

2017 THIRD-QUARTER FINANCIAL INFORMATION

- **Organic sales growth¹ of 6.7%² for the third quarter, led by submarine high-voltage operations; stable sales for non-project-related business (up 0.6% year on year)**
- **Upturn in business in Europe and the Middle East/Africa region, offsetting weakness in America and for Oil & Gas sector activities**
- **Growth for sales of cables to telecommunications operators (up 7.2%) but negative trends for LAN cables and systems (sales down 8.8%)**

Paris, November 7, 2017 – Today, Nexans announced that its sales for the third quarter of 2017 amounted to 1,544 million euros (versus 1,404 million euros for third-quarter 2016). At constant metal prices³, third-quarter sales came in at 1,109 million euros, representing year-on-year organic growth of 6.7%.

For the first nine months of 2017, sales came to 4,750 million euros at current metal prices and 3,444 million euros at constant metal prices, representing a 3.8% organic increase.

The general trends seen in the first half of the year continued into the third quarter:

- High-voltage operations posted a sharp increase, with overall sales climbing 40% year on year on an organic basis (35% for the first nine months of 2017) and sales of submarine cables surging 63% (46% for the first nine months).
- Sales for non-project-related business – which contracted by 3% in the first half of the year – stabilized in the third quarter, edging up 0.6% on the comparable prior-year period. This was mainly due to the combined impact of growth in Europe and the MERA region (where sales rose 4.1% and 27.1% respectively) and ongoing weakness in North and South America (which posted sales declines of 7.4% and 19.2% respectively).
- The downward sales trend for Oil & Gas sector activities slowed during the period, with the decrease coming in at 7.3% compared with 25.8% for the first nine months of 2017. This reflects the combined impact of a positive basis of comparison for umbilical cables and another sharp contraction in sales of industrial cables to South Korean shipyards (which led the sales decline reported by the industry segment).

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 2017 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 negatively impacted sales at constant non-ferrous metal prices by 22 million euros and 11 million euros respectively.

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.

- Sales of telecom infrastructure cables increased 7.2% on an organic basis, following on from a strong 12.5% rise in the first half of the year.
- For LAN cables and systems, the downward sales trend observed in the first half continued into the third quarter (-8.8% versus -11.4%), as the upturn in Asia and Europe was not sufficient to offset ongoing weak sales in the United States.

The Group notched up a series of contract wins during the third quarter of 2017, including:

- In the energy infrastructure sector, a 37 million euro contract awarded by Norwegian power company BKK Nett AS to deliver and install a 420 kV XLPE submarine cable system which will ensure power supply to around 200,000 households, businesses and industrial facilities in the Bergen region of Norway.
- A contract signed with Huawei Marine in the telecommunications sector to manufacture and deliver 250 kilometers of submarine fiber-optic cable as part of the SEAX-1 project which will provide the population of the Malaysian Peninsula with high-speed robust connectivity.
- The selection by Hyundai Heavy Industries of Nexans as its sole cable supplier for the second package of the Nasr Phase II Full Field Development Project for the Nasr oil field off the coast of Abu Dhabi (United Arab Emirates). As part of this project, the Group's manufacturing facilities will deliver 3,000 kilometers of low- and medium-voltage power cables as well as instrumentation and communication cables.
- Also during the third quarter of 2017, Nexans announced that it had started building a new state-of-the-art cable laying ship. This new vessel – which has a 10,000-tonne capacity turntable – is designed for worldwide installation of large volumes of submarine HVDC and HVAC cable systems. Together with the Group's existing vessel, Nexans C/S Skagerrak, it will reinforce Nexans' position as a leading player in the growing submarine HV cabling market.
- Lastly, in line with its constant commitment to sustainable development, the Group has launched Nexans Recycling Services, which will enable its clients and partners to contribute to the circular economy while turning their waste copper and aluminum cables into a source of revenue.

Commenting on the Group's third-quarter 2017 performance, Arnaud Poupart-Lafarge, Nexans' Chief Executive Officer, said:

“Our performance in the third quarter of 2017 was in line with that for the first half of the year, with growth fueled by high-voltage submarine project operations. Business for all of our other activities has stabilized, thanks to a gradual upturn in Europe. The Group continues to put its recovery plan into action in-house and we will be presenting our new strategic plan for 2018-2022 on December 13.”

