-	-	-	-	(1)	(1)
Capital increases	-	-	-	-	-	-	-	-	-	-
Share buyback program	(310,914)	-	-	(10)	-	-	-	(10)	-	(10)
Employee share-based plans:										
▪ Service cost	-	-	-	-	3	-	-	3	-	3
▪ Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	0	-	(3)	-	3	(0)	-	(0)
JUNE 30, 2020	**43,138,921**	**44**	**1,607**	**(15)**	**(540)**	**(22)**	**(16)**	**1,058**	**42**	**1,100**

(1) "Retained earnings and other reserves" at January 1, 2019 include in particular the impacts of the application of IFRIC 23.
(2) The number of shares outstanding at June 30, 2020 corresponds to 43,606,320 issued shares less 467,399 shares held in treasury.

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2020	First-half 2019
Net income (loss)		(54)	(113)
Depreciation, amortization and impairment of assets *(including goodwill)*		96	82
Cost of debt (gross)		19	21
Core exposure effect(1)		3	(2)
Current and deferred income tax charge (benefit)		38	28
Net (gains) losses on asset disposals	5	(1)	(10)
Other restatements(2)		(46)	128
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(3)		**56**	136
Decrease (increase) in working capital		307	(203)
Income taxes paid		(12)	(21)
Impairment of current assets and accrued contract costs		5	3
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**301**	(220)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**357**	(85)
Proceeds from disposals of property, plant and equipment and intangible assets		7	12
Capital expenditure		(106)	(133)
Decrease (increase) in loans granted and short-term financial assets		(3)	0
Purchase of shares in consolidated companies, net of cash acquired		(1)	-
Proceeds from sale of shares in consolidated companies, net of cash transferred		(0)	0
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(103)**	(122)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**254**	(207)
Proceeds from (repayments of) long-term and short-term borrowings	2 and 15	215	(199)
▪ *of which drawn down on syndicated line of credit*		*200*	-
▪ *of which proceeds from the government-backed loan*		*279*	
▪ *of which repayment of drawdowns on syndicated line of credit*		*(200)*	
▪ *of which redemption of 2016-2019 OCEANE bonds*		*-*	(269)
Cash capital increases (reductions)(4)		(10)	-
Interest paid		(24)	(29)
Transactions with owners not resulting in a change of control		(7)	(4)
Dividends paid		(0)	(15)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**175**	(246)
Net effect of currency translation differences		(39)	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**390**	(451)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.A	626	886
CASH AND CASH EQUIVALENTS AT PERIOD-END	15.A	1,015	436
▪ *Of which cash and cash equivalents recorded under assets*		*1,028*	464
▪ *Of which short-term bank loans and overdrafts recorded under liabilities*		*(12)*	(28)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

(2) Other restatements for the six months ended June 30, 2020 primarily included (i) a negative 59 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), and (ii) a positive 2 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 3 million euros to cancel the expense relating to share-based payments. Other restatements for the six months ended June 30, 2019 primarily included (i) a positive 116 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), (ii) a positive 2 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 4 million euros to cancel the expense relating to share-based payments.

(3) The Group also uses the "cash from operations" concept, which is calculated after adding back cash outflows relating to reorganization costs (98 million euros and 44 million euros for the first six months of 2020 and 2019 respectively) and after restating the income taxes paid.

(4) During the first-half of 2020, the Group bought back 350,314 of its own shares, representing a cash outflow of 10 million euros.

Notes to the interim consolidated financial statements

Note 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans S.A. (the "Company") is a French joint stock corporation (*société anonyme*) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code (*Code de commerce*). The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters are at Le Vinci, 4 allée de l'Arche, 92070 Paris La Défense Cedex, France.

Nexans S.A. is listed on Euronext Paris (Compartment A) and forms part of the SBF 120 index.

These condensed interim consolidated financial statements were approved by Nexans' Board of Directors on July 28, 2020. They are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes.

Compliance with IAS 34

The condensed interim consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union can be viewed on the European Commission website at:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps.
The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2019.

Standards and interpretations applied

The accounting policies adopted for the financial statements at June 30, 2020 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2019, except as explained below and where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.B** below).

The following new standards, amendments or interpretations issued by the IASB and adopted by the European Union were applied by the Group at June 30, 2020, without any material impact on the consolidated financial statements:
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, "Definition of a Business";
- Amendments to IAS 1 and IAS 8, "Definition of Material".

