

2019 FIRST QUARTER FINANCIAL INFORMATION

- **Consolidated sales for first quarter 2019: 1,664 million euros, up +7.7%¹ on an organic basis compared to first quarter 2018**
- **+10.1% organic sales growth for cable and wire activities², reflecting a buoyant start to the year**
- **A sharp -8.0% contraction in sales for the High Voltage & Projects segment, reflecting low industrial workloads for land high voltage projects (with sales down -21.1% for that sector), and a -2.4% sales decline in the submarine sector due to the impact, as expected, of project scheduling**
- **On-schedule progress for the “New Nexans” plan, with the rollout of the SHIFT transformation program**

Paris La Défense, May 2, 2019 – Today, Nexans announced that its sales for the first quarter of 2019 amounted to 1,664 million euros (versus 1,538 million euros for first quarter 2018). At constant metal prices³, first quarter sales came in at 1,110 million euros, representing year-on-year organic growth of +7.7%.

The order book has been healthy since the beginning of the year, and sales performances for the Group's various businesses were as follows during the period:

- The Building & Territories segment continued on the same upward trend as in late 2018, registering organic growth of +14.5%. Sales of low-voltage cables for the building sector jumped +17.0%, with all geographic regions contributing to the increase. Sales of cables and accessories to energy operators followed the same growth pattern, up +11.8% on an organic basis.
- The High Voltage & Projects segment retreated -8.0% in first quarter 2019, weighed down by low sales in the land high voltage business (in January 2019 the Group announced its plan to close the Hanover site).
- The Telecom & Data segment posted +7.2% growth, led by brisk momentum in the telecom infrastructure market (+16.1% sales increase) and, to a lesser degree, by an upswing in sales of submarine specialty cables (+7.2% increase). Sales of LAN cables and systems struggled to pick up, however, slipping -0.6%, as the recovery in the United States only partially offset the lower volumes seen in Europe and the Asia-Pacific region.

¹ The first quarter 2019 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. Exchange rates and changes in the scope of consolidation impacted sales at constant non-ferrous metal prices by a positive +5 million euros and a negative -2 million euros respectively.

² The cable and wire activities include all the businesses except High Voltage & Projects.

³ To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using constant prices for copper and aluminum.

- Lastly, sales of industrial cables rose +1.9%, with automotive harnesses up +4.5% and other industrial cables edging up +0.1%. Sales of cables for the mining, automation and wind turbine sectors remained solid during the period.

Commenting on the Group's first quarter 2019 performance, Christopher Guérin, Nexans' Chief Executive Officer, said:

“The first quarter of 2019 marked the go-live of the “New Nexans” plan, which we launched last November. The transformation program is being rolled out as scheduled and we expect to start reaping measurable benefits as from the first half of the year. First quarter growth was primarily the result of a favorable basis of comparison with first quarter 2018 and was not detrimental to the margin. This trend is expected to strengthen our pricing power for part of our business over the short and medium term.”

CONSOLIDATED SALES BY SEGMENT

(in millions of euros)	Q1 2018	Q1 2019	Organic growth Q1 2019 vs. Q1 2018	Organic growth Q1 2019 vs. Q4 2018
	At constant metal prices	At constant metal prices		
Building & Territories	396	455	+14.5%	-0.2%
High Voltage & Projects	137	126	-8.0%	-20.1%
Telecom & Data	121	132	+7.2%	+3.4%
Industry & Solutions	291	296	+1.9%	+5.4%
Other Activities	82	101	+22.0%	+29.6%
Group total	1,028	1,110	+7.7%	+0.9%

Building & Territories

Sales generated by the Building & Territories segment rose +14.5% on an organic basis, coming in at 455 million euros at constant metal prices (709 million euros at current metal prices) in the first quarter of 2019.

Sales of **power cables for the building market** advanced +17.0% on an organic basis, with all geographic regions posting double-digit growth.

- In Europe (up +17.1%), sales remained at the same high levels of late 2018, with Northern European countries enjoying a good start to the year for building-site activities.
- The Asia-Pacific region (up +18.1%) also followed the same positive sales trends experienced in 2018, with ongoing robust momentum in Australia.
- In North America (up +10.4%), sales rose in Canada but remained stable in the United States.
- In the Middle East/Africa region (up +19.7%), demand was high in North Africa (mainly in Morocco and Ivory Coast), whereas the region's other countries (Turkey and Lebanon) saw a sales decline in this first quarter of the year.
- Lastly, in South America, sales surged +20.5%, fueled by the positive impacts of the sales initiatives put in place across the region.

Sales of **distribution cables and accessories** increased by +11.8% on an organic basis in first quarter 2019, with positive trends in all of the Group's geographic regions.