CONSOLIDATED SALES BY DIVISION

	Q3 2016	Q3 2017	Organic growth Third quarter	Organic growth YTD (first nine months)
(in millions of euros)	At constant metal prices	At constant metal prices		
Distributors & Installers	268	270	+4.2%	-1.0%
Industry	286	268	-3.8%	-1.7%
Transmission, Distribution & Operators	443	499	+16.6%	+11.2%
<i>o/w Distribution & Operators</i>			+2.4%	-3.6%
<i>o/w Transmission</i>			+39.9%	+34.9%
Other Activities	74	72	-1.6%	-2.2%
Group total	1,071	1,109	+6.7%	+3.8%

Distributors & Installers

The Distributors & Installers division posted sales of 438 million euros at current metal prices for the third quarter of 2017 and 270 million euros at constant metal prices, representing a 4.2% organic increase on the comparable prior-year period. For the first nine months of 2017, sales were down 1% year on year on an organic basis (versus a 3.2% decrease in the first half).

After 12 months of falling sales, **power cables** for the building market got back on the growth track in third-quarter 2017, climbing 8.6% year on year. This trend was seen across all of the Group's regions except South America.

Growth picked up pace in the Middle East/Africa and Asia-Pacific regions, which reported year-on-year sales rises of 20% and 12.9% respectively.

In Europe, business levels recovered, with sales rising 6.8%, propelled by robust momentum in France and despite lower sales volumes in the Nordic countries. The entry into force of the new EU Construction Products Regulation (CPR) seems to have had a positive effect on volumes but it is currently too early to tell its impact on operating margin.

In South America, the negative performance in Brazil continued to push down the Group's sales figures for the region as a whole. Against this backdrop, in September 2017 the Group announced a restructuring plan involving grouping all production facilities at the Rio site. The effects of this plan should begin to feed through as from 2018.

After an 11.4% organic contraction in the first half of 2017 – which was felt across all of the Group's geographic regions – sales of **LAN cables and systems** continued to decline, with organic year-on-year decreases of 8.8% for the third quarter and 10.6% for the first nine months of the year. The picture was mixed across the various geographic regions, however, as Europe and the Asia-Pacific region returned to growth whereas the expected recovery in the United States failed to materialize and price pressure effects have added to the impact of lower market volumes.

Industry

Sales for the Industry division amounted to 314 million euros at current metal prices and 268 million euros at constant metal prices, representing year-on-year organic decreases of 3.8% for the third quarter and 1.7% for the first nine months.

In the Transportation segment:

- Automotive harnesses continued to stabilize, with sales edging down just 0.6% in the third quarter and rising 1.5% for the first nine months. The costs of the Group's industrial reorganization measures once again weighed on this sub-segment's margins during the period.

The Group discontinued its harness manufacturing activities for the construction vehicles market in third-quarter 2017.

- The situation was mixed for specialty cables. Some sectors reported double-digit sales growth for the third quarter, such as automation cables in Europe (15.1%) and railway cables, whose growth figure was 15.8%, driven by a relaunch of business in China where the Suzhou facility has reached cruising speed. Growth in other sectors, such as renewable energies and aeronautics, reached a plateau but their year-to-date performance is still broadly positive.
- Business volumes with Asian shipyards (particularly in South Korea and China) contracted again due to the morose Oil & Gas sector, with sales falling 33.5% compared with the third quarter of 2016.

In the Resources segment, AmerCable pursued the turnaround that started at the beginning of the year, reporting a 6.4% sales rise in the third quarter. Performance was driven by renewed demand for mining extraction cables (whose sales advanced 25% year on year) but this positive effect was offset by an even faster decline (-32%) in sales of extraction cables for the Oil & Gas sector.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 587 million euros at current metal prices and 499 million euros at constant metal prices, representing 16.6% organic growth compared with the third quarter of 2016. This showing reflects higher volumes for the submarine high-voltage cables business and an improvement in sales of low- and medium-voltage cables.

Distribution

After two half-year periods of falling business volumes, low- and medium-voltage cables returned to growth in the third quarter of 2017 with an organic sales rise of 1.4% (versus a 9.7% year-on-year decrease in the first six months of the year).

Demand from energy operators stabilized in Europe during the quarter, inching down just 1.3% on an organic basis (compared with a 17.7% decrease in the first half of 2017). This stabilization was particularly apparent in France and the Nordic countries. The segment's order books were stronger than in third-quarter 2016, reflecting a rise in orders that is expected to continue into the fourth quarter of 2017.

The Asia-Pacific and Middle East/Africa regions recorded double-digit growth.

In South America sales fell 28.4% year on year on an organic basis, with business still hampered by a lack of overhead power line contracts in Brazil. Demand remained weak in Peru following delays in the start-up of major capital expenditure projects, but the Group was able to offset the adverse impact of this by taking action to grow its market share. Overall, South America's performance is improving, as shown by the period-on-period organic growth figure of 5.6%.

Operators

Sales of cables to telecommunications operators rose at a slower pace than in the two previous half-year periods, with organic growth coming in at 7.2% in the third quarter of 2017. However, market trends remained positive in all geographic regions, except for South America where third-quarter sales fell by 24.8%.

