

# SHAREHOLDER NEWSLETTER



**02** 2015 FULL  
YEAR RESULTS



**03** GOVERNANCE



**04** NEXANS  
AND YOU

## Results of the strategic Initiatives

**€106**  
million operating  
margin

## Working capital requirement reduced by

**€345**  
million

## Net debt reduced by

**€259**  
million

## Improved workplace safety

Accident frequency  
rate reduced by

**75% en 5**

### Dear Shareholders,

Nexans' transformation is gaining pace and delivering the expected results: we have improved the Group's operating margin by a third and cut net debt by a factor of more than 2. The teams' commitment to our operational efficiency programs and economical management of resources is playing a central role in this performance for which they should be congratulated.

Despite a slight dip in sales, these results have been obtained thanks to the combined effect of a selective business policy, dynamic growth in underwater high voltage, automotive harnesses and data network cables, tempered by the sharp contraction in the oil & gas and extractive mining markets.

This deterioration has led us to devalue assets in the United States, Brazil and Australia by €129 million. The cost of restructuring plans in Europe, Asia-Pacific and North America came to €100 million. These depreciations and expenses explain the fiscal year's loss and why the Board of Directors has decided not to propose any dividend distribution at the Annual Meeting of Shareholders on May 12.

This should not hide from view our Group's recovery as evidenced by the improved operating results. By targeting excellence in customer service across the board, we have won some fine contracts. Our order book stands at one year's sales for onshore high voltage and 2.7 years for underwater high voltage.

In 2016, we will continue with our transformation program shifting it into a higher gear.

At the start of the year, we began to implement the plan to reduce support functions and medium voltage capacity in Europe as announced in June 2015.

Cutting our working capital requirement further and improving the operating margin and return on capital employed continue to be our top priorities.

Our targets for 2017 are unchanged. Our strategic initiatives represent a potential annual savings of €125 million on average for the years 2015 to 2017, excluding asset sales. I am equally confident that we will achieve these savings, as I am in the Group's medium- and long-term prospects. With its technology and innovations, Nexans contributes to providing safe and long-lasting solutions in areas like the energy transition, access to energy, the city of the future and the exponential rise in data exchange. Each of these major shifts points to huge market opportunities.

I would also like to congratulate Georges Chodron de Courcel on his appointment as Chairman of Nexans. It makes complete sense for our Group, which will benefit from his extensive knowledge of the industrial world acquired in his position as director of leading French and foreign groups, together with his renowned experience as a company leader.

Thank you for your support.



**Arnaud Poupert-Lafarge**  
Chief Executive Officer



Nicolas BADRÉ

**CONTRASTING TRENDS**

Sales came to €6.2 billion at current metal prices and €4.6 billion at constant metal prices, down 1.7% on a comparable basis:

- Sales fell 2.1% in Europe, 15.2% in North America and 6.6% in Asia-Pacific
- They held more or less steady in South America and rose 4.5% in the Middle East-Russia-Africa region.

These overall trends reflect contrasting situations:

- Continued growth in high value added business, such as underwater high voltage, automobile harnesses, and cables and systems for data networks
- Businesses impacted by the drop in oil prices and raw materials, especially in North America, Brazil and Australia
- Improving business in the building and industry segments in Europe and the Middle East-Russia-Africa region thanks to the application of a selective business policy emphasizing profitability over volume.

# Nexans improves its operating margin and slashes debt

**OPERATING MARGIN UP BY ONE THIRD: ALL SECTORS CONTRIBUTED**

The operating margin has increased by 32% to €195 million compared with €148 million in 2014. It represents 4.2% of sales<sup>1</sup> up from 3.2% in 2014. All segments contributed to this improvement.

The most significant contributions came from the reduction in fixed costs, "market leadership" initiatives, selectively streamline in operations portfolio.

**NET LOSS AFTER RESTRUCTURING AND DEPRECIATION**

- After the €142 million asset depreciation and €100 million of restructuring cost Group net loss is of €194 million.

At the Annual Meeting on May 15, the Board of Directors' proposal will be for no dividend to be distributed for fiscal year 2015.

**SHARP REDUCTION IN WORKING CAPITAL REQUIREMENT AND DEBT**

Despite net investments and restructuring costs being higher, €170 million and €104 million respectively, net debt has been reduced by a factor of more than 2. It was €201 million at the end of 2015 compared with €460 million a year earlier. This sharp drop is attributable to:

- A €90 million boost to operating cash flow to €191 million.
- A €345 million reduction in working capital requirement thanks to a drop in copper inventory, improved payment conditions, and pre-payments for major contracts.

As a result, net debt is 16% of shareholders' equity, down from 30% at the end of 2014.

In December, Nexans signed a new €600 million credit facility. The liquidity situation is good with a balanced schedule.



SALES<sup>1</sup>  
**€4.6 bn down 1,7%**

OPERATING MARGIN  
**€195 M up 32 %**

**WCR: down €345 M**  
NET DEBT: 16%  
OF SHAREHOLDERS' EQUITY

<sup>1</sup> At constant metal prices.

