



Press release

2015 Third-Quarter Financial Information

- **Slight organic sales decrease of 0.3%¹ over the quarter, in line with the trend observed in the first half of the year.**
- **Sustained robust growth in the third quarter for automotive harnesses, LAN cables and systems, and submarine high-voltage projects (excluding umbilicals).**
- **Slight 1.3% decrease in Europe, reflecting lower business volumes in the building market, whereas sales to energy operators and in the Industry markets stabilized during the period.**
- **Ongoing positive momentum for the Middle East, Russia and Africa Area, upturn in South America and stable sales in China.**
- **Continued deterioration in the Oil & Gas and Mining sectors, which weighed on sales in North America and Australia and led to a slowdown in umbilicals projects.**
- **Strategic initiatives pursued as planned.**

Paris, October 16, 2015 – Today, Nexans announced that its sales for the third quarter of 2015 amounted to 1,520 million euros at current metal prices (versus 1,574 million euros for third-quarter 2014), and 1,124 million euros at constant metal prices², down 0.3% year on year on an organic basis. For the first nine months of 2015, the organic sales decrease came to 0.6%.

- The slight decrease reflects the combined impact of weaker demand for cables in Europe's building market (notably in France) and an expected downtrend in business opportunities in the Mining and Oil & Gas sectors, with a steep falloff in sales of umbilical cables in particular.

¹ The third-quarter 2014 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. Sales at constant non-ferrous metal prices for the third quarter of 2014 were reduced by a negative currency effect of 3 million euros. Changes in the scope of consolidation did not have any impact during that period.

² 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.

- Sales of automotive harnesses and LAN systems and cables were once again very robust, up 15.0% and 5.5% year on year respectively.
- As expected, sales of submarine high-voltage cables (excluding umbilicals) rose once again but at a slower pace than in the first six months of the year.
- In Europe, sales contracted 1.3%, with the impact of lower business volumes generated in the building market partly offset by sales trends stabilizing in the energy distribution sector, as well as by a strong performance in the telecoms market and certain segments of the Industry market, especially renewable energy.
- Sales in the Middle East, Russia and Africa Area continued to climb, although less steeply than in the first six months of the year.
- In North America, sales retreated 15.6%, primarily due to the declines reported in the Oil & Gas and Mining sectors.
- South America trended upwards, with growth coming in at 13.8% led by sales of cables to the building market and utilities. All of the countries in the region contributed to this positive momentum, sales decline in Brazil was lower compared to the first half of the year.
- Sales in the Asia-Pacific Area were hampered once again by persistently weak demand in Australia across all sectors. However, the Industry and LAN cables segments pursued their growth trajectory in China, although at a more moderate pace than in the first six months of the year.

The Group notched up a series of contract wins during the third quarter of 2015, including for:

- The supply of submarine high-voltage cables to Hyundai Heavy Industries (HHI) for the new Nasr oil field in the United Arab Emirates.
- The supply of submarine fiber optic cables to Huawei Marine that will be used to improve Internet traffic in Cameroon and Nigeria.
- The manufacture of power, data and control cables for the Porto Maravilha tramway in Rio de Janeiro.

The Group continued to roll out its strategic initiatives during the period. Measures to reduce fixed costs come in addition to the pursuit of plans being implemented (active phase of rationalization of the Swiss facilities), adjustments and new initiatives across all the operating regions. Meanwhile, consultations concerning the reorganization project in Europe proceeded in line with the original schedule.

Commenting on the Group's performance for the third quarter of 2015, Arnaud Poupert-Lafarge, Nexans' Chief Executive Officer, said:

"The third quarter of 2015 was shaped by the same flat growth trends as the first half of the year, with favorable developments in some businesses (submarine cables, automotive harnesses and LAN networks) generally offsetting the adverse impacts of others (the Oil & Gas sector, Brazil and Australia).

In view of the slack recovery in business volumes, the Group is determined to maintain its planned rollout of strategic initiatives, which will continue to have a positive impact on profitability in the second half of the year."