Land high-voltage

Sales of land high-voltage cables decreased by 7.3% on an organic basis in the third quarter of 2017, reflecting (i) an unfavorable basis of comparison with third-quarter 2016 when sales surged 50% and (ii) the negative effect of the phasing of projects. However, for the first nine months of the year, sales were up 7.9% on an organic basis.

Submarine high-voltage

Project-related business (submarine) delivered 63.1% sales growth in third-quarter 2017, driven by high workloads for both production and cable-laying operations (up 68% on the equivalent period of 2016). Umbilical projects registered a 36% organic sales increase, reflecting a very favorable basis of comparison with third-quarter 2016. Operations for contracts signed in the second half of 2016 are proceeding on schedule, with the margins generated reflecting the price erosion observed when the orders were taken.

In addition, the Group has laid the foundations for future growth by signing, in August 2017, the supply contract for its new cable-laying ship which is due to come into service in the third quarter of 2020.

Other Activities

Other Activities – which essentially corresponds to sales of copper wires – reported sales of 72 million euros at constant metal prices, representing an organic decrease of 1.6% compared with third-quarter 2016.

A conference call is scheduled today at 3:00 p.m. (Paris time).

The local numbers to call are:

- *In France:* +33 (0)1 72 72 74 03
- *In the United Kingdom:* +44 (0) 207 194 37 59
- *In the United States:* +1 844 286 06 43

To participate in the call, please enter 84688860 followed by the hash (#) sign.

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

- *In France:* +33 (0)1 70 71 01 60
- *In the United Kingdom:* +44 (0) 203 364 51 47
- *In the United States:* +1 646 722 49 69

To listen to the conference, please enter 418703771 followed by the hash (#) sign.

Financial calendar

December 13, 2017: Investor day

February 15, 2018: 2017 Full-year results

NB: Any discrepancies are due to rounding

This press release contains forward-looking statements which are subject to various expected or unexpected risks and uncertainties that could have a material impact on the Company's future performance.

Readers are also invited to log onto the Group's website where they can view and download the presentation of the 2016 annual results to analysts as well as the 2016 financial statements and Registration Document, which include a description of the Group's risk factors – particularly those related to the investigations into anti-competitive behavior launched in 2009 – and an overview of the Group's outlook for 2017-2018. Readers can also refer to chapter 3 of the half-year financial report, "Risk factors and main uncertainties" and the condensed consolidated financial statements for the first half of 2017.

The main uncertainties for the second half of 2017 and beyond mainly relate to:

- *The impact of flat prices for oil and gas on customers' capital expenditure.*
- *The crisis in shipbuilding and the construction of offshore platforms, particularly in Asia.*
- *The worsening political and economic situation and recent natural disasters in South America, which are having an impact on business in the region as well as on currency and customer credit risk.*
- *The consequences of the political crisis in Qatar on Nexans' operations in the region.*
- *The economic and political environment in the European Union and the United States, with possible major changes in trade policies (customs protection, embargoes, etc.) and tax systems, including the potential consequences of Brexit.*
- *Volatile demand for LAN projects in the United States.*
- *The risk that the projected restructuring of the Group's business portfolio will not yield results at the planned pace because of market conditions.*
- *Inherent risks related to carrying out major turnkey projects for high-voltage submarine cables, which will be exacerbated in the coming years as this business is becoming increasingly concentrated and centered on a low number of large-scale projects (Maritime Link, Nordlink, Beatrice, NSL, East Anglia One) and the plants involved have a high throughput.*
- *The risk that certain programs designed to improve the Group's competitiveness, or certain R&D and innovation programs, experience delays or do not fully meet their objectives.*
- *Technical conditions and the economic consequences of the market transition to building cables that are compliant with the new EU Construction Products Regulation (CPR).*

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 and commercial activities worldwide. It employs close to 26,000 people and generated sales of 5.8 billion euros in 2016. Nexans is listed on Euronext Paris, compartment A.

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Appendices

(in millions of euros)

	Third quarter	
	2016	2017
Sales at current non-ferrous metal prices by division		
Distributors & Installers	384	438
Industry	329	314
Transmission, Distribution & Operators	515	587
Other Activities	176	205
Group total	1,404	1,544
Sales at constant non-ferrous metal prices by division		
Distributors & Installers	268	270
Industry	286	268
Transmission, Distribution & Operators	443	499
Other Activities	74	72
Group total	1,071	1,109

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

	Third-quarter 2016	Currency effect	Organic growth	Effect of changes in scope of consolidation	Third-quarter 2017
Distributors & Installers	268	(10)	11	1	270
Industry	286	(5)	(11)	(3)	268
Transmission, Distribution & Operators	443	(7)	71	(9)	499
Other Activities	74	(1)	(1)	0	72
Total	1,071	(22)	70	(11)	1,109