

2014 Half Year Results

July 25, 2014



Safe Harbor

This presentation contains forward-looking statements relating to the Group's expectations for future financial performance, including sales and profitability.

The forward looking statements contained in this presentation are dependent on the risks and uncertainties, known or unknown at this date, that may impact on the Company's future performance, and which may differ considerably. Such factors may include the trends in the economic and commercial conditions and in the regulatory framework and also the risk factors set out in the 2013 Registration Report, including confirmation of the risks linked to the authorities' antitrust investigations in Europe, the United States, Canada, Brazil, Australia and South Korea (in addition to the on-going procedures regarding local business) for alleged anticompetitive behavior in the submarine and underground power cable sectors. An unfavorable outcome of these investigations and follow-on consequences could have a significant material adverse effect on the results and Nexans' financial situation, even excluding the potential fine imposed by the European Commission.

In addition to these risk factors, the main uncertainties for the second half of 2014 primarily relate to:

- The impacts of execution of the cost-saving plans in Europe and the Asia-Pacific area.
- Maintaining or restoring a sufficient level of demand in some segments and prices in Europe.
- The economic and political environment in certain emerging markets (notably China, Brazil, Argentina, Russia, Lebanon and Libya).
- The medium-term outlook for the above countries, as well as for Australia.
- Demand within the mining sector in general.
- Continued increases in credit risks, which in some cases cannot be insured, or can only be partially insured, in Southern Europe, North Africa and Russia and in some customer segments in China.

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Activity overview

Frédéric Vincent



Sales organic growth of 3.2% and growing OM

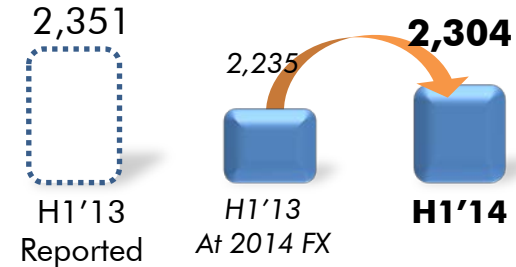
Sales (in M€, at constant metal prices)

Tough market environment
Still difficult outlook in Europe
Deterioration in South America, Russia
and Middle East

and

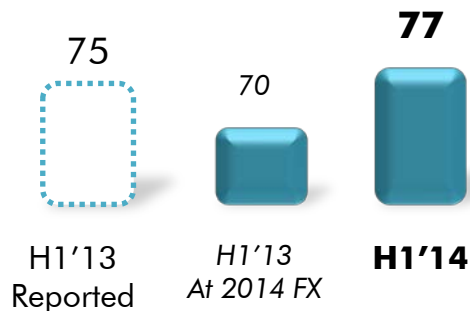


Progress on transformation plan



Positive organic growth: +3.2%
Mainly driven by high voltage and harnesses and
helped by picking up of North America in Q2
FX translation impact: -4.9%

Operating margin (in M€)



Improvement of operating margin, reflecting:

- Negative impact of deteriorated market
- Positive dynamics on certain segments
- Progress of strategic initiatives

Net Debt (in M€)

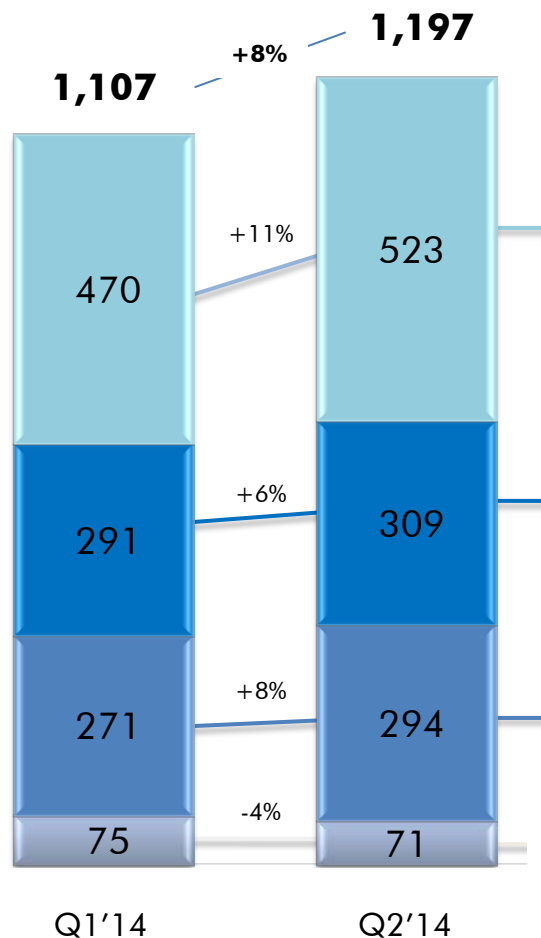
Net increase of 68M€ vs June 2013 on a comparable basis, due to higher CAPEX and restructuring charges supporting the strategic initiatives.



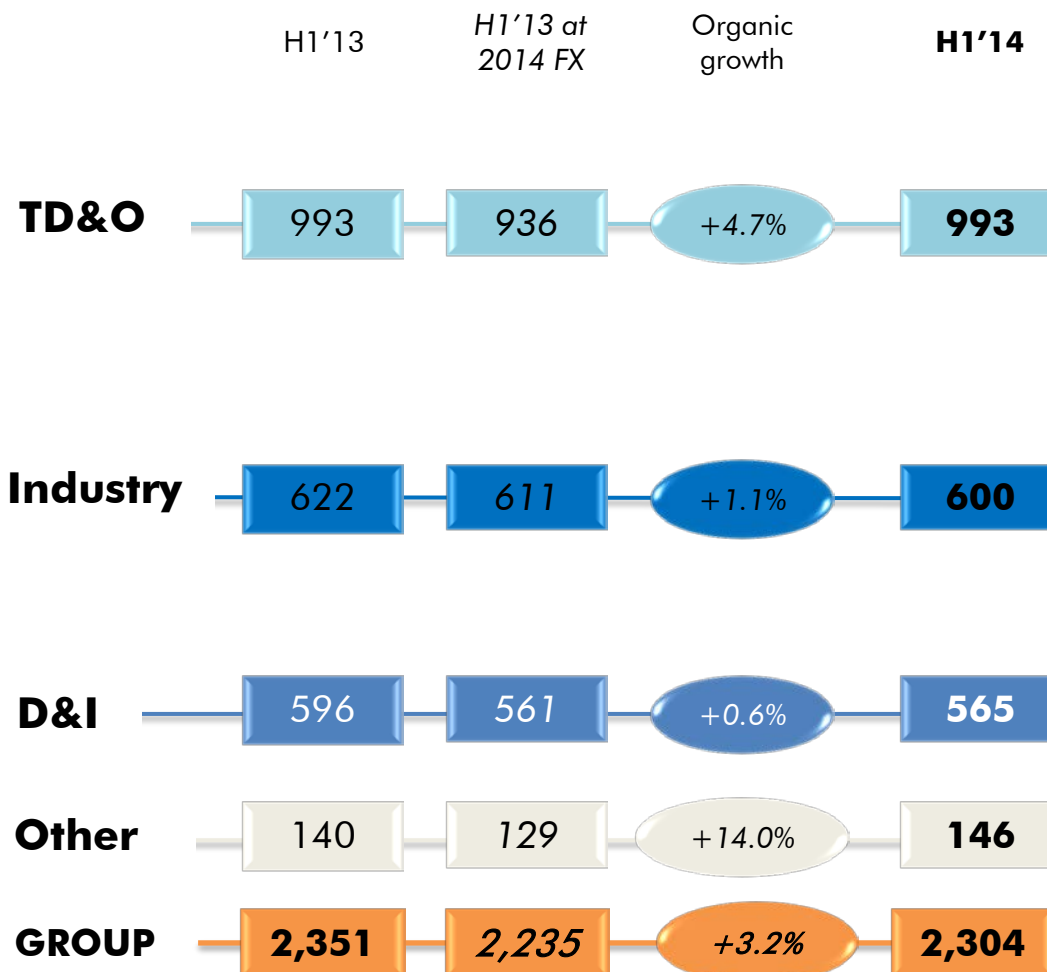
Positive organic growth in all businesses