CONSOLIDATED SALES BY DIVISION

	Q3 2014	Q3 2015	Organic growth Third quarter	Organic growth YTD (first nine months)
(in millions of euros)	At constant metal prices	At constant metal prices		
Distributors & Installers	281	275	-3.8%	-4.5%
Industry	295	304	1.8%	2.3%
Transmission, Distribution & Operators	489	474	0.2%	0.8%
<i>o/w Distribution & Operators</i>			-0.2%	-2.9%
<i>o/w Transmission</i>			+0.9%	7.0%
Other Activities	65	71	1.9%	-6.4%
Group total	1,130	1,124	-0.3%	-0.6%

Distributors & Installers

The Distributors & Installers division posted sales of 275 million euros, down 3.8% on the third quarter of 2014.

The year-on-year decline reflected the persistently difficult operating environment in terms of both volumes and prices for power cables, partially offset in third-quarter 2015 by brisker growth for LAN cables and systems.

- *LAN cables and systems*: Sales of this segment rose once again in Europe as well as in China, fueled by demand from bank data centers
- *Power cables*: Sales of power cables for Europe's building market decreased during the period, despite higher year-on-year figures in Northern Europe. The overall contraction primarily resulted from measures taken to optimize the customer/product portfolio in several European countries and markets in a number of countries (particularly France) that struggled to pick up.

South America reported growth for the period, resulting from improved sales in the region and a less marked decline in Brazil, thanks in particular to direct sales via the new distribution center that opened in 2015.

Sales in North America contracted year on year, mainly as a result of weak demand and price pressure in the United States and Canada, whose markets were indirectly impacted by a downturn in demand in the Oil & Gas sector (oil shale projects). The Middle East, Russia and Africa Area also experienced negative growth during the period, due to a weak construction market in Turkey and Morocco.

In the Asia-Pacific Area, sales in Australia were severely affected by aggressive price competition, while in South Korea, business suffered from weak demand.

Industry

The Industry division reported sales of 304 million euros in the third quarter of 2015, representing an organic increase of 1.8% compared with the same period of 2014.

This year-on-year increase was, however, slightly below the growth figure posted for first-half 2015, due to (i) slower sales in the resources sector, which has been directly hit by the fall in oil prices, and (ii) an accelerated sales decline in the Oil & Gas sector in the United States. Similarly, sales in the Mining sector continued to contract in Australia. On the other hand, the division saw strong sales of cables for Europe's wind power sector.

Overall growth in the Industry division was once again led by the transport sector, particularly sales of automotive harnesses which jumped 15.0%. Sales momentum also remained buoyant in the transport sector in China and South Korea, despite a slight slowdown in sales of cables to the shipbuilding industry.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division came to 474 million euros in third-quarter 2015, representing organic growth of 0.2% compared with the corresponding prior-year period.

This overall performance reflects two main factors. Firstly, lackluster growth, as expected, for the high-voltage business (0.9%), with performance hampered by lower sales of umbilical cables and land high-voltage cables, despite continuing strong momentum for the submarine business, and secondly, a stabilization of sales in the energy distribution sector (down 0.2% in the third quarter of 2015 versus -4.2% in the first half).

Distribution

Distribution segment sales edged up on an organic basis in Europe, with a steadier operating environment characterized by a gradual recovery in capital spending in certain markets (notably in Northern Europe).

In South America, sales trends moved into more positive territory than in the first six months of the year, thanks to a strong performance from all of the region's countries, and particularly Brazil, where business was boosted by one-off overhead power line projects as well as export sales.

Sales in China and Australia dropped sharply, whereas in the Middle East, Russia and Africa Area they surged, spurred by brisk trends in Lebanon, where energy operators relaunched capital spending projects.

Operators

Sales to operators in Europe were stable. In South America, however, and particularly in Brazil, demand slowed down following a good first half.