In addition, during first-half 2020 the Group completed its analysis of the consequences of the IFRIC interpretation dated November 26, 2019 on the determination of lease terms for the application of IFRS 16. The impact of this interpretation on the consolidated financial statements is not material.

New standards, amendments and interpretations issued by the IASB but not yet effective

The IASB has not issued any new standards, amendments or interpretations that have been endorsed by the European Union but which are not yet effective.

The IASB has issued the following amendments that have not yet been endorsed by the European Union and are potentially applicable by the Group:

- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”;
- Amendments to IFRS 16 concerning rent concessions granted as a result of the Covid-19 crisis.

The Group does not expect its application of these amendments to have a material impact on its consolidated financial statements.

Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

When preparing the interim consolidated financial statements for the first six months of 2020, the consequences of the Covid-19 pandemic were taken into account by Management in its assessments despite the high level of uncertainty concerning the future development of the pandemic and the resulting crisis. These consequences are described in more detail in **Note 2**. The main sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended December 31, 2019.

During the first six months of 2020, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 6** and **Note 11**);
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 9**);
- Margins to completion and percentage of completion on long-term contracts;
- The measurement of pension liabilities and other employee benefits (see **Note 13**);
- Provisions and contingent liabilities (see **Note 14** and **Note 16**);
- The measurement of derivative instruments and their qualification as cash flow hedges.

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group’s future financial statements may differ from the estimates used in these financial statements. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

B. SPECIFIC ISSUES CONCERNING THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

For the purpose of preparing the Group's condensed interim consolidated financial statements, the following calculations and estimates are applied in addition to the recognition, measurement and presentation rules described in **Note 1.A**:

- The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.

- The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Expenses recognized during the period for pension and other long-term employee benefit obligations are calculated based on half of the estimated amount for the full year. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. The fair value of the main plan assets is reviewed at the period end.

Note 2. Significant events of the period

A. COVID-19 – IMPACT ON OPERATIONS AND FINANCING

Since early 2020, the world has been faced with an unprecedented pandemic. After a solid start to the year, Nexans has had to adapt its operating model in order to safeguard its business and employees, while continuing with its operational activities in a way that also protects its customers. The Group has taken measures to protect health and safety and ensure the continuity of its manufacturing operations. As a result, almost all of its plants have been able to operate without interruption, although activity levels have varied depending on the plants and time periods concerned.
The operating impacts of the pandemic are described in further detail in sections 2 and 4 of the half-year financial report.

The Covid-19 crisis has had widespread economic effects. The Group considers that it represents an indicator of impairment and therefore reviewed the values of its net assets, notably by carrying out impairment tests on its cash-generating units (see **Note 6**).
Changes in the Group’s exposure to customer and supplier risks (claims and litigation risks, contracts cancellation risks, credit risks) are being closely monitored, along with the consequences for the Group’s metal price and currency hedges. The review at June 30, 2020 did not reveal any changes that could necessitate a material adjustment to the Group’s financial statement positions.

The crisis also led to non-recurring health and safety expenses necessary for the Group to continue to operate. Totaling 2 million euros, these expenses have been included in “Other operating income and expenses” in the income statement (see **Note 5**).

Concerning financing, on May 25, 2020, Nexans was granted a 280 million euro government-backed loan by a pool of French banks. It has a twelve-month maturity which Nexans has the option to extend by up to five years. The French government's guarantee covers 80% of the loan's amount.
The lending banks are Crédit Agricole CIB (acting as agent), BNP Paribas (acting as coordinator), CIC, Crédit Agricole Ile de France, Natixis and Société Générale.
In accordance with the recommendation of the ANC (the French accounting standards authority), the loan has been presented in long-term debt at June 30, 2020 as the Group has until April 9, 2021 to exercise its option to extend its maturity.

Prior to taking out this loan, in early April 2020 the Group drew down 200 million euros on its syndicated credit facility in order to redeem commercial paper reaching maturity. This drawdown was repaid on June 22, 2020.

The Group's net debt is presented in **Note 15**.

B. Asset disposal programs

Two asset disposal programs were in progress at June 30, 2020. The first concerns the German metallurgy business and the second relates to Berk-Tek, a leading US-based manufacturer of local area network cables.
The two programs are due to be completed in the second half of 2020 and the businesses have therefore been reclassified as "Assets and groups of assets held for sale" at June 30, 2020 in accordance with IFRS 5, see **Note 7**.
The businesses' contribution to the consolidated financial statements is also presented in **Note 7**.

Note 3. Operating segments

The Group has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.