(Sales at constant metal prices, in M€)

Q2/Q1 sequential growth

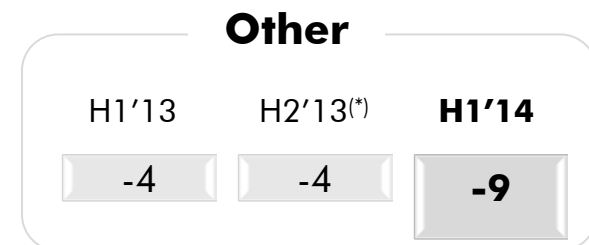
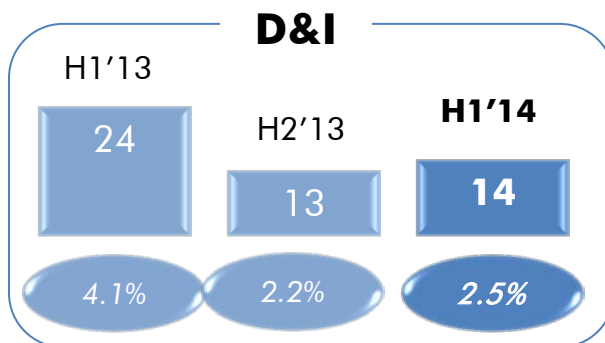
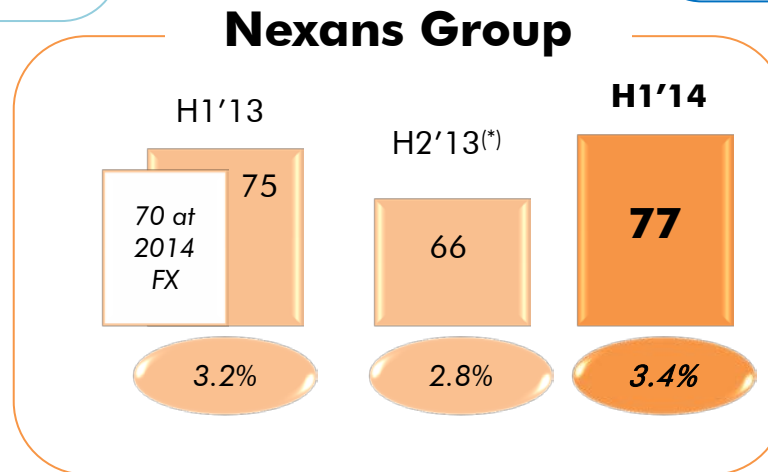
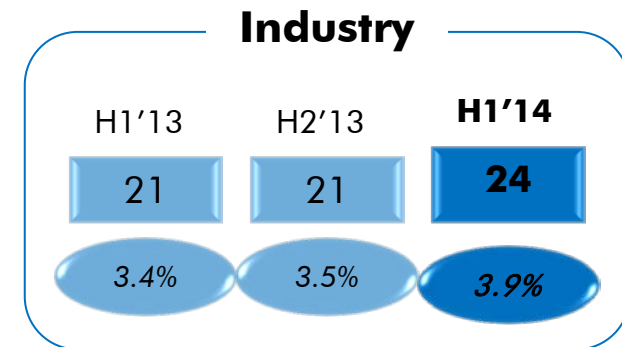
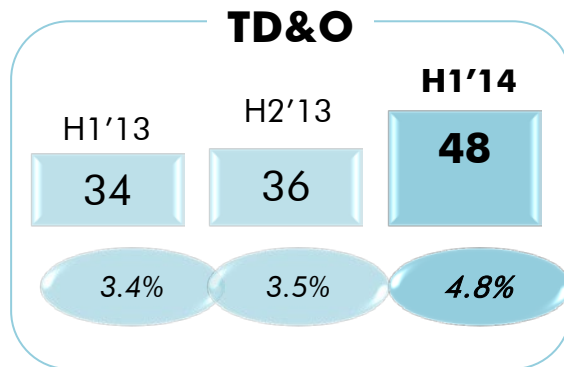


