



Press release

## 2015 First-Quarter Financial Information

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- **Organic growth of 1.8%<sup>1</sup> in the first-quarter 2015.**
- **Increased sales momentum in the Group's most attractive markets (submarine cables, automotive harnesses and LAN cables).**
- **Improved product mix in Europe at the expense of the overall sales volume.**
- **Sales hampered by difficult market conditions in Brazil and Australia as well as in the Oil & Gas sector.**
- **Satisfactory headway achieved for all of the Group's strategic initiatives.**

**Paris, April 28, 2015** – Today, Nexans announced first-quarter 2015 sales of 1,601 million euros at current metal prices (versus 1,560 million euros in the first three months of 2014). At constant metal prices<sup>2</sup>, first quarter sales came in at 1,172 million euros, representing year-on-year organic growth of 1.8%.

This overall sales increase reflects contrasting trends:

- Momentum was very brisk in the high-voltage business, with sales up 16% fueled by steady growth for submarine cables and an upturn in performance for land cables.
- Europe reported 3% year-on-year growth, reflecting a strong showing from automotive harnesses which more than offset the decline in cables sales in the region. Against the backdrop of continuing uncertainty in the European market, the Group pursued its measures to streamline its market/product portfolio, focusing on its most profitable products rather than seeking to increase unit sales volume.
- Sales in North America contracted by around 7% as the sharp rise in sales of cables for the building market and LAN cables was unable to offset the overall impact of a steep falloff in the resources sector (Oil & Gas and mining), a slowdown in sales to utilities and a decrease in external sales of wirerods.
- Despite a significant improvement in Peru and Colombia, sales in South America were down 11% year on year due to heightened difficulties in Brazil.
- In the Asia-Pacific area sales edged back 1%, reflecting the combined impact of extremely difficult ongoing market conditions in Australia and solid trends in Korea and China.

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<sup>1</sup> The first-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. The currency effect on sales at constant non-ferrous metal prices for the first quarter of 2014 amounted to 49 million euros and changes in the scope of consolidation had a -4 million euro impact.

<sup>2</sup> 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.

- In spite of a continuing tense geopolitical environment, sales in the Middle East, Russia and Africa area climbed 3% year on year, driven by buoyant performance in Turkey.

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

"Our sales figures in the first three months of 2015 reflect our strategic decision to focus on the Group's most profitable operations. We are meeting our objectives in all of the main areas of our strategic plan, particularly in terms of reducing fixed costs. And we were awarded the largest contract in the Group's history during the period, with an order representing over 500 million euros for the NordLink project."

## CONSOLIDATED SALES BY DIVISION

	Q1 2015	Organic growth
(in millions of euros)	At current metal prices	Q1 2015 vs. Q1 2014
Distributors & Installers	457	0.0%
Industry	393	+6.7%
Transmission, Distribution & Operators	560	+1.8%
o/w Distribution & Operators	-	-6.7%
o/w Transmission	-	+16.0%
Other	191	-10.2%
<b>Group total</b>	<b>1,601</b>	<b>+1.8%</b>

### Distributors & Installers

The Distributors & Installers division posted sales of 457 million euros, on a par with the first quarter of 2014.

This year-on-year stability reflects positive trends for LAN cables, which offset the effect of slower sales of power cables:

- Sales of LAN cables rose once again in the United States, Europe and the Asia-Pacific Area.
- Sales of power cables for the building market retreated in Europe, due to the ongoing lackluster market and the Group's measures to optimize its product portfolio in the region. Based on a market/product portfolio analysis carried out as part of the Group's transformation program, Nexans decided to withdraw from certain low value-added sub-segments and to change its distribution strategy. Sales in the countries not affected by these measures were stable or slightly up year on year.

Sales in North America and the Middle East, Russia and Africa Area continued on the upward trend observed in the second half of 2014.

In South America sales decreased due to a downturn in business in Brazil and despite steady growth in Peru and Colombia.

In the Asia-Pacific Area, the situation in Australia worsened.

## **Industry**

Sales for the Industry division amounted to 393 million euros, up 6.7% year on year on an organic basis.

This growth was led by the transport sector thanks to a sharp rise in sales of automotive harnesses. Sales of cables for rail and maritime applications were also brisk during the period.

Conversely, the resources business felt the first negative effects of the dip in oil prices, with a significant falloff in sales in the Oil & Gas sector in the United States. Meanwhile, sales in the mining sector continued to decrease in Australia and Chile. The renewable energies business saw growth during the period, however, driven by the wind power sector in Europe and Brazil.

Lastly, the Group pursued the implementation of measures to optimize its product portfolio of cables for other applications in Europe.

## **Transmission, Distribution & Operators**

Sales generated by the Transmission, Distribution & Operators division came to 560 million euros, representing organic growth of 1.8% compared with the same period of 2014.

This overall showing reflects the combined impact of (i) a 16.0% jump in sales for the high-voltage cables business, driven by an upswing for land high-voltage cables and sustained strong momentum for submarine high-voltage cables, and (ii) a 6.7% contraction in power distribution and sales to operators.

### *Distribution*

Sales in the Distribution segment inched back in Europe, with the region's overall performance hampered by weak sales in France and Germany. There were clear signs of recovery in Southern Europe, however, and Scandinavia delivered another good showing.