- **High Voltage & Projects:** This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).

- **Telecom & Data:** This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug-and-play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.

- **Industry & Solutions:** This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled "Other Activities", which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Two specific facts should be noted for the "Other Activities" column:
- A total 99% of the sales at constant metal prices recorded under "Other Activities" in first-half 2020 were generated by the Group's Electrical Wires business (compared with 98% in first-half 2019).

- Operating margin for "Other Activities" was a negative 15 million euros in first-half 2020, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

Consolidated EBITDA is defined as operating margin before depreciation and amortization. Information for 2020 includes the consequences of applying IFRS 16, "Leases".

For both first-half 2020 and 2019, figures are based on the following items:

- Sales at constant metal prices have been calculated using the 2020 reference prices of 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum.
- Allocation by reportable segment takes into account a rationalization made in the tracking of the business since January 1st, 2020. This rationalization has no impact on the cash generating units.

C. INFORMATION BY REPORTABLE SEGMENT

First-half 2020 *(in millions of euros)*	Building & Territories	Industry & Solutions	Telecom & Data	High Voltage & Projects	Other	Group total
Net sales	1,279	603	221	381	469	2,953
Net sales at constant metal prices	1,233	598	220	376	468	2,895
EBITDA	58	30	15	60	(1)	162
Depreciation and amortization	(25)	(18)	(4)	(18)	(14)	(79)
Operating margin	33	12	11	42	(15)	83
Net impairment of non-current assets (including goodwill) (see **Note 6**)	(14)	-	-	-	(3)	(18)

First-half 2019 *(in millions of euros)*	Building & Territories	Industry & Solutions	Telecom & Data	High Voltage & Projects	Other	Group total
Net sales	1,472	738	266	340	617	3,432
Net sales at constant metal prices	1,386	723	264	337	561	3,271
Net sales at constant metal prices and 2020 exchange rates	1,353	722	262	312	562	3,210
EBITDA	80	58	25	39	(7)	195
Depreciation and amortization	(25)	(18)	(5)	(19)	(14)	(82)
Operating margin	55	39	20	20	(21)	113
Net impairment of non-current assets (including goodwill) (see **Note 6**)	-	-	-	-	-	-

D. INFORMATION BY MAJOR GEOGRAPHIC AREA

The Executive Committee also analyzes the Group's performance based on geographic area.

First-half 2020 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group total
Net sales at current metal prices[1]	431	349	375	1,798	2,953
Net sales at constant metal prices[1]	419	351	370	1,755	2,895

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

First-half 2019 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group total
Net sales at current metal prices[1]	557	412	352	2,111	3,432
Net sales at constant metal prices[1]	529	406	348	1,988	3,271
Net sales at constant metal prices and 2020 exchange rates[1]	529	406	315	1 959	3,210

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

E. INFORMATION BY MAJOR CUSTOMER

The Group did not have any customers that individually accounted for more than 10% of its net sales in first-half 2020 or first-half 2019.

Note 4. Sales

Consolidated sales can be analyzed as follows:

First-half 2020 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Performance obligations satisfied at a point in time	1,279	37	221	603	469	2,609
Performance obligations satisfied over time	-	345	-	-	-	345
NET SALES	**1,279**	**381**	**221**	**603**	**469**	**2,953**

First-half 2019 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Performance obligations satisfied at a point in time	1,423	45	301	714	644	3,127
Performance obligations satisfied over time	-	305	-	-	-	305
NET SALES	**1,423**	**350**	**301**	**714**	**644**	**3,432**

Note 5. Other operating income and expenses

(in millions of euros)	Notes	First-half 2020	First-half 2019
Net asset impairment	6	(18)	-
Changes in fair value of non-ferrous metal derivatives		(2)	4
Net gains (losses) on asset disposals	(a)	2	10
Acquisition-related costs (completed and planned acquisitions)		(1)	(0)
Expenses and provisions for antitrust investigations	16	(1)	-
Other non-recurring operating expenses	(b)	(2)	-
OTHER OPERATING INCOME AND EXPENSES		**(21)**	13

(a) In first-half 2020, "Net gains (losses) on asset disposals" mainly concerned sales of real estate assets in China.
In first-half 2019, "Net gains (losses) on asset disposals" mainly included sales of real estate assets respectively in France and in Switzerland.

(b) In first-half 2020, "Other non-recurring operating expenses" consisted of non-recurring public health-related expenditures required to enable the Group's plants to remain open during the Covid-19 pandemic.