## THREE INNOVATIVE CONTRACTS

Nexans recently signed several contracts that illustrate its technological advance in growth sectors.



### SUPERCONDUCTING CABLES FOR CHICAGO

Superconducting cables transport five times more power than conventional cables with the same diameter and avoid having to install transformers in built-up areas. These are all advantages for cities where space is at a premium and electricity demand is

high. After successfully commissioning a superconducting cable in Essen, Germany, Nexans will now supply a test superconducting system to AMSC (American Superconductor).

**Aim: boost the resilience of the Chicago electricity grid.**

### CABLES FOR 1<sup>ST</sup> FLOATING WIND FARM

After an initial successful demonstration on floating wind farms in Norway, Statoil has contracted Nexans to supply static and dynamic cabling systems for the Hywind pilot project. This 30 MW floating wind farm will be installed 30 km off Aberdeen. It will power 20,000 households. Nexans will deliver on site the ready-to-install underwater cable system.

**Aim: support Scotland's target of achieving 100% renewable energy by 2020.**



### A ROBOTIC SOLUTION FOR CONNECTING OPTICAL FIBER

Stokab operates the world's largest open fiber optic network. Following conclusive tests in Stockholm, Sweden, the operator has ordered its first AODF<sup>1</sup> from Nexans. It steers robots to perform fiber switching in just a few minutes, thereby avoiding the need for the on-site presence of technicians.

**Aim: boost the network's hotspots so TV and radio networks can broadcast their programs via high-capacity fiber.**

*1 Automated Optical Distribution Frame.*

## GOVERNANCE

### Georges Chodron de Courcel appointed Chairman effective March 31, 2016

At the February 17, 2016, Board of Directors' meeting, Frédéric Vincent announced his decision to retire and so to resign from his position as Chairman and Member of the Board of Nexans effective March 31, 2016.

The Board of Directors has appointed Georges Chodron de Courcel as its Non-Executive Chairman effective from Frédéric Vincent's departure.

This appointment will provide Nexans with the stability needed for its operational recovery pursued under the impetus of its Chief Executive Officer Arnaud Poupart-Lafarge.

A Member of the Nexans Board since 2001 and Chairman of the Accounts and Audit Committee, Georges Chodron de Courcel served as the Chief Operating Officer and Member of the Executive Board of BNP Paribas. He is a Member of the Board of F.F.P. (Société Foncière Financière et de Participations) and a Member of the Supervisory Board of Lagardère SCA.



After extensively canvassing electricity companies in several African countries, Nexans developed NEOGRID™ specifically for them: an integrated electrification system combining equipment and services.

- The equipment includes cables, transformers, junction boxes, circuit-breakers, prefabricated sub-stations and all the necessary accessories.
- The services include a one-stop solution that simplifies finance and order management, fast-tracked customs clearance, delivery on demand, packaging that facilitates installation, engineering advice to ensure equipment

interoperability and correct line operation, and training to boost customer competitiveness.

Designed for rural electrification programs under way in Togo, Burkina Faso, Cote d'Ivoire and Mali, this offer is simple, complete and easy for customers to manage. It is the result of close cooperation between field sales teams, and the Group and Nexans Morocco

marketing teams. Some of the equipment is manufactured in Morocco.

NEOGRID™ is adaptable to the standards applicable in East Africa and rapidly growing urban areas. Africa today has 53 cities with a population of more than one million people; it is expected there will be 70 within the coming 10 years (Source: UN 2014).



## ENERGIES FOR AFRICA

In Sub-Saharan Africa, almost 70% of the population had no access to electricity in 2015 despite Africa having huge hydro, solar, wind and geothermal power resources. Nexans has joined the Energies for Africa Foundation that aims to harness these resources to connect 600 million Africans to an electricity supply by 2025 and to ensure the continent has access to the electric energy it needs for its development.

## NEXANS COMMITS TO AFRICA'S ELECTRIFICATION

Nexans supports AREI, Africa Renewable Energy Initiative presented at COP21, as well as the project for a Pan-African Electrification Agency. In order to assist this agency, several French companies and institutions, including Nexans, which played a lead role, have rallied together to pool their expertise and provide a global offer in response to the needs of African States while respecting their diversity and sovereignty.

### Nexans share NYSE Euronext Paris Compartment A SBF 120 index

- Share capital: €42,597,718
- Shares in circulation: 42,597,718
- Par value: €1 euro • ISIN code: FRO000044448 • Deferred settlement service.

### Join the Shareholder E-Club

Enjoy access to reports, video interviews and email alerts about Nexans news. You simply need to own at last one Nexans share and to have a valid email address.

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

### Diary

**May 3:** 2016 first-quarter financial information.

**May 12:** Annual Meeting of Shareholders

**July 28:** 2016 first-half results.

**Nous contacter :** Toll free call from a landline (France only) / **From outside France, please dial + 33 (0)1 73 23 84 61**

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

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