Yoy organic growth



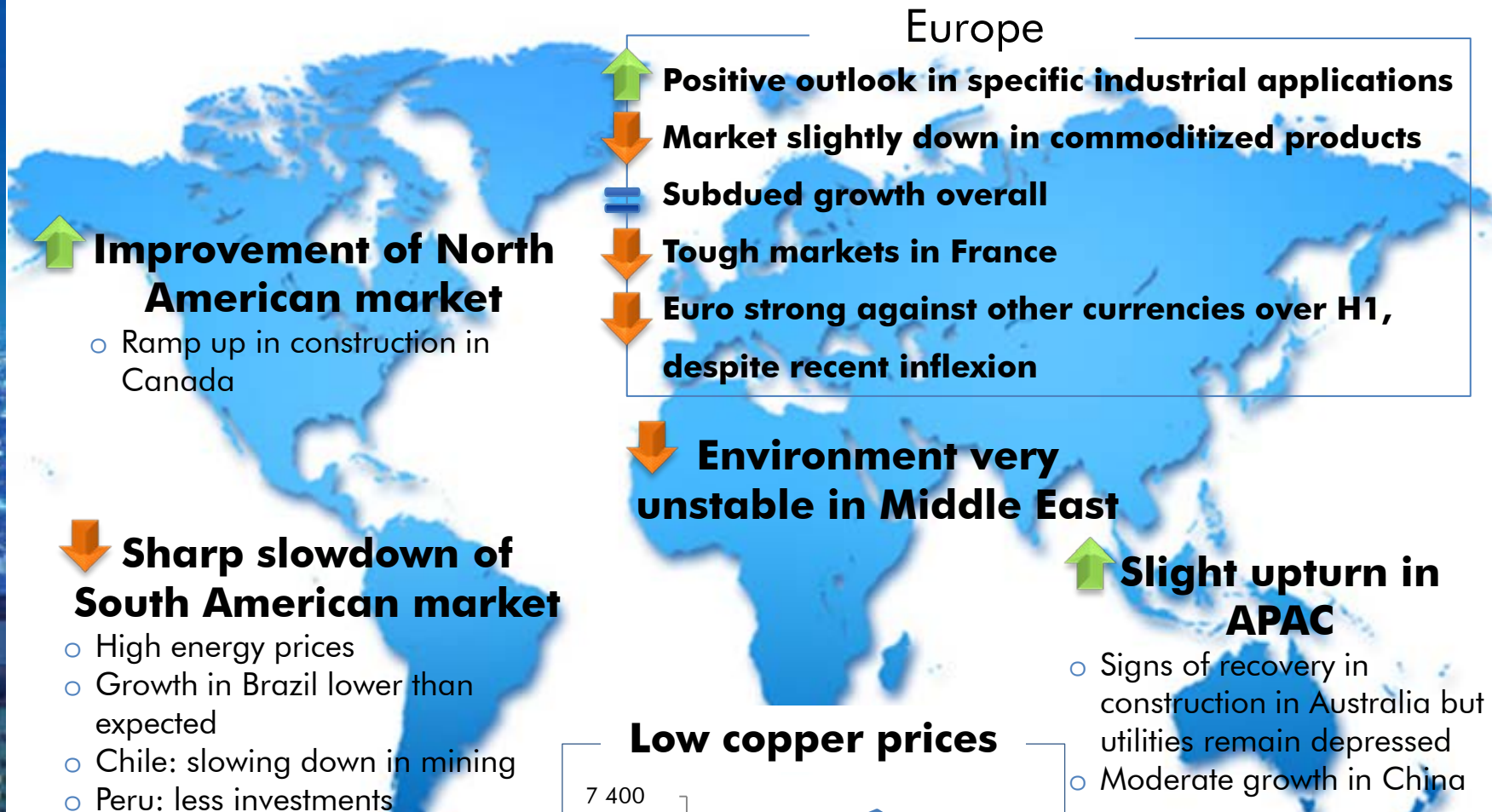
(*) Sales at constant metal prices

Operating margin by business

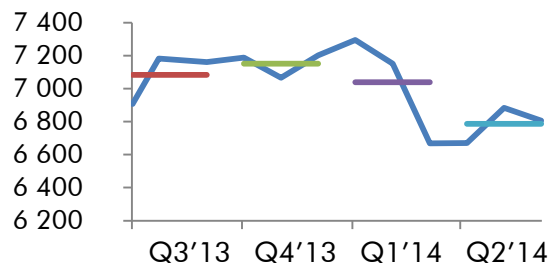


(*) Excluding Pension effect

Cable market in H1'14 remains very challenging

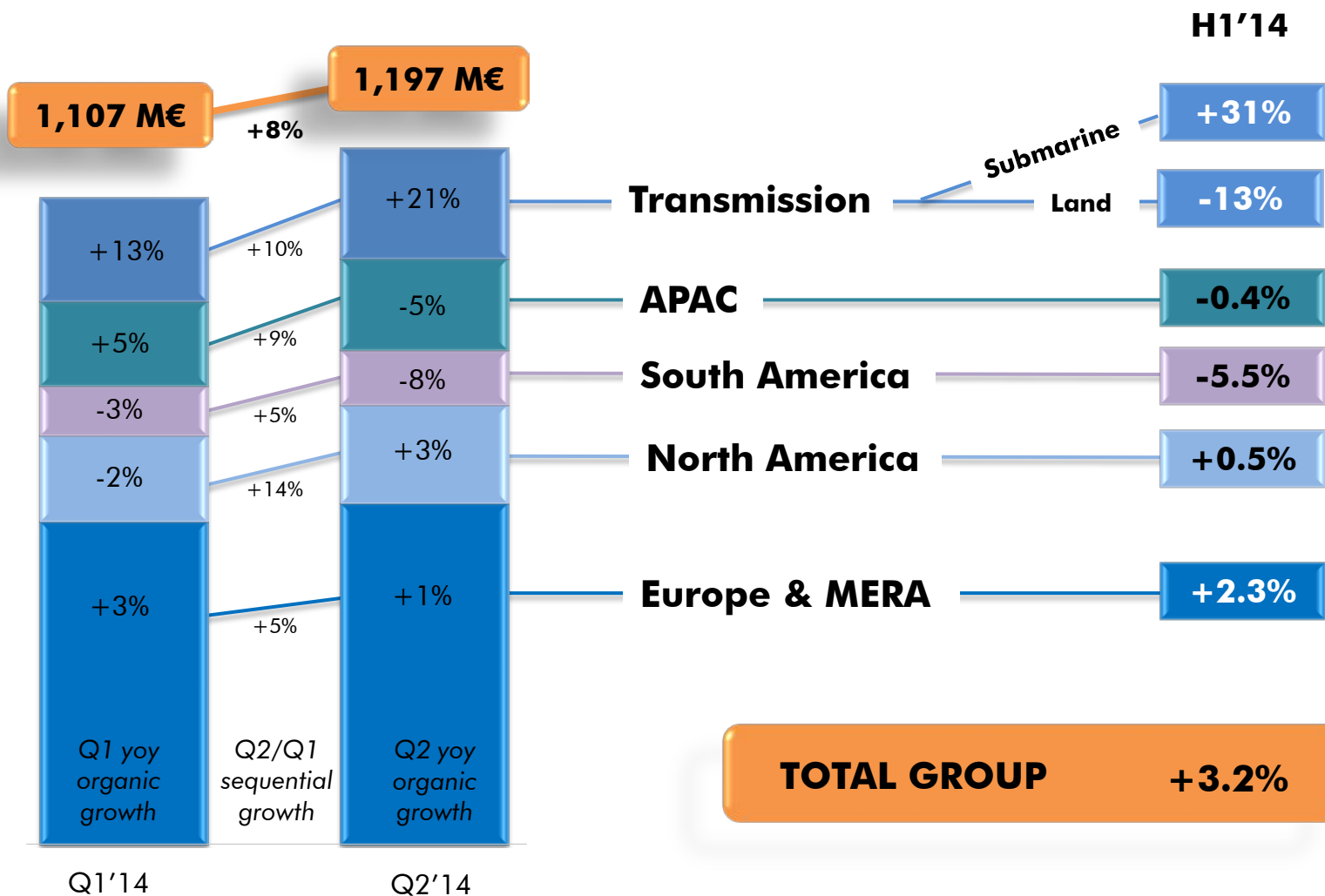


Low copper prices



Sales evolution by area

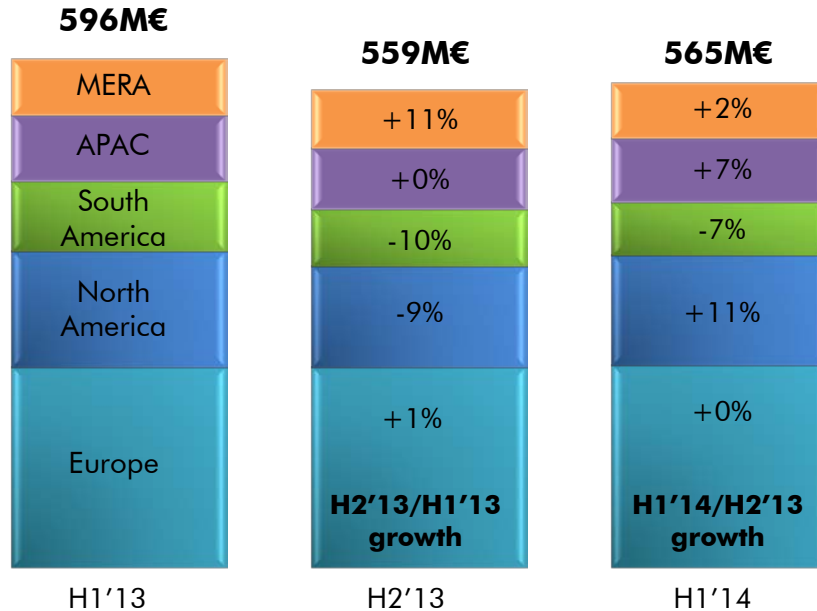
Sales at constant metal and year on year organic growth



D&I: recovery in volumes, except in South America

Back to growth in H1'14 after a tough H2'13

Sales(*) and organic growth by area



Sales(*) **565M€**
+0.6% organic growth

Europe

After decrease in pricing in H2'13, stabilization in H1'14

North America

Benefiting from better industrial market and progressive recovery in LAN in sales and in operating margin.

