

2016 THIRD-QUARTER FINANCIAL INFORMATION

- **Organic growth¹ of -3.3%² for the third quarter, of which an impact of almost 2.4% from the contraction in sales related to the Oil & Gas sector³.**
- **Sales for the first nine months of 2016 down 0.9% on an organic basis compared with the same period of 2015. Excluding sales related to the Oil & Gas sector, sales rose by 1.1%.**
- **Main trends:**
 - **Sustained growth for LAN cables and systems.**
 - **An ongoing difficult environment related to the Oil & Gas sector (umbilicals, exploration and Asian shipyards).**
 - **Following strong demand in the first half in the energy utilities segment, the slowdown observed in Europe during the third quarter leads to an expectation of fairly stable full-year volumes.**
 - **Increase in the order book during the summer secures a strong double-digit growth for project activities in 2017.**

Paris, November 4, 2016 – Today, Nexans announced that its sales for the third quarter of 2016 amounted to 1,404 million euros (versus 1,520 million euros for third-quarter 2015). At constant metal prices⁴, the sales figure came to 1,071 million euros, representing an organic decrease of 3.3% year on year.

For the first nine months of 2016, sales came to 4,366 million euros at current metal prices and 3,355 million euros at constant metal prices, representing a 0.9% organic decrease.

The general trends seen in the third quarter of 2016 were as follows:

- Sales related to the Oil & Gas sector slowed during the summer and were down by 39% on an organic basis for the third quarter and -27% for the first nine months of 2016.

¹ Organic growth is defined as the difference between (i) standard sales for the current period of the current year (year Y) calculated at constant non-ferrous metal prices, and (ii) standard sales for the same period of the previous year (year Y-1), calculated at constant non-ferrous metal prices and applying the exchange rates prevailing in year Y and based on the year Y scope of consolidation.

² The third-quarter 2015 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices adjusted for the effects of exchange rates and changes in the scope of consolidation. In third-quarter 2016, exchange rates and changes in the scope of consolidation negatively impacted sales at constant non-ferrous metal prices by 0.7 million euros and 15.5 million euros respectively.

³ Sales related to the Oil & Gas sector were estimated by aggregating (i) sales of cables for oil and gas exploration, (ii) sales of umbilical cables, and (iii) sales generated by Asian shipyard activities.

⁴ To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

- Project business (excluding umbilicals) shows positive developments with sales up 6.6% for the quarter. Sales were higher for land high-voltage projects and the decrease in invoicing for submarine projects was due to the anticipated unfavorable effect of project phasing before a sequence of strong double-digit growth in activity for 2017 secured in order backlog.
- Telecommunications cables for private networks (LAN) and public networks (Operators) continued their positive first-half momentum.
- After a good start to the year, general demand in Europe showed signs of weakening both for cables for the building sector and cables for energy operators.

The Group notched up a series of contract wins during the third quarter of 2016, including:

- A contract to supply inter-array and export cables for the world's first 66 kV offshore wind farm, located off the port of Blyth in Northumberland (UK).
- A contract to supply approximately 100 km of umbilicals to BP Exploration (Delta) Limited and its partner DEA (Deutsche Erdoel AG) for the next stage of their West Nile Delta project in Egypt.

The Group also pursued its innovation drive during the quarter, achieving a triple technology milestone in high-voltage direct current (HVDC) cable systems. Nexans' unique technology portfolio of world class cables meets the needs of HVDC links through (i) cross-linked polyethylene (XLPE) cables which are qualified for 320 kV and have been successfully type tested at 525 kV, (ii) mass impregnated cables with a paper-based insulation and ready for 600 kV, and (iii) superconducting power cables.

Commenting on the Group's third-quarter 2016 performance, Arnaud Poupart-Lafarge, Nexans' Chief Executive Officer, said:

"Our performance in the third quarter of 2016 was mixed and seems to indicate that overall organic sales for the full year will be rather flat, as in 2015.

In these circumstances, the Group remains focused on implementing the strategic initiatives under way, which we are confident will significantly improve operating margin for both 2016 and 2017."

CONSOLIDATED SALES BY BUSINESS

	Q3 2015	Q3 2016	Organic growth Third quarter	Organic growth YTD (first nine months)
(in millions of euros)	At constant metal prices	At constant metal prices		
Distributors & Installers	275	268	-2.9%	+1.6%
Industry	304	286	-3.6%	-3.7%
Transmission, Distribution & Operators	474	443	-4.6%	-2,0%
<i>o/w Distribution & Operators</i>			-5.8%	+0.1%
<i>o/w Transmission</i>			-2.6%	-5.3%
Other Activities	71	74	+4.9%	+8.8%
Group total	1,124	1,071	-3.3%	-0.9%

Distributors & Installers

The Distributors & Installers business posted sales of 384 million euros at current metal prices for the third quarter of 2016 and 268 million euros at constant metal prices, representing a 2.9% decrease on the comparable prior-year period and a 1.6% organic growth for the first nine months of 2016.