Note 6. Net asset impairment

Process followed and results of impairment tests

The Group carries out impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired.

For the preparation of the interim financial statements at June 30, 2020, due to the Covid-19 pandemic, Nexans reviewed its assets for impairment by:
- Identifying any impairment indicators specific to individual assets and performing impairment tests on the identified assets.
- Reviewing the values of all of its CGUs, as the Group considers that Covid-19 represents an impairment indicator for all of its CGUs.

Main assumptions

The main assumptions applied by geographic area when preparing the business plans used in connection with the impairment tests performed at June 30, 2020 are listed below:

- The cash flows used for the impairment calculations were based on the most recent projections and include the impacts of the Covid-19 crisis as assessed at June 30, 2020. The assumptions used were approved by Group Management and cover a period of five to six years.
- The Group revised the discount rates applied for the impairment tests. In addition, as the interest-rate environment was stable in first-half 2020 despite the crisis, the Group used the same rates as those applied at end-December 2019.
- The Group reviewed the perpetual growth rates applied and used the same rates as at December 31, 2019.

Results of the impairment tests

The impairment tests carried out in the first half of 2020 led to the recognition of a 14 million euro impairment loss, primarily on the property, plant and equipment of certain operations in South America. An impairment loss was also recognized in respect of the German metallurgy business due to the disposal program see **Note 7**.

No impairment losses were recognized in respect of the Group's CGUs following the review of their values.

The impairment tests performed in first-half 2019 did not lead to the recognition of any impairment losses.

Sensitivity analyses

The values of the tested CGUs were based on the main assumptions described above.

In addition, analyses were performed to test the sensitivity of the calculations to a 50 basis-point increase in the discount rate and a 50 basis-point decrease in the perpetuity growth rate.
These analyses showed the following:

- A 50 basis-point increase in the discount rate compared with the assumptions applied would have led to the recognition of an additional 2 million-euro impairment loss for the Group's South American operations at June 30, 2020.
- A 50 basis-point decrease in the perpetuity growth rate compared with the assumptions applied would have led to the recognition of an additional 1 million-euro impairment loss for the Group's South American operations.
- No impairment losses would have been recognized for the CGUs if the above changes in the discount rate and perpetuity growth rate had been applied.

The Group also carried out sensitivity analyses by changing the EBITDA margin applied for the impairment tests. A further 50 basis-point decrease compared with the assumptions used would have led to the recognition of an additional 2 million-euro impairment loss for the Group's South American operations, but would not have had any impact on the other tests carried out.

Note 7. Assets and groups of assets held for sale

The Group is actively seeking to dispose of its metallurgy business in Germany and expects to complete the disposal program within the next twelve months.
In the segment information, the metallurgy assets are classified in the "Other" segment.

A buyer is also actively being sought for US-based Berk-Tek. The project's progress makes it highly probable that the sale of the business will be completed in less than one year.
Berk-Tek manufactures local area network cables and is part of the Transmission, Distribution & Operators segment.

As the metallurgy business and Berk-Tek both meet the criteria to be classified as held for sale in accordance with IFRS 5, they have been included in the statement of financial position under "Assets and groups of assets held for sale" at June 30, 2020.

As required under IFRS 5, the Group has measured these disposal groups at the lower of their carrying amount and fair value less costs to sell. Metallurgy business carrying amount is higher than its fair value less costs to sell, an impairment loss was therefore recorded on this disposal group at June 30, 2020.

Statement of financial position *(in millions of euros)*	Assets and groups of assets held for sale at June 30, 2020	Allocation of impairment losses	Carrying amount after allocation of impairment losses
Net property, plant and equipment and intangible assets	32	(3)	29
Inventories and work in progress, net	40	-	40
Trade and other receivables	16	-	16
Other assets	5	-	5
Total assets and groups of assets held for sale	**93**	**(3)**	**90**
Trade payables	51	-	51
Other liabilities	12	-	12
Liabilities related to groups of assets held for sale	**63**	**-**	**63**

At June 30, 2020, reserves for currency translation differences on these entities represented a 1 million euro gain.