South America

Suffering from weak GDP and destocking

MERA

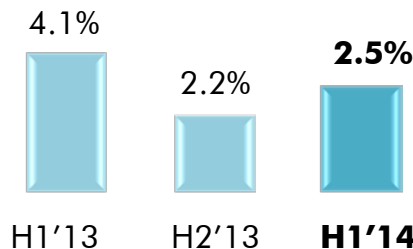
Dynamism in Morocco and Turkey

APAC

Better volumes in Korea and slight upturn in residential construction in Australia.

Operating margin
14M€, or 2.5% of sales(*)

Pricing overall holding at H2'13 level



(*) Sales at constant metal prices

Industry: redeployment starting to pay off in Europe

Sales at constant metal prices
600M€, or +1.1% growth^(*)

- Europe: backlog at 3 year historical high on key segments (+20%)
- NAM: lower activity in Gulf of Mexico and solar; land drilling and mining holding well
- APAC: Korea stable at a high level; China starting to pick up; tough situation in mining
- SAM: strong in O&G; difficult in mining

Operating margin
24M€, or 3.9% of sales

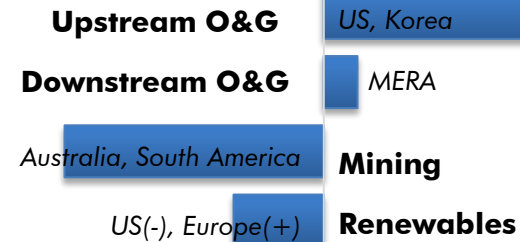
Margins slightly up compared to H1'13:

➔ Improvement in Europe and China

Yoy sales growth by sector ^(*)

-20% 0% +20%

Resources +5%



22%
of
sales

Transport +6%



53%
of
sales

Other applications and projects -11%

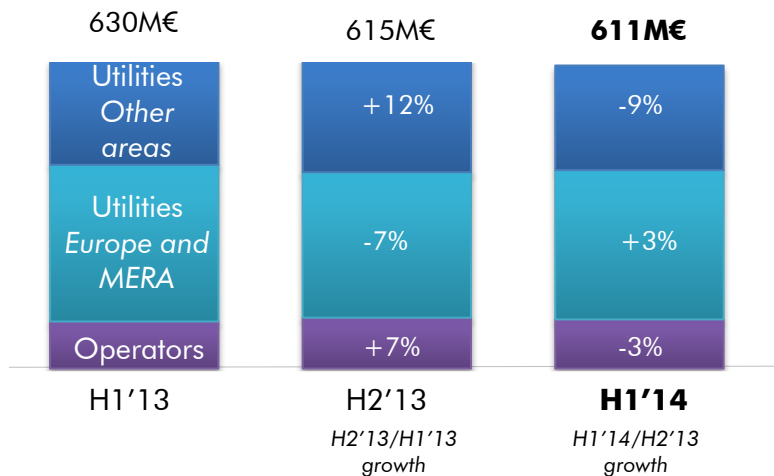


25%
of
sales

U&O: volumes under pressure in Europe and Middle East

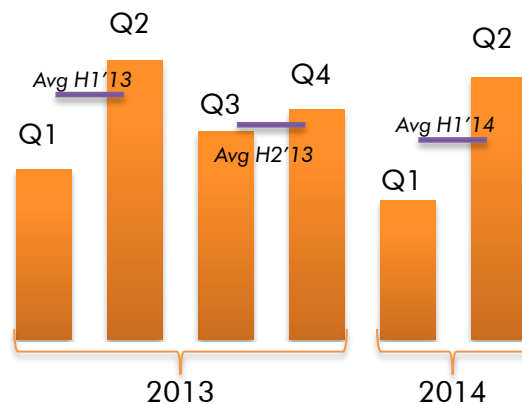
Sales (at constant metal price)
-1.9% yoy organic growth

Pockets of growth not sufficient to offset lack of volumes in France and tough environment in Middle East



Operating margin

Prices stabilized at H2'13 level
 Forthcoming price pressure expected



Utilities: 512M€

EMEA

France down on volumes
 Export to Libya back to zero (from Greece mainly)
 Rest of Europe is slightly positive
 Difficult environment in Russia

Americas

NAM: well oriented
SAM: slowdown partly offset by temporary OHL projects in Brazil

APAC suffers from low demand in Australia

Operators: 99M€

+3.7% organic growth driven by optic fiber.

Transmission: +17% yoy organic growth

Land

Sales: -13% organic growth

Still difficult environment

Yanggu production ramp up on-going and qualification tests under progress

Margins: under pressure

Deployment of restructuring plan progressing on track

Submarine

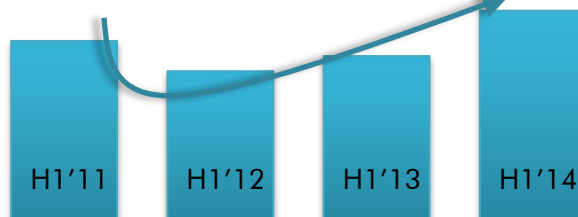
Sales: +31% organic growth

Intensive and under control production
Last legacy contracts executed early Q2'14

Exceptionally strong activity in umbilical cables

Margins: notable improvement resulting from end of legacy contracts

Following a sharp ramp up curve



Sales have continuously improved since Q1'12; H1'14 higher than H1'11

Financial Results

Nicolas Badré



Key figures

<i>In M€</i>	H1'13	H1'14
Sales <i>At current metal prices</i>	3,412	3,216
Sales <i>At constant metal prices</i>	2,351	2,304
EBITDA ⁽¹⁾	151	147
Operating margin	75	77
<i>Operating margin rate at constant metal prices</i>	3.2%	3.4%
<i>Operating margin rate at current metal prices</i>	2.2%	2.4%
Restructuring	(32)	(16)
Net income (Group share)	(145)	25
Operational Cash Flow	66	66
Net debt	820	607

⁽¹⁾ Operating margin before depreciation

Income statement (1/3)

In M€	H1'13		H1'14	
Sales	2,351		2,304	
At constant metal prices				
Margin on variable costs	727	30.9%	701	30.4%
Indirect costs	(576)		(554)	
EBITDA (1)	151	6.4%	147	6.4%
Depreciation	(76)		(70)	
Operating margin	75	3.2%	77	3.4%
Core exposure impact	(27)		(17)	
Restructuring	(32)		(16)	
Other operational income (expenses) ⁽²⁾	(94)		45 ⁽⁴⁾	
Share in net income of associates ⁽³⁾			2	
Operating income	(78)		91	