In South America, the downward trend experienced in the second half of 2014 gained pace, notably in Brazil in view of fewer overhead power line projects compared with the beginning of 2014 when the Group had several major project deliveries in that country.

The Asia-Pacific area also reported an erosion in sales during the period, primarily due to very weak demand in Australia.

### *Operators*

Sales to operators were down year on year due to the effect of large-scale reorganization measures in the telecommunications sector, which was exacerbated by an unfavorable basis of comparison with the first quarter of 2014.

#### *Terrestrial high-voltage*

Sales reported by the land high-voltage business rose in the first three months of 2015 thanks to deliveries of the land-based components of submarine projects as well as a positive timing effect from work carried out on the Belgian power grid. Year-on-year growth for this business was also boosted by a favorable basis of comparison with first-quarter 2014.

During the first three months of 2015 the Charleston plant in the United States completed the testing and certification phases for its products and made its first commercial deliveries.

Sales in China edged up year on year.

The Group won two contracts for extra-high voltage cables during the period – a contract signed with Elia for the Stevin project to reinforce Belgium's high-voltage power grid, and the Hongyang contract signed with SMEPC for a project to extend Shanghai's state power grid.

#### *Submarine transmission*

The positive trends seen in this business in 2014 continued in the first quarter of 2015, with sales growth led by the gradual production and installation of cables for major contracts, such as for the Monita power link project between Italy and Montenegro, the Cabot Strait project in Canada and the Kintyre project in the United Kingdom. At the same time, the power links between Malta and Sicily and Mallorca and Ibiza were installed during the period.

### **Other Activities**

The "Other" activities segment – which essentially corresponds to sales of copper wires – reported sales of 191 million euros for the first three months of 2015, down 10.2% on first-quarter 2014 on an organic basis. The year-on-year decrease was mainly due to a contraction in external sales in North and South America.

*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 42*
- In the UK: +44(0) 203 367 9453*
- In the US: +1 866 907 59 28*

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 30 18

To listen to the conference, when requested, please enter 293542 followed by the hash (#) sign.

## Financial calendar

May 5, 2015: Annual Shareholders' Meeting

July 29, 2015: 2015 First-Half 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. These risk factors notably include the risks related to investigations launched in 2009 on anticompetitive behavior in the submarine and underground high-voltage cables sector in various countries. These investigations resulted in fines being imposed on the main cable industry players in Europe and Asia by the European Commission in its decision of April 2, 2014, and an 80 million euro provision in the Group's consolidated financial statements to cover the direct and indirect consequences of the European Commission's decision and other proceedings in progress in the same sector.

In addition to these risk factors, the main uncertainties for 2015 concern the following:

1. the economic environment in Europe where the outlook remains uncertain despite low interest rates and low oil prices;
2. the demand from electrical utilities in budget constrained environment of States (Europe, Australia);
3. the strong currency volatility, especially in emerging countries (and their impact on liquidity particularly in some of these countries: South America, Africa, China and Russia) but also in mature markets (Switzerland, Canada);
4. the high volatility of raw material prices that can affect sales and margins in the Group businesses related to the raw materials industry segment;
5. the price of oil, which could lead to a further decline in investment of sector actors, beyond the cuts already announced for 2015;
6. the marked worsening of the geopolitical situation in some countries in the Middle East and Russia;
7. operating difficulties related to potential disruptions in supplies of water and electricity, especially in Brazil.

## 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.

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

## Additional information:

Investor Relations

Michel Gédéon

Tel: +33 (0)1 73 23 85 31

e-mail: [michel.gedeon@nexans.com](mailto:michel.gedeon@nexans.com)

Laura Duquesne

Tel: +33 (0)1 73 23 84 61

e-mail: [laura.duquesne@nexans.com](mailto:laura.duquesne@nexans.com)

Corporate Communication

Jean-Claude Nicolas

Tel: +33 (0)1 73 23 84 51

e-mail: [jean-claude.nicolas@nexans.com](mailto:jean-claude.nicolas@nexans.com)

Angéline Afanoukoe

Tel: +33 (0)1 73 23 84 12

e-mail: [angeline.afanoukoe@nexans.com](mailto:angeline.afanoukoe@nexans.com)

## Appendices

(in millions of euros)

	<b>First-quarter</b>	
	<b>2014</b>	<b>2015</b>
<b>Sales at current metal prices by business</b>		
Transmission, Distribution & Operators	551	560
Industry	358	393
Distributors & Installers	448	457
Other	203	191
<b>Group total</b>	<b>1,560</b>	<b>1,601</b>
<b>Sales at constant metal prices by business</b>		
Transmission, Distribution & Operators	470	482
Industry	291	326
Distributors & Installers	271	290
Other	75	74
<b>Group total</b>	<b>1,107</b>	<b>1,172</b>

### Impact of scope of consolidation and exchange rates on sales at constant metal prices

	First-quarter 2014	Currency effect	Organic growth	Scope effect	First-quarter 2015
Transmission, Distribution & Operators	470	7	9	(4)	482
Industry	291	18	19	(2)	326
Distributors & Installers	271	19	0	0	290
Other	75	5	(8)	2	74
<b>Total</b>	<b>1,107</b>	<b>49</b>	<b>20</b>	<b>(4)</b>	<b>1,172</b>