Note 8. Other financial income and expenses

(in millions of euros)	First-half 2020	First-half 2019
Dividends received from non-consolidated companies	1	1
Provisions	-	0
Net foreign exchange gain (loss)	2	(6)
Net interest expense on pension and other long-term employee benefit obligations	(1)	(3)
Other	(3)	(4)
OTHER FINANCIAL INCOME AND EXPENSES	**(2)**	(12)

Note 9. Income taxes

The effective income tax rates were as follows for first-half 2020 and first-half 2019:

Tax proof *(in millions of euros)*	First-half 2020	First-half 2019
Income before taxes	(15)	(85)
- of which share in net income of associates	1	0
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**(14)**	(85)
(Income tax expense)	(39)	(27)
EFFECTIVE INCOME TAX RATE (in %)	**(277.3)%**	(32.18)%

The negative effective income tax rate for first-half 2020 was mainly due to (i) the non-recognition of deferred tax assets for the losses of certain Group companies and (ii) the more conservative approach to recognizing European deferred tax assets in order to take into account the unfavorable impact of the Covid-19 crisis on some Group businesses.

The negative effective income tax rate for first-half 2019 is a consequence of the European restructuring plan for which the impacts recorded during that period mainly concerned countries where the recognition of deferred tax assets is limited.

Note 10. Earnings per share

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	First-half 2020	First-half 2019
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(55)	(116)
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(55)	(116)
ATTRIBUTABLE NET INCOME FROM DISCONTINUED OPERATIONS(1)	-	-
Average number of shares outstanding	43,277,726	43,371,996
Average number of dilutive instruments – Free shares and performance shares	*Anti-dilutive*	Anti-dilutive
Average number of diluted shares	43,277,726	43,371,996
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
- Basic earnings per share(2)	(1.27)	(2.67)
- Diluted earnings per share(2)	(1.27)	(2.67)

(1) In millions of euros.
(2) In euros.

Note 11. Goodwill

The change in goodwill in first-half 2020 (237 million euros at June 30, 2020 versus 242 million euros at December 31, 2019) is attributable to changes in exchange rates as the majority of the Group's goodwill is denominated in foreign currencies because it relates to the acquisitions of Olex in Australia, Madeco in South America and AmerCable in North America.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in the notes to the full-year 2019 consolidated financial statements. Due to the Covid-19 crisis, all of the Group's goodwill was tested for impairment in the first half of 2020 (see **Note 6**).

No goodwill impairment losses were recognized in first-half 2020, first-half 2019 or full-year 2019.

Note 12. Equity

A. COMPOSITION OF CAPITAL STOCK

At June 30, 2020, Nexans S.A.'s capital stock comprised 43,606,320 fully paid-up shares with a par value of 1 euro each (43,606,320 shares at December 31, 2019).

B. DIVIDENDS

In light of the Covid-19 crisis, at the Annual Shareholders' Meeting held on May 13, 2020 to approve the financial statements for the year ended December 31, 2019, the Company's shareholders approved the Board of Directors' recommendation to waive the 2019 dividend.

At the Annual Shareholders' Meeting held on May 15, 2019 to approve the financial statements for the year ended December 31, 2018, the Company's shareholders authorized payment of a dividend of 0.30 euros per share, representing an aggregate payout of 13 million euros based on the 43,606,320 ordinary shares making up the Company's capital stock on the payment date (May 21, 2019).

C. TREASURY STOCK

At June 30, 2020, Nexans S.A. held 467,399 shares in treasury (156,485 shares at December 31, 2019).
In first-half 2020, 350,314 shares were purchased into treasury under the buyback program approved by the Board of Directors on March 17, 2020.

F. STOCK OPTIONS

There were no stock options outstanding at June 30, 2020 or December 31, 2019 or during the first half of either 2020 or 2019.

G. FREE SHARES AND PERFORMANCE SHARES

At June 30, 2020 there were 1,087,908 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.7% of the Company's capital stock (996,625 at December 31, 2019, representing a total of 2.3% of the Company's capital stock).

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity.

In the first-half 2020 income statement, this expense totaled 3 million euros (versus 3 million euros in first-half 2019).

Note 13. Pensions, retirement bonuses and other long-term benefits

The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. At June 30, 2020 the main benefit obligations and plan assets of the plans in France, Germany, Canada and the United States were remeasured, primarily based on the applicable discount rates and the fair value of the plan assets. The assets of the plan in Switzerland were also remeasured.

Main assumptions:

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The weighted average rates used for the main countries concerned are listed below:

	Discount rate June 30, 2020	Discount rate December 31, 2019	Discount rate June 30, 2019
France	1.00%	0.70%	1.15%
Germany	1.00%	0.70%	1.15%
Switzerland	0.10%	0.10%	0.35%
Canada	2.35%	2.85%	2.95%
United States	2.95%	3.60%	3.80%.