vs 29.8% in
FY'13

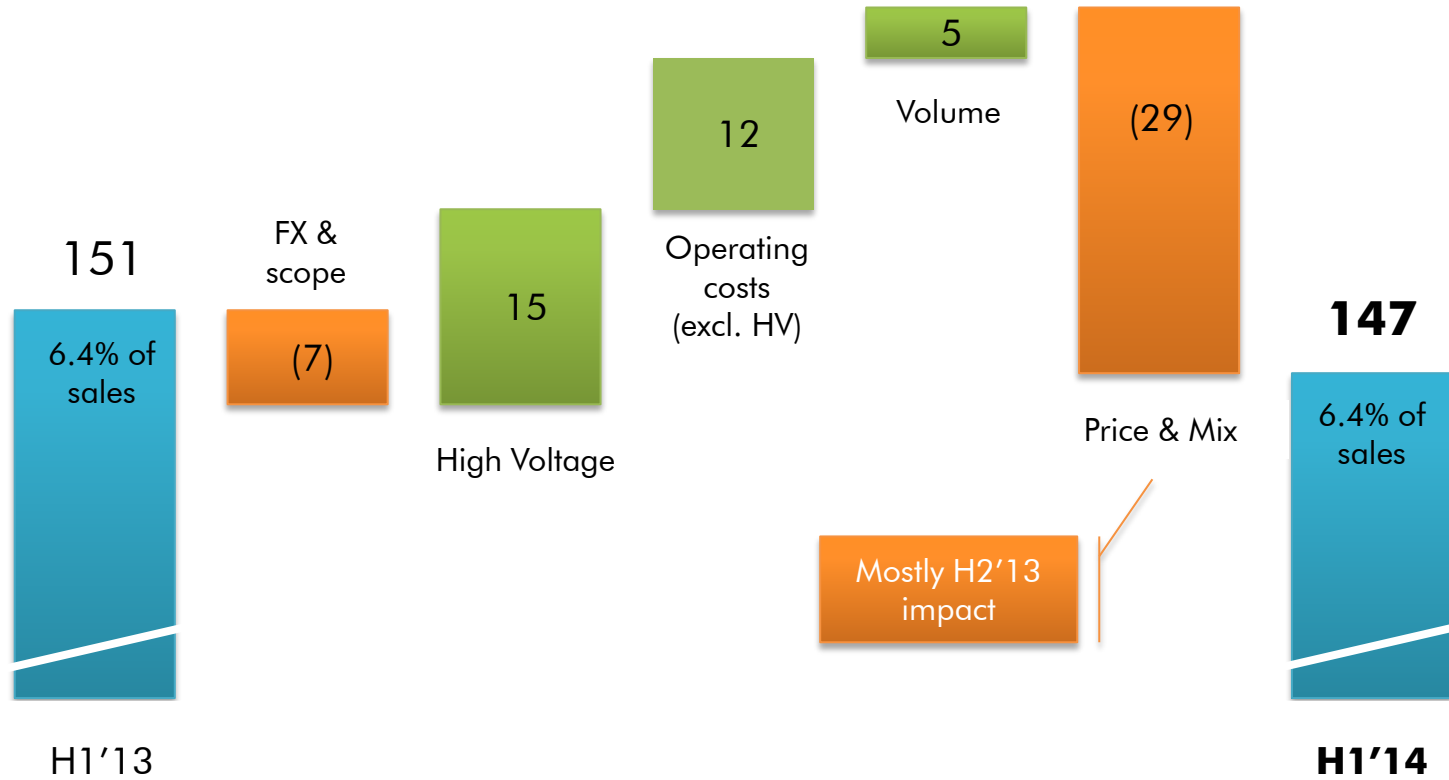
(1) Operating margin before depreciation

(2) Including Impairment charges, change in fair value of metal derivatives, capital gain on asset divestiture, provision for antitrust investigations

(3) Restatement in the operating income – previously displayed below operating income

(4) Of which 48M€ of result related to the antitrust investigation. See detail on p.19

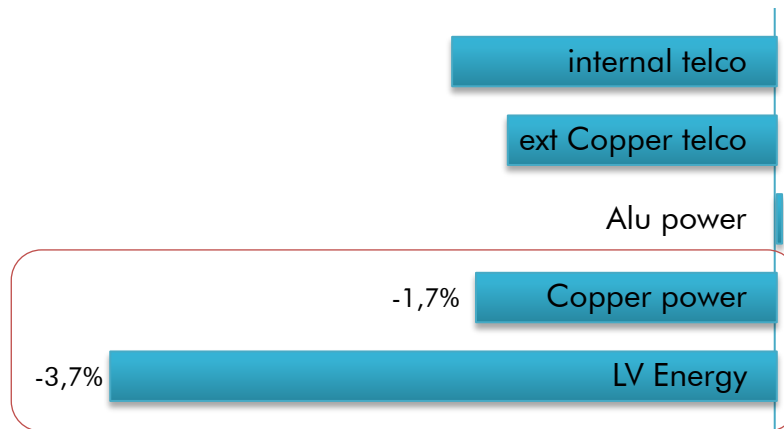
EBITDA evolution (in M€)



Pricing evolution

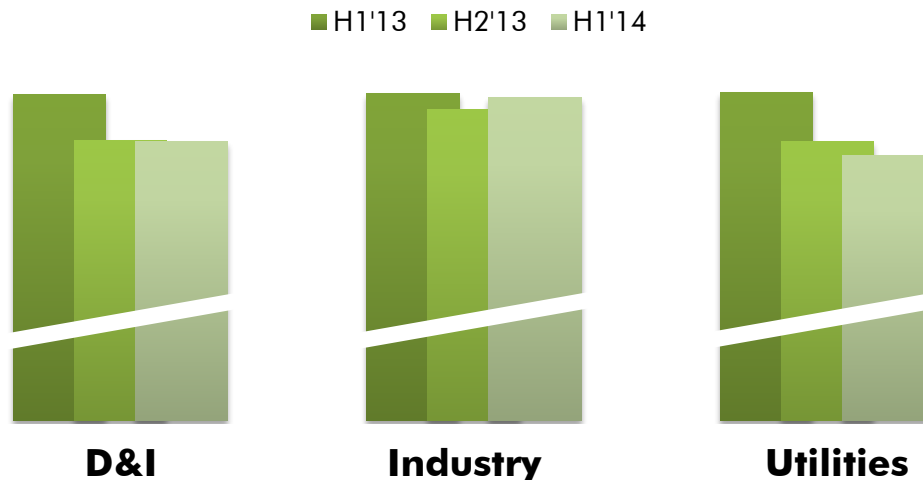
Average prices change 2013 vs 2012

(Source CRU, April 2014)



- **Overcapacity** addressed through cost reduction and development of innovation and services
- **FX**: hedged

Reflection on Nexans' commercial margins of commoditized products:



- Price drop strongly affected H2'13, followed by
- An observed stabilization for D&I in H1'14 and some forthcoming price pressure in Utilities
 - A regain of pricing power in Industry

Income statement (2/3)