Land high-voltage

The land high-voltage business saw a temporary double-digit sales decline in Europe due to the restructuring measures currently under way in the region. At the same time, the Charleston plant in the United States started up production for its first orders, while China experienced a slight sales contraction.

Growth in sales of accessories picked up pace during the summer of 2015, propelled, in particular, by a higher number of one-off orders from electricity operators in France and Italy.

Submarine high-voltage

Sales of submarine high-voltage cables continued their growth trajectory in the third quarter of 2015, reflecting positive project delivery timing impacts.

As announced in July, the effects of the slowdown in capital spending projects in the Oil & Gas sector on umbilical cables sales began to be felt during the period. However, the order book for this segment still represents close to one year's worth of sales and to date no orders placed with the Group have been either canceled or postponed.

Other Activities

The "Other Activities" segment – which essentially corresponds to sales of copper wires – reported sales of 71 million euros for third-quarter 2015, compared with 65 million euros in the same period of 2014.

There will be a telephone conference (in English) today at 3.00 p.m. (CET).

The local numbers to call are:

- In France: +33 (0)1 70 77 09 47*
- In the UK: +44(0) 203 367 9462*
- In the US: +1 855 402 77 64*

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 UK: +44(0) 203 367 9460*
- In the US: +1 877 642 3018*

To listen to the conference, when requested, please enter 296392 followed by the hash (#) sign.

Financial calendar

February 18, 2016: 2015 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 2014 financial statements and Management Report, which include a description of the Group's risk factors, particularly those related to investigations on anticompetitive behavior launched in 2009. Readers can also view the 2015 half-year financial report which describes the risk factors related to raw materials and supplies and also to the competitive environment of the Group's operating subsidiaries.

In addition to these risk factors, the main uncertainties for the second half of 2015 primarily relate to:

1. The economic environment in Europe, which remains uncertain despite the current low interest rates and oil prices.
2. The economic developments in Greece and their impact on the Group's operations in that country.
3. Sharp volatility in currencies and in commodities prices which could impact the Group's second-half results.
4. The economic and political environment in certain emerging markets where Nexans makes significant sales including in particular Lebanon, Libya and Russia.
5. In Australia, the market environment, particularly the demand in the mining and infrastructure segments which could remain depressed, and the ramp up of the planned substitution of imports from China for local production after the Tottenham plant closure, which may continue to face delays, resulting for example, from the cycles of customer qualification and bid periods.
6. In China, the time needed for development of end markets for certain products and the optimization of distribution channels which may take longer than originally planned.
7. In Brazil, where difficulties experienced in the first half may continue in relation to the economy generally, the Oil & Gas segment in particular, and to customer liquidity and credit issues.
8. Continuing increased customer credit risks, which in some cases cannot be insured or fully insured, especially in North Africa, Southern Europe, China and Russia.
9. The demand generated by the Oil & Gas sector related to the oil price (notably in the United States), which could still lead to an additional fall in capital spending by Oil and Gas companies beyond the cuts already announced.

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.

We have an industrial presence in 40 countries and commercial activities worldwide, employing close to 26,000 people and generating sales in 2014 of 6.4 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A.

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

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Appendices

(in millions of euros)

	Third quarter	
	2014	2015
Sales at current metal prices by division		
Transmission, Distribution & Operators	577	557
Industry	359	363
Distributors & Installers	454	421
Other Activities	184	179
Group total	1,574	1,520
Sales at constant metal prices by division		
Transmission, Distribution & Operators	489	474
Industry	295	304
Distributors & Installers	281	275
Other Activities	65	71
Group total	1,130	1,124

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

	Third-quarter 2014	Currency effect	Organic growth	Scope effect	Third-quarter 2015
Transmission, Distribution & Operators	489	(16)	1	0	474
Industry	295	8	5	(5)	304
Distributors & Installers	281	5	(11)	0	275
Other Activities	65	0	1	5	71
Total	1,130	(3)	(3)	0	1,124