Change in net provision for pension and other long-term employee benefit obligations:

(in millions of euros)	2020	2019
NET PROVISION RECOGNIZED AT JANUARY 1	**365**	358
- *of which pension assets*	*(8)*	(5)
- *of which pension liabilities*	*373*	363
Expense/(income) recognized in the income statement	9	4
Expense/(income) recognized in other comprehensive income	7	10
Contributions and benefits paid	(15)	(15)
Other impacts (translation adjustments, changes in scope, etc.)	(5)	-
NET PROVISION RECOGNIZED AT JUNE 30	**360**	357
- *of which pension assets*	*(2)*	(6)
- *of which pension liabilities*	*361*	363

Note 14. Provisions

A. ANALYSIS BY NATURE

Movements in provisions for contingencies and charges were as follows during the first half of 2020:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2019	**297**	38	159	101
Additions	31	7	21	5
Reversals (utilized provisions)	(74)	(3)	(68)	(2)
Reversals (surplus provisions)	(6)	(3)	(4)	(0)
Business combinations	-	-	-	-
Exchange differences and other	(0)	(1)	4	(2)
AT JUNE 30, 2020	**249**	**37**	**111**	**101**

The above provisions have not been discounted as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts. Where appropriate, they also include provisions for goods and services contracts in progress.

The “Other provisions” column primarily includes provisions set aside for antitrust investigations, which amounted to 74 million euros at June 30, 2020 (see **Note 16**).

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs amounted to 53 million euros in first-half 2020, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairments and write-offs[1]	Other monetary costs	TOTAL
Charges to provisions, net of reversals of surplus provisions	10	-	6	17
Other costs for the period	7	2	27	37
TOTAL REORGANIZATION COSTS	**17**	**2**	**34**	**53**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

These costs include 26 million euros related to the project to reorganize the Group's operations in Europe announced on January 24, 2019. This amount mainly corresponds to costs for which no provisions could be recorded in accordance with IFRS (notably in Germany, France and Belgium). In first-half 2019, costs related to this project announced on January 24, 2019 totaled 154 million euros. The first-half 2020 amount also includes costs for new projects launched this year in the Asia-Pacific, North America and Europe regions for a total of 10 million euros.
In addition to restructuring costs, in first-half 2020, “Other monetary costs” included 11 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018. Transformation program costs incurred in first-half 2019 amounted to 4 million euros.

As was the case in previous periods, wherever possible the reorganization plans implemented by the Group in first-half 2020 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

Note 15. Net debt

At June 30, 2020 and December 31, 2019, the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook.

A. ANALYSIS BY NATURE

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Long-term – ordinary bonds(1)	15.B	523	772
Other long-term borrowings(1)	15.C	334	59
TOTAL LONG-TERM DEBT(2)		**857**	**831**
Short-term – ordinary bonds	15.B	250	-
Short-term borrowings and short-term accrued interest not yet due(2)	15.C	79	150
Short-term bank loans and overdrafts		12	16
TOTAL SHORT-TERM DEBT(2)		**341**	**165**
GROSS DEBT(2)		**1,198**	996
Short-term financial assets		-	-
Cash		(992)	(617)
Cash equivalents		(36)	(25)
NET DEBT EXCLUDING LEASE LIABILITIES		**170**	355
Lease liabilities(3)		106	116
NET DEBT		**276**	471

(1) *Excluding short-term accrued interest not yet due and lease liabilities.*
(2) *Excluding lease liabilities.*
(3) *Out of the total lease liabilities recognized at June 30, 2020, 81 million euros corresponded to long-term liabilities, the remaining part corresponding to short-term liabilities. The related interest expense amounted to 2 million euros in first-half 2020.*

B. BONDS

At June 30, 2020 *(in millions of euros)*	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2021	250	250	May 26, 2021	3.25%
Ordinary bonds redeemable in 2023	335	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	200	200	April 5, 2024	2.75%
TOTAL BONDS(1)	**785**	**775**		

(1) *Including 13 million euros in short-term accrued interest.*

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and have an annual coupon of 3.75%.

On April 5, 2017, Nexans carried out a 200 million euro bond issue with a maturity date of April 5, 2024. All of these bonds were issued at par.

On May 26, 2016, 250 million euros worth of bonds were issued, maturing on May 26, 2021. All of these bonds were issued at par. They are reported under "Short-term - ordinary bonds" in the consolidated statement of financial position at June 30, 2020.