In M€	H1'13		H1'14	
Sales	2,351		2,304	
At constant metal prices				
Margin on variable costs	727	30.9%	701	30.4%
Indirect costs	(576)		(554)	
EBITDA⁽¹⁾	151	6.4%	147	6.4%
Depreciation	(76)		(70)	
Operating margin	75	3.2%	77	3.4%
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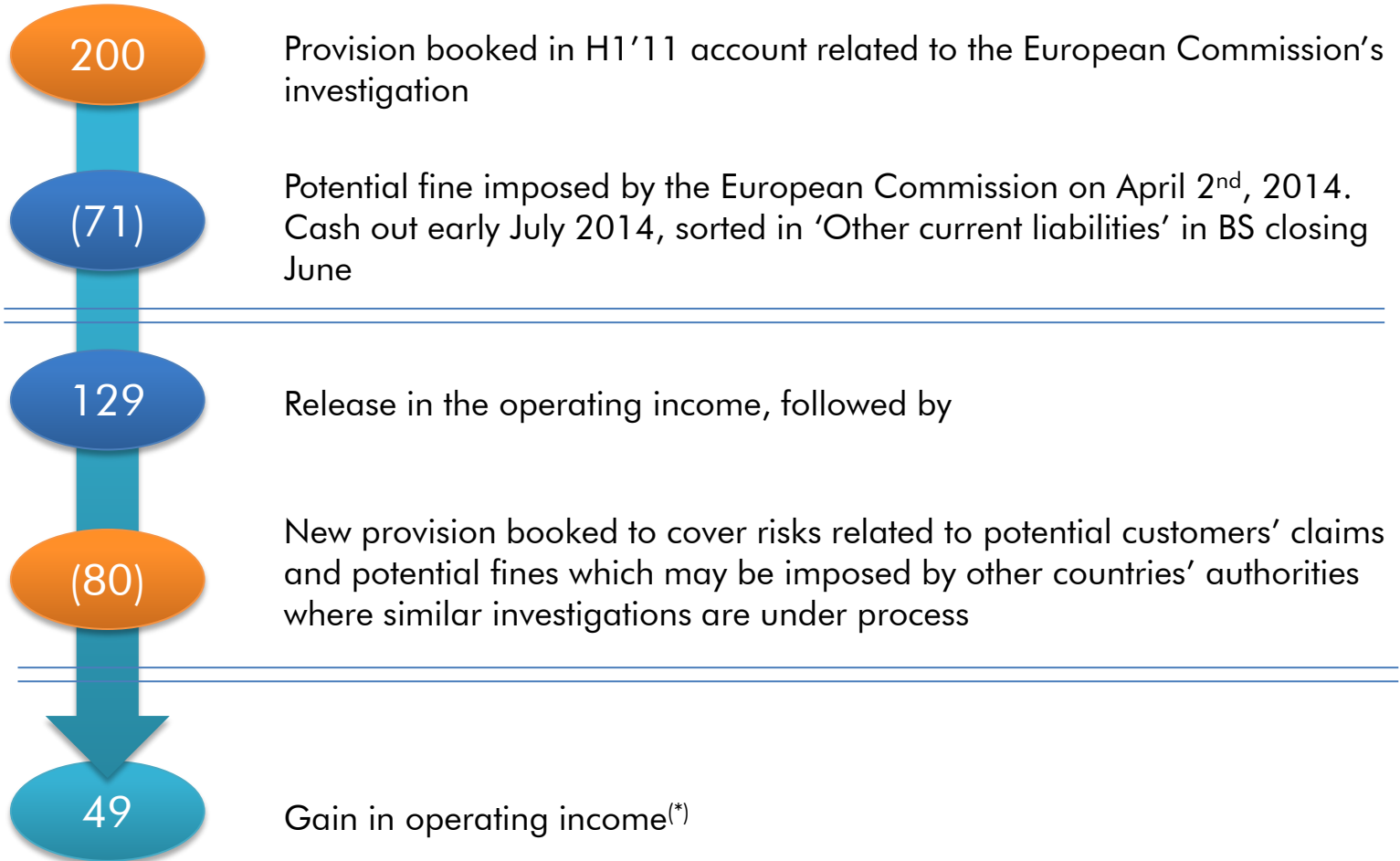
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⁽⁴⁾ Of which 48M€ of result related to the antitrust investigation. See detail on p.19

Antitrust investigations in high voltage



^(*) before legal fees of ~1M€

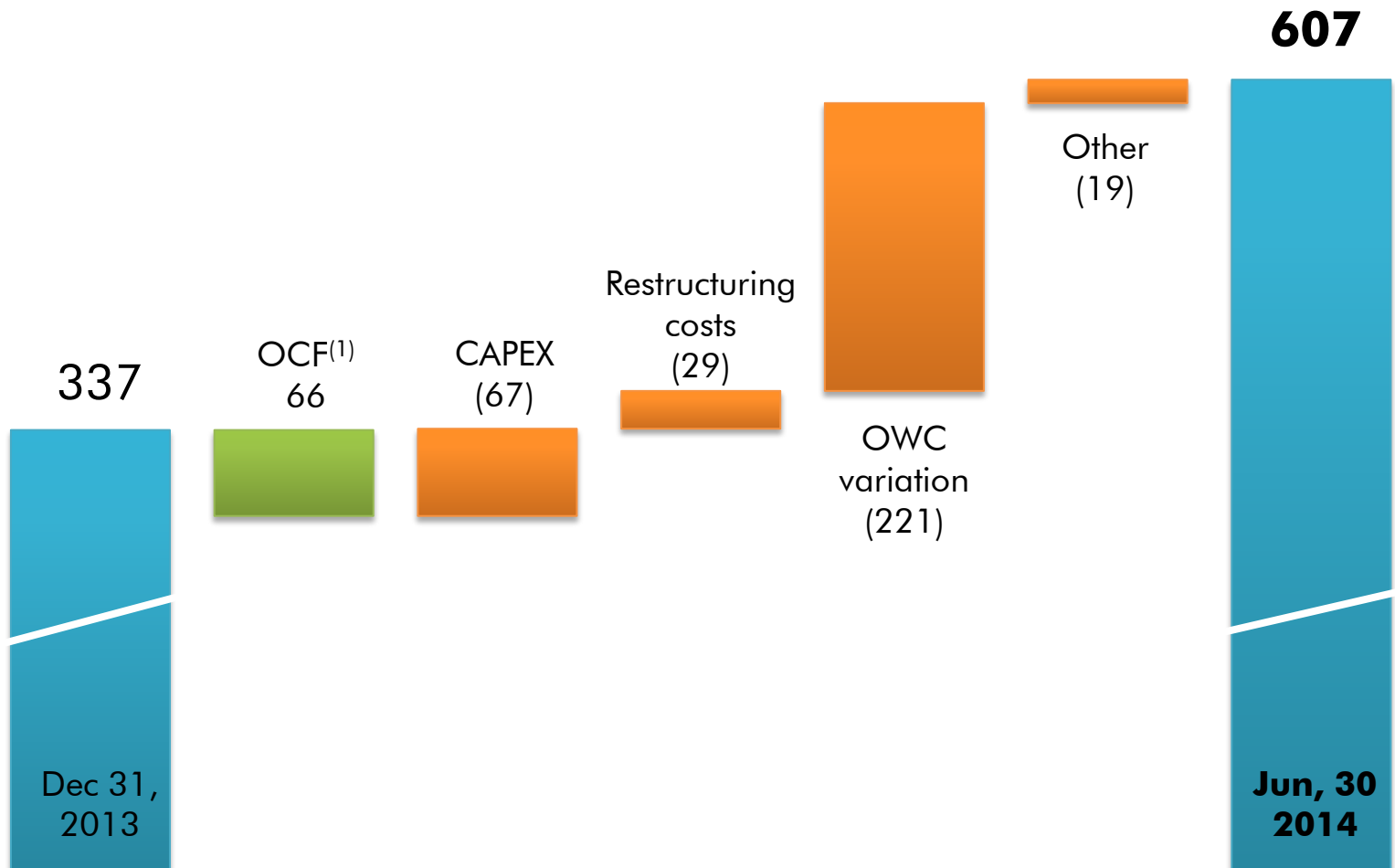
Income statement (3/3)

<i>In M€</i>	H1'13	H1'14
Operating income	(78)	91
Cost of debt	(45)	(43)
Other financial charges	(1)	(10)
Income before tax	(124)	38
Income tax	(21)	(14)
Net income from operations	(145)	24
Net income Group share	(145)	25

Balance Sheet

<i>In M€</i>	Dec 31, 2013	Jun 30, 2014
Long-term fixed assets	1,844	1,862
<i>of which goodwill</i>	<i>414</i>	<i>425</i>
Deferred tax assets	120	143
Non-current assets	1,964	2,005
Working Capital	879	1,039
Total to finance	2,843	3,043
Net financial debt	337	607
Reserves	824	716
Deferred tax liabilities	82	88
Shareholders' equity and Minority interests	1,600	1,632
Total financing	2,843	3,043