Following a satisfactory 3.9% sales increase in the first half, the contraction in the third quarter was due to lower sales of power cables, whereas growth remained sustained for LAN cables and systems.

Sales of **power cables** for the building sector decreased by 5.7% year on year in the third-quarter of 2016. Except for the Middle East, Russia and Africa Area, all geographic areas reported declines, with Europe and North America the hardest hit.

- In Europe, the Group was adversely affected in the most competitive markets where it only has a sales presence (UK, Spain and the Netherlands), whereas business volumes in its other markets were comparable with third-quarter 2015.
- In North America, the downturn was especially marked in the first two months of the summer, due to a major supply contract with a distributor coming to an end.
- In the other geographic areas, Brazil and Australia continued to be weighed down by the general economic situation, with double-digit declines in third-quarter 2016. Nevertheless, sales in those countries have stabilized in the last three quarters.
- However, momentum is positive thanks to business development in countries like Morocco, Lebanon, Colombia and South Korea.

For **LAN cables and systems**, organic growth came in at 6.1% in the third quarter, confirming the favorable trend seen in North America in the first six months of 2016 despite business slowing slightly compared with the start of the year. In Asia and Europe, year-on-year comparisons were negatively affected by the timing of project completions.

Industry

Sales for the Industry business amounted to 329 million euros at current metal prices and 286 million euros at constant metal prices, representing a 3.6% organic decrease versus third-quarter 2015. On a year-to-date basis, the organic decrease was 3.7%.

Overall, the trends seen in the first two quarters of the year continued into the third quarter:

- Sales for the automotive harnesses segment stabilized at a high level, leading mechanically to a decrease in its organic growth rate, which nevertheless stood at 1%.
- In the transportation sub-segment, sales to shipyards declined in Asia (South Korea and China) in view of their close correlation with the Oil & Gas sector. Sales of cables for railway rolling stock retreated year on year in both China and Europe. At the same time, railway infrastructure projects saw positive momentum and sales to the aeronautical market experienced double-digit growth.
- In the resources sub-segment, the operating environment remained difficult for cables for the Oil & Gas extraction sector but cables for refining and petrochemical applications as well as for mining extraction all reported sales increases. Lastly, sales for the renewable energy sector rose once again year on year.

Despite the overall sales decrease reported by the Industry business during the period, the Group continued its approach to margin optimization by reducing costs and improving the product mix.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators business amounted to 515 million euros at current metal prices and 443 million euros at constant metal prices, representing an organic decrease of 4.6% compared with third-quarter 2015. This performance reflects a contraction in sales of low- and medium-voltage cables and a sharp decline in sales of umbilicals, which could not be offset by the recovery in land high-voltage cables and an upturn for telecommunications cables sold to operators.

Distribution

2016 Third-quarter sales of low- and medium-voltage cables fell by 7.4% on an organic basis year on year, contrasting with the 4.2% growth delivered in the first half of 2016.

This swing was particularly pronounced in Europe (which reported a 12.1% decline versus 3% growth in the first half), with all of the region's main countries reporting decreases. In parallel, the Group continued to streamline and redistribute production capacity: the Namsos plant being now closed, sourcing supplies for the Norwegian market is arranged from other European sites.

The same trend could be seen in the Middle East, Russia and Africa Area where sales in Lebanon retreated during the period.

Sales were up year on year in the other geographic areas, especially in countries that had suffered heavily over the previous 12 months, such as Australia, New Zealand, Brazil and the United States.

Considering the higher demand in the first half, activity is expected at a stable level for the full year.

Operators

Sales of cables to telecommunications operators rose in the third quarter of 2016, increasing by 4.2% on an organic basis. This ongoing growth is being driven by sales of optical fiber cables in Europe.

Land high-voltage

The land high-voltage business continued the recovery begun in the second quarter of the year on the back of a strong order book for its European plants.

As a result, it posted a near 50% organic sales increase.

Submarine high-voltage

Sales from submarine projects were down 16.7%, primarily due to the sharp decline in sales of umbilicals and, to a lesser extent, the phasing of high-voltage projects.

The order book for submarine high-voltage cables reached a record high which enables to secure the strong growth expected for 2017.

After a good first quarter in 2016 – although invoicing for orders taken in 2015 gradually reduced during that period – sales of umbilical cables fell off in the third quarter. However, despite the difficult operating environment, the Group took a number of major orders during the summer, such as the contract signed with BP Exploration (Delta) Limited and DEA to supply equipment for their West Nile Delta project in Egypt, which will secure the business's factory loading for 2017. Thanks to these contract wins, the umbilicals order book has more than doubled since January 1, 2016 and now represents 194 million euros.