In Europe, sales of cables to energy operators advanced +7.7% year on year on an organic basis, thanks to the start-up of several projects, notably in Switzerland and the Nordic countries. Conversely, France and Italy saw a decline in volumes. Sales of accessories trended upwards, climbing +7.3% compared with first quarter 2018.

In North America and South America, sales growth moved firmly into positive territory after the negative trends experienced in 2018. In North America, having struggled in the first quarter of 2018 (with sales falling -24.8%), the Group achieved +13.2% organic growth in first quarter 2019. In South America, following a -19.4% organic sales decline in first quarter 2018, sales increased by +44.0% on an organic basis in the first quarter of 2019, driven by a major contract for overhead power lines in Brazil and an upswing in business in Peru.

The Asia-Pacific and Middle East/Africa regions posted organic growth of +6.1% and +9.4% respectively, fueled by ongoing improvements in New Zealand and a sales recovery in Lebanon. The turnaround in Lebanon more than offset the impact of the decrease in capital spending in Ghana due to the ongoing privatization of the country's energy operator.

High Voltage & Projects

Sales generated by the High Voltage & Projects segment amounted to 136 million euros at current metal prices and 126 million euros at constant metal prices in the first quarter of 2019, corresponding to a year-on-year decline of -8.0%.

The situation remained difficult for the **land high voltage business**, with sales falling -21.1% due to low industrial workloads. The closure project of the Hanover production site was announced in late January, which adversely affected productivity and delayed work on the two main projects that are in its order book.

The **submarine high voltage and projects** business continued its excellent project execution. However, due to the scheduling of these projects (particularly Nordlink), the major installation phases will not take place until the second quarter. This – flagged by the fact that the Skagerrak cable-laying vessel had been immobilized at the beginning of 2019 – resulted in a -2.4% organic sales decline compared with first quarter 2018 due to the installation schedule.

The number of estimates submitted by the Group also remained brisk with a large number of projects in the process of being awarded, in Europe in particular.

Telecom & Data

The Telecom & Data segment's sales for first quarter 2019 came to 147 million euros at current metal prices and 132 million euros at constant metal prices, representing +7.2% organic growth compared with the same period in 2018.

Sales of **LAN systems and cables** edged down -0.6% year on year on an organic basis, with a mixed picture across the business' various geographic regions. In North America, where a plan was launched in late 2018 to refocus on the core business, sales growth came to +3.5%, led by supplies of copper cables. Conversely, Europe and the Asia Pacific region saw sales declines of -4.5% and -11.9% respectively. In China, Nexans secured its first contract with a major operator for pre-cabled solutions for datacenters.

Sales to telecom operators advanced +16.1% year on year. In Europe, sales were +15.3% higher than in the first quarter of 2018, which was marked by tight supply conditions for optical fiber. This year-on-year growth was notably driven by stronger demand for optical fiber cables and accessories in France and Belgium.

The **special telecom** (submarine) cables business reported organic growth of +7.2%.

Industry & Solutions

Sales for the Industry & Solutions segment totaled 350 million euros at current metal prices and 296 million euros at constant metal prices, representing a year-on-year organic increase of +1.9%. This growth was driven by a +4.5% rise in sales of automotive harnesses.

The Transportation sub-segment delivered organic growth of +2.0%:

- Sales of automotive harnesses continued to trend upwards, climbing +4.5% on the back of high demand for truck cables in North America, which offset lower sales volumes for car cables in China.
- Momentum was also brisk for sales of other cables for the automotive and aerospace sectors.
- Railway cable sales were down by -5.8%, although the picture was mixed from one country to another. While business slowed in France and Australia, demand increased in Germany and China.
- Following on from a more or less stable fourth quarter in 2018, sales of cables for shipyards retreated -11.0%, due to lower volumes in France. The South Korean market fared well, however.

Sales in the Resources sub-segment edged up +0.3% year on year. Mining cables turned in a healthy performance, but this was not sufficient to offset lower sales of extraction cables for the Oil & Gas sector.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 101 million euros at constant metal prices, representing +22.0% year-on-year organic growth. This increase was led by performances in Canada and France.

The 2019-2021 transformation plan

The New Nexans 2019-2021 plan launched in November 2018 is being rolled out on schedule.

The SHIFT transformation program

The SHIFT program is inspired by business turnaround specialists and involves dedicated teams from each business and a codified methodology of 25 performance improvement levers.

It is being rolled out in the form of 6- to 8-month modules which cover both struggling units and profitable entities that are expected to optimize their value creation.

At the end of the first quarter of 2019, 12 modules had been rolled out across the Group's geographic regions and are monitored on a weekly basis by the Group's Executive Committee. Sixty people have been assigned to the program on a full-time basis.

Eighteen other modules have been identified for rollout and 150 people have been trained to date.