Net debt evolution

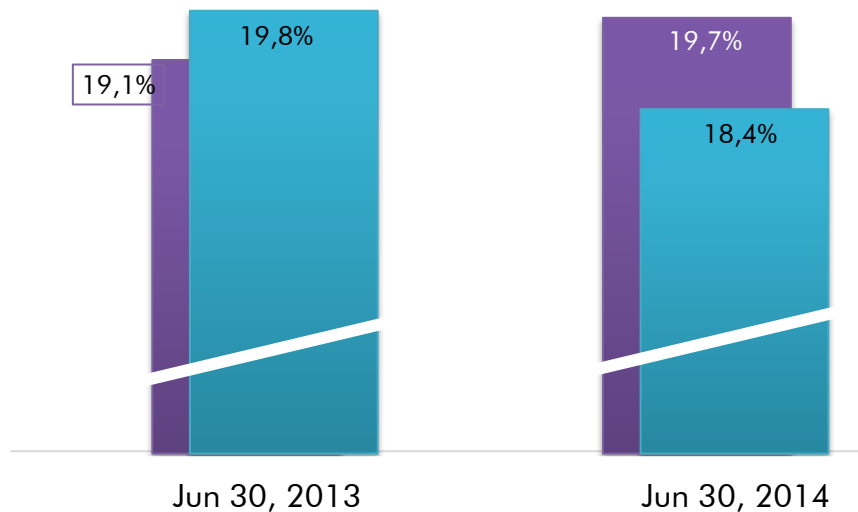


⁽¹⁾Operational cash flow as described in footnote 4 of the consolidated cash flow statement

Operating working capital evolution

Evolution of operating working capital

Based on (Q2 current sales)*4



- OWC Total Group
- OWC Group excl. HV

Significant improvement in total OWC on the back of return to average situation in submarine high voltage

OWC excluding project activities impacted amongst others by restructuring actions (temporary overstocking).

Update on strategic initiatives

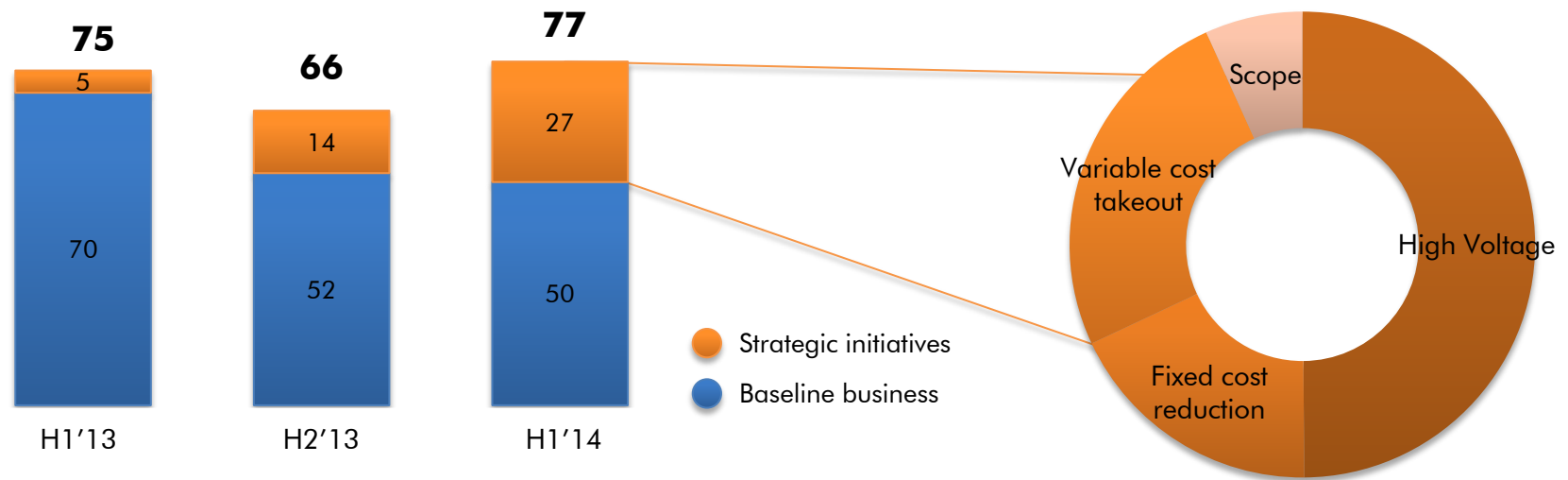
Arnaud Poupart-Lafarge



Progress made over H1'14

Implementation of strategic initiatives and collection of results are progressing on line.

Operating margin in M€

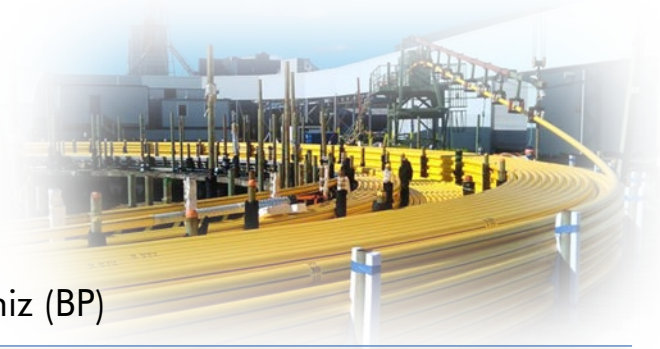


- Main contribution in H1'14 comes from submarine high voltage.
- Ramp up in H2 in strategic initiatives will be supported by cost reductions (variable & fixed); contribution from submarine high voltage will be lower due to a less favorable planning.
- In current environment, organic growth has not contributed to the strategic initiatives results, and has affected the baseline.



Submarine

- Operating mode stabilized
Improvement phase on-going (+31% sales in H1'14;
+20% expected for FY14)
Preparation of growth ahead
- Opportunities in SHV: major contracts at bidding stage to
be finalized by H1'15
- Strong activity in umbilicals. Recent contract taken: Shah Deniz (BP)



Land

- Europe: restructuring in progress in a lackluster market; mid-term outlook
could be driven by major projects under review
- Charleston: industrial investment almost completed. Qualifications in process
- Yanggu: on-going qualification for export markets and customers' homologation



Process update

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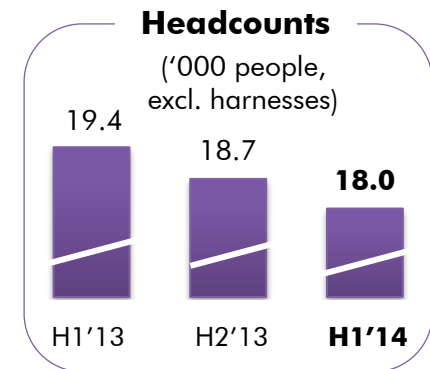
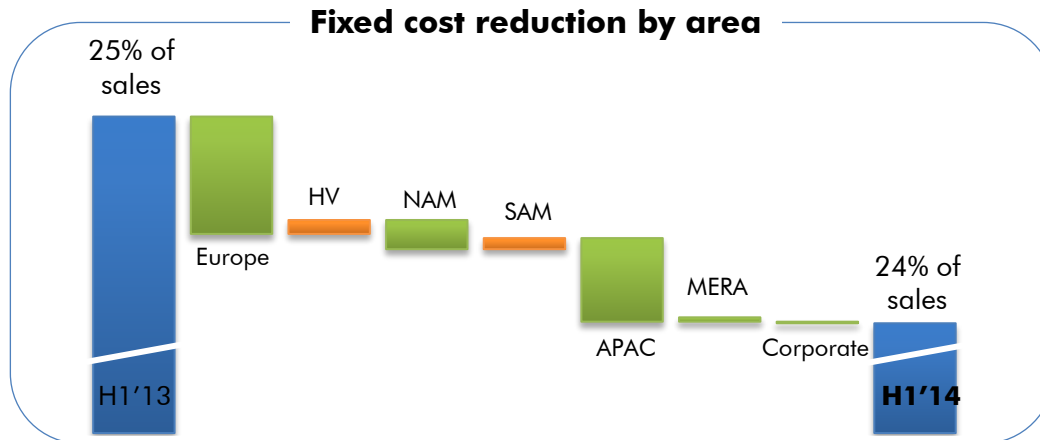
Transfer of activity under process in several European sites: France, Italy, Germany
 Partial capacity shutdown (Germany)
 Streamlining of support functions (Italy, Germany, France)
 Portfolio optimization