All of the OCEANE 2019 bonds were redeemed in early January 2019 for an aggregate amount of 276 million euros, including accrued interest.

C. OTHER BORROWINGS

On June 17, 2020, Nexans received the proceeds of a 280 million euro government-backed bank loan (see **Note 2**). It has a twelve-month maturity which Nexans has the option to extend by up to five years. The French government's guarantee covers 80% of the loan's amount.
It is reported under “Other long-term borrowings” in the consolidated statement of financial position at June 30, 2020 for a carrying amount of 279 million euros.

In early April 2020, Nexans drew down 200 million euros on its 600 million syndicated credit facility (which was amended in December 2018). This drawdown was repaid on June 22, 2020.

The amount recognized under “Other long-term borrowings” at June 30, 2020 includes an approximately 50 million euro drawdown on a loan to finance the construction of a cable-laying vessel (approximately 50 million euros at December 31, 2019). See Note **15.D** below for further details.

At December 31, 2019, the Group’s short-term debt included a securitization program (the “On-Balance Sheet” program) set up by Nexans France in the second quarter of 2010. This program involves the sale of trade receivables and is contractually capped at 80 million euros. The program terminated as of June 30, 2020.

D. COVENANTS

The 600 million euro syndicated credit facility taken out in December 2015 and amended on December 12, 2018 expires on December 12, 2023.
It includes a 200 million euro very short-term drawing facility, aimed notably at securing a negotiable instruments program set up on December 21, 2018 for a maximum amount of 400 million euros. This short-term negotiable instruments program had not been used at June 30, 2020.

The amended syndicated credit facility and the government-backed loan are subject to the following two covenants:

- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20x; and
- consolidated debt must not exceed 3.2x consolidated EBITDA as defined in **Note 3**.

These ratios were well within the specified limits at both June 30, 2020 and December 31, 2019.

In addition, in order to finance the construction of Nexans’ new cable-laying vessel, a Group subsidiary took out a loan of 1,050 million Norwegian krone in May 2019. This loan, which will be drawn down in tranches throughout the vessel’s construction, will be repaid on a straight-line basis over the twelve years following delivery of the vessel. It includes two options exercisable by the Group on the vessel’s delivery date: (i) an option to switch from a variable interest rate to a fixed rate, and (ii) an option to choose between the Norwegian krone, the euro or the US dollar as the repayment currency.
The loan also includes (i) the same financial covenants as those set out in the Group’s amended syndicated credit facility described above and (ii) covenants specific to the Group’s subsidiary, based on the following:

- an equity to asset ratio;
- a net debt to equity ratio;
- a certain level of cash and cash equivalents.

These covenants were well within the specified limits at June 30, 2020 and December 31, 2019.

The Group is not subject to any other financial ratio covenants.

Note 16. Disputes and contingent liabilities

A. ANTITRUST INVESTIGATIONS

In late January 2009, antitrust investigations were launched in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power sector.

On April 7, 2014, Nexans France S.A.S. and the Company were notified of the European Commission's decision, which found that Nexans France S.A.S. had participated directly in anticompetitive practices in the submarine and underground high-voltage power cable sector. The Company was held jointly and severally liable for the payment of a portion of the fine imposed on Nexans France S.A.S. by the European Commission.

In early July 2014, Nexans France S.A.S. paid the 70.6 million euro fine imposed by the European Commission.
Nexans France S.A.S. and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France S.A.S. and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 16, 2020.

A series of compensation claims were triggered as an indirect consequence of the European Commission’s decision. In April 2019, certain Group entities received claims from customers filed before the courts in the United Kingdom, the Netherlands and Italy against Nexans and other defendants.
In the United Kingdom, Scottish & Southern Energy filed a claim against Nexans France S.A.S., the Company and certain Prysmian Group companies. However, the claim against Nexans France S.A.S. and the Company was suspended in September 2019.
In addition, one of the Group's competitors, which has been subject to damages claims initiated in 2015, filed two contribution claims against the other cable producers sanctioned by the European Commission, including Nexans France S.A.S. and the Company. One of the contribution claims is currently suspended pending the results of the proceedings in the principal action, while the procedure concerning the other claim has only just begun.
The claim in Italy has been filed with the Court of Milan by Terna S.p.A. Nexans Italia presented arguments in its defense on October 24, 2019. One of its main arguments is that the claim is inadmissible because it has been made against the wrong entity, since Nexans Italia was not named in the European Commission’s decision. After an initial hearing on November 13, 2019, Terna’s claim was dismissed on February 3, 2020 due to lack of clarity. Terna has revised the wording of its claim and a new hearing is scheduled for September 29, 2020.
The damages claim in the Netherlands was filed jointly by the Electricity & Water Authority of Bahrain, the Gulf Cooperation Council Interconnection Authority, the Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies in the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Group. This action has been brought before the Amsterdam Court. On December 18, 2019, Nexans filed a motion challenging the Amsterdam Court’s jurisdiction. The plaintiffs submitted their arguments in response on February 12, 2020 and the hearing on this preliminary procedural issue has been scheduled for September 8, 2020. The court’s ruling on the matter is expected to be handed down before the end of the year.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. The case brought against Nexans by the Australian antitrust authority (ACCC) was dismissed by the Australian courts, which refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a matter pertaining to the sale of low and medium-voltage cables.