Cost-cutting measures

Reducing fixed costs: On January 24, 2019, Nexans launched an information and consultation procedure and announced a restructuring plan with the objective of:

- resizing corporate activities at head office level,
- pooling certain functional activities between countries,
- reducing the number of reporting levels,
- making targeted adjustments to our industrial footprint.
- optimizing the Group's Innovation & Technology department, in order to align it more closely with the business transformation currently underway to improve agility and provide more services.

The restructuring plan could result in 939 job cuts and the creation of 296 new positions.

Reducing indirect costs: Measures to reduce the indirect costs of each Group entity were launched during the first quarter with the first results visible as from March.

Strengthening manufacturing performance: A team of LEAN specialists has been set up to improve the Group's productivity projects. During the first quarter of the year, the Group-wide productivity processes were enhanced considerably, and 10 manufacturing sites have already benefited from an accelerated LEAN plan.

Organic growth and movement up the value chain

The team responsible for deploying our system and service offering was reinforced in late 2018 in order to accelerate our movement up the value chain, which is part of the Group's strategy for the 2019-2021 period.

The Group continues to be drastically selective both on its Capital investment initiatives, commercial opportunities and "turn-key" projects. Our relentless evaluation process focuses on overall risks, financial rewards, contractual terms and, finally, overall fit with Nexans Group Strategy.

Post-closing events

As indicated in its prior communications, the Group continues to face the risk of follow-on claims as a result of the April 2014 European Commission sanction decision against Nexans France in the high-voltage underground and submarine sector. In April 2019, certain Group entities received claims from customers lodged before the courts in the UK, the Netherlands and Italy.

While vigorously defending these claims, the Group evaluates the likelihood of an unfavorable outcome of all ongoing antitrust proceedings and accrues a provision accordingly when necessary. These judgments are based on the status of the proceedings and after consultation with the Group external legal advisors and Statutory auditors.

To date, the Group has recorded a 59 million euro provision to cover all outstanding antitrust risks. In light of the limited information available to it as of today in relation to the specific claims, the very early stages of the litigation, the defense arguments that Nexans intends to deploy, the unpredictability of the outcome of this type of claim, as well as their relative novelty, the Group does not consider that there is any need to modify the provision.

A Q&A session by conference call is scheduled today at 9:00 a.m. (Paris time).

To take part, please sign up using the following link:

<https://cossprereg.btc.com/prereg/key.process?key=PR73A4T9P>

Financial calendar

May 15, 2019: Annual Shareholders' Meeting

July 24, 2019: 2019 First Half Results

November 7, 2019: Third quarter 2019 financial information

About Nexans

Nexans brings energy to life through an extensive range of advanced cabling systems, solutions and innovative services. For over 120 years, Nexans has been providing customers with cutting-edge cabling infrastructure for power and data transmission. Today, beyond cables, the Group advises customers and designs solutions and services that maximize performance and efficiency of their projects in four main business areas: Building & Territories (including utilities, e-mobility), High Voltage & Projects (covering offshore wind farms, submarine interconnections, land high voltage), Telecom & Data (covering data transmission, telecom networks, hyperscale data centers, LAN), and Industry & Solutions (including renewables, transportation, Oil & Gas, automation, and others).

Corporate Social Responsibility is a guiding principle of Nexans' business activities and internal practices. In 2013, Nexans became the first cable player to create a Foundation supporting sustainable initiatives bringing access to energy to disadvantaged communities worldwide. The Group's commitment to developing ethical, sustainable and high-quality cables also drives its active involvement within leading industry associations, including Europacable, NEMA, ICF or CIGRE to mention a few.

Nexans employs nearly 27,000 people and has an industrial footprint in 34 countries and commercial activities worldwide. In 2018, the Group generated 6.5 billion euros in sales.

Nexans is listed on Euronext Paris, compartment A.

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

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Appendices

(in millions of euros)

	First quarter	
	2018	2019
Sales at current metal prices by segment		
Building & Territories	645	709
High Voltage & Projects	149	136
Telecom & Data	138	147
Industry & Solutions	348	350
Other Activities	257	322
Group total	1,538	1,664
Sales at constant metal prices by segment		
Building & Territories	396	455
High Voltage & Projects	137	126
Telecom & Data	121	132
Industry & Solutions	291	296
Other Activities	82	101
Group total	1,028	1,110

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

	First quarter 2018	Currency effect	Organic growth	Effect of changes in scope of consolidation	First quarter 2019
Building & Territories	396	1	58	(0)	455
High Voltage & Projects	137	(1)	(11)	(0)	126
Telecom & Data	121	1	9	(0)	132
Industry & Solutions	291	2	5	(2)	296
Other Activities	82	1	18	0	101
Total	1,028	5	79	(2)	1,110