Other Activities

The "Other Activities" segment reported sales of 75 million euros at constant metal prices, representing 4.9% organic growth and corresponding to an increase in external sales of wire rods in Europe and North America.

A conference call is scheduled today at 3:30 p.m. (Paris time).

The local numbers to call are:

- In France: +33 (0)1 70 77 09 42*
- In the United Kingdom: +44 (0) 203 367 94 62*
- In the United States: +1 855 402 77 63*

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

- In France: +33 (0)1 72 00 15 00*
- In the United Kingdom: +44 (0) 203 367 94 60*
- In the United States: +1 877 642 30 18*

To listen to the conference, when requested, please enter 304671 followed by the hash (#) sign.

Financial calendar

February 9, 2017: 2016 Full-year results

This press release contains forward-looking statements which are subject to various risks and uncertainties that could affect the Company's future performance. Actual results could therefore differ significantly from those currently expected or anticipated.

Readers are also invited to log onto the Group's website where they can view and download the presentation of the annual results to analysts and the 2015 financial statements and Management Report, which include a description of the Group's risk factors, particularly those related to investigations on anti-competitive behavior launched in 2009. Readers can also view the 2016 half-year financial report which describes the uncertainties regarding second-half 2016, and the 2016 condensed interim consolidated financial statements.

In addition to these risk factors, the main uncertainties for the second half of 2016 primarily relate to:

- 1. Depressed demand in Oil & Gas-related markets, which could deteriorate further, potentially impacting several businesses in the Group, and in particular the US-based AmerCable business, which is also impacted by similar factors in the mining segment.*
- 2. Depressed demand in shipyards in China and South Korea, which could impact order entry and therefore sales for subsequent periods.*
- 3. Impact of political instability and economic contraction in Brazil, where demand levels are not stabilizing and customer credit risks may increase further.*
- 4. Brexit impacts, which could include decreased growth in European economies generally and, in relation to the UK, notwithstanding the absence of local cable production by the Group, (i) possible delays in financing of large infrastructure projects, resulting in a slowdown of orders for the HV business, and (ii) possible exchange rate fluctuations which could penalize other exports to the UK.*
- 5. Economic developments in Greece and their impact on the Group's operations in that country.*
- 6. The economic and political environment in certain emerging markets where Nexans makes sales, including in particular Lebanon, Libya and Russia.*
- 7. Possible negative impact of recent or ongoing plant closures and reorganizations and streamlining of support functions.*
- 8. Increasing costs of pension obligations resulting from declining interest rates.*
- 9. Demand stagnation or decline which, for certain factories, could result in critical capacity underutilization.*

About Nexans

Nexans brings energy to life through an extensive range of cables and cabling solutions that deliver increased performance for our customers worldwide. Nexans' teams are committed to a partnership approach that supports customers in four main business areas: Power transmission and distribution (submarine and land), Energy resources (Oil & Gas, Mining and Renewables), Transportation (Road, Rail, Air, Sea) and Building (Commercial, Residential and Data Centers). Nexans' strategy is founded on continuous innovation in products, solutions and services, employee development, customer training and the introduction of safe, low-environmental-impact industrial processes.

In 2013, Nexans became the first cable player to create a Foundation to introduce sustained initiatives for access to energy for disadvantaged communities worldwide.

Nexans is an active member of Europacable, the European Association of Wire & Cable Manufacturers, and a signatory of the Europacable Industry Charter. The Charter expresses its members' commitment to the principles and objectives of developing ethical, sustainable and high-quality cables.

Nexans, acting for the energy transition, has an industrial presence in 40 countries, commercial activities worldwide, is employing close to 26,000 people and generating sales in 2015 of 6.2 billion euros. Nexans is listed on Euronext Paris, compartment A.

For more information, please consult: www.nexans.com

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Appendices

(in millions of euros)

	Third-quarter	
	2015	2016
Sales at current metal prices by division		
Transmission, Distribution & Operators	557	515
Industry	363	329
Distributors & Installers	421	384
Other Activities	179	176
Group Total	1,520	1,404
Sales at constant metal prices by division		
Transmission, Distribution & Operators	474	443
Industry	304	286
Distributors & Installers	275	268
Other Activities	71	74
Group Total	1,124	1,071

Impact of changes in the scope of consolidation and exchange rates on sales at constant metal prices

	Third-quarter 2015	Currency effect	Organic growth	Effect of changes in scope of consolidation	Third-quarter 2016
Transmission, Distribution & Operators	474	-2	-21	-8	443
Industry	304	1	-11	-8	286
Distributors & Installers	275		-8	1	268
Other Activities	71		3		74
Total	1,124	-1	-36	-16	1,071