In Brazil, the local antitrust authority "CADE" has completed its investigations in the high voltage power cable sector. On April 15, 2020, the antitrust tribunal imposed fines on several cable manufacturers, including the Company for 6,384,600 reals (approximately 1.1 million euros). The fine has been paid and the Company is currently appealing the antitrust tribunal's decision before the Brazilian courts.

In South Korea, Nexans' local subsidiaries have cooperated with the country's antitrust authority (KFTC) in investigations initiated between 2013 and 2015 in sectors other than high-voltage cables. KFTC has granted total immunity (and has not levied any fines) in fifteen of these investigations. Following two other investigations, the fines imposed on Nexans' Korean subsidiaries were reduced by 20%, and they finally paid a total of 850,000 euros. All of the administrative investigations are now closed and the Group is no longer exposed to any risks associated with the majority of damages claims brought by customers in connection with the investigations. Only four proceedings are still in progress.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in practices infringing Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly and severally liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. A ruling on the appeal is expected to be handed down before the end of the year.

Following a reassessment of the risks, a contingency provision of 74 million euro was set aside in the consolidated statement of financial position at June 30, 2020 to cover all the proceedings mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the related action for damages (existing or potential) initiated by customers. The amount of the provision is based on management's estimates, which take into account legal precedents set by comparable cases and currently available information. There is still a high level of uncertainty as to the extent of the risks related to potential action for damages and/or fines. The provision recorded could be adapted substantially to reflect the final costs related to these risks.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully managed or eliminated. The compliance program includes detection measures which may trigger internal or external investigations. As already stated in the Company's previous communications, if any of the above described procedures and/or antitrust investigations result in an unfavorable outcome, this could have a material adverse effect on the Group's earnings and therefore its financial position

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers that the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2020 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

Certain contracts entered into by the Group as at June 30, 2020 could lead to performance difficulties, but the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

Note 17. Subsequent events

In July 2020, the Group decided to shut down its industrial establishment based in Chester, New-York state, the reasons for the decision being the reduced share in the market of Buildings & Territories in the United-States and a will to optimize its costs structure.
The reorganization costs to be spent will be booked in the second semester of 2020.

As regards the disposal programs of Berk-Tek and Germany metallurgy, their progresses do not question the accounting impacts booked at end of June 2020.

No other significant events for which disclosure is required have occurred since June 30, 2020.

Statutory Auditors' review report on the 2020 interim financial information

(For the six months ended June 30, 2020)

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

To the Shareholders,
Nexans
4 allée de l'Arche
92400 Courbevoie

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Nexans, for the period from January 1 to June 30, 2020;
- the verification of the information presented in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on July 28, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 - "Interim Financial Reporting" as adopted by the European Union.

Without modifying our conclusion, we draw your attention to Note 16 A, "Antitrust investigations", to the condensed interim consolidated financial statements regarding the consequences of the decision of the European Commission.

II - SPECIFIC VERIFICATION

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review prepared on July 28, 2020. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, July 28, 2020

PricewaterhouseCoopers Audit	Mazars
Edouard Demarcq	Isabelle Sapet

Statement by the person responsible for the 2020 Half-Year Financial Report

Paris, July 29, 2020

I hereby declare that to the best of my knowledge, the condensed interim consolidated financial statements for the six months ended June 30, 2020, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and all the other companies included in the scope of consolidation, and the interim activity report presented herein provides a fair view of significant events of half-year 2020 and their impact on the financial statements, the main related party transactions and the principal risks and uncertainties for the remaining six months of the year.

Christopher Guérin
Chief Executive Officer