Australia (closing of one plant effective Q4):
 ✓ Most of homologation done
 ✓ Starting delivering from China and others
 China Industry: 1 site closed, production transferred to other Chinese sites
 Yanggu: organization optimization (100 job cuts)

**A
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No change in anticipated savings

Illustration over the past 12 months:





Gross savings on direct costs: **+21M€**

Energy price
Other Purchasing actions

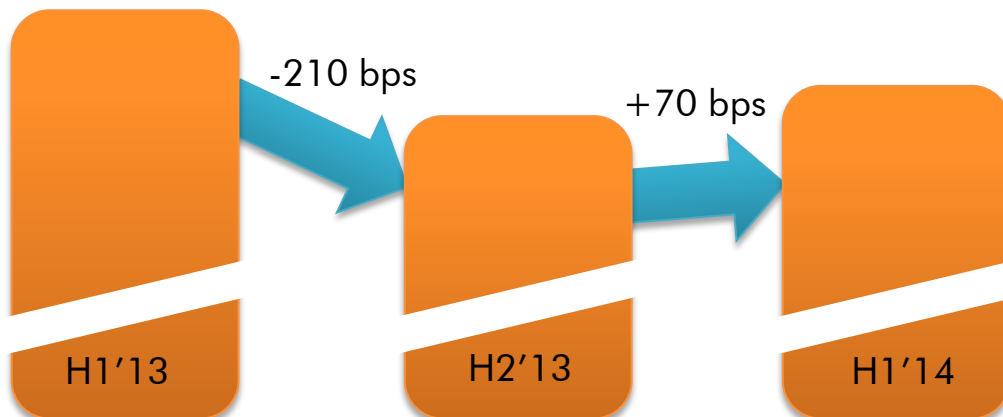
Productivity
Scrap and material usage

Optimohm
Redesign-to-Cost

Net savings on direct costs: **+9M€**

In current tough environment, efforts on competitiveness are shared with customers to preserve market share:

Gross margin on sales, excl. high voltage



Implemented initiatives helped stop the drop in gross margin which started in H2'13



Harnesses

Continuous improvement in Europe and North America, and start up in China, with 2 objectives:

- secure market position by global growth to tighten relationship with key customers
- expand to full market coverage (geographically and product-wise: main-harnesses)

Smartgrids

Opening of a smart grid competence center

Plant dedicated to the design, manufacturing, marketing and distribution of connection accessories

2 main innovations areas:

- Compact cold-shrink joint
- Extension of smart Grid range



Superconductivity

Installation of first MV superconductor cable in existing power network (RWE Essen, Germany)

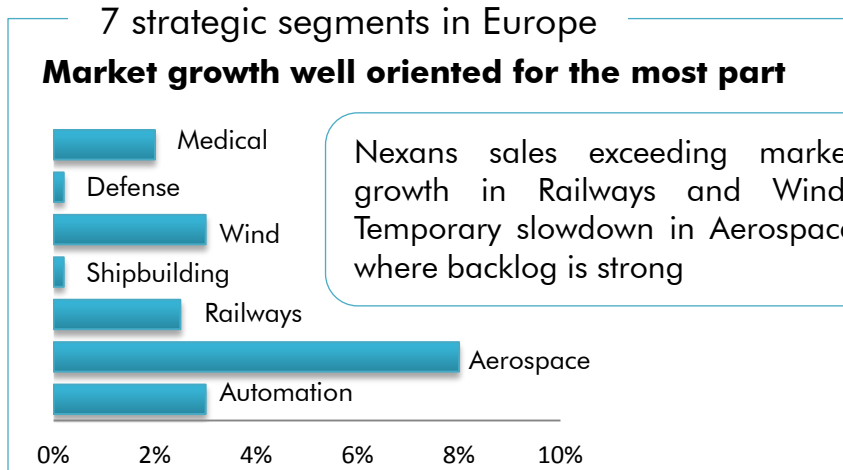
The particularly efficient and space-saving technology transports five times more electricity than conventional cables, almost without any losses

➔ **Helps support successful energy transition**





Some initiatives on track with the plan...

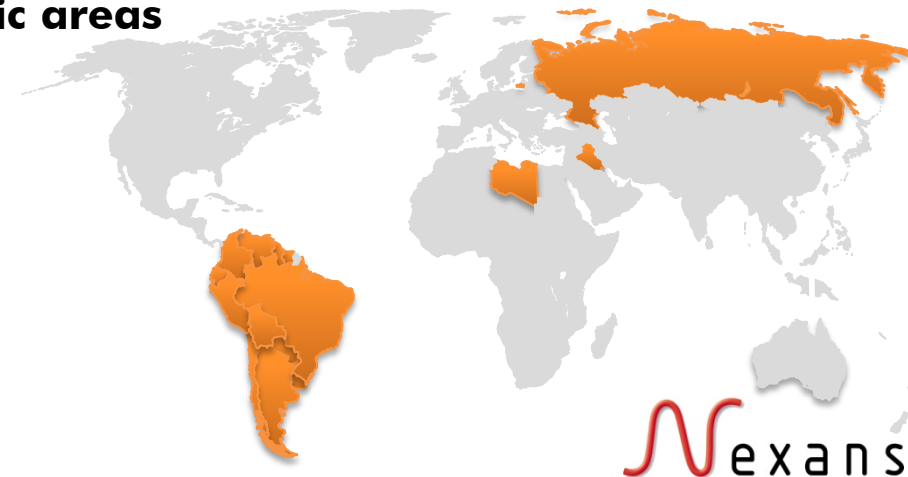


- Railway development
- Europe: new multi-years contracts won with rail operators (Infrabel, ...)
 - China: investments in high speed trains have ramped up
 - Middle East: large projects oncoming (Doha, Riyadh)

...Offset by lack of tailwind in specific areas

South America: strong slowdown impacting U&O and mining growth initiatives.
 H1'14 yoy sales organic growth: -5.5%
Risk factor on target achievement

MERA: political tensions weigh on low- and medium-voltage; competitive environment in downstream O&G market



Perspectives and priorities for H2

No upside expected on current environment

Focus on priorities:
Turnaround in high voltage and restructuring in Europe and APAC

Capture opportunities:
Development of niche, emerging and high ROCE businesses

OM FY14 still expected higher than FY13

Questions & Answers



2014 Half Year Results

July 25, 2014



APPENDICES



Sales and profitability by segment

In M€	HY'13			HY'14		
	Sales	OM	OM %	Sales	OM	OM %
Transmission, Distribution & Operators	993	34	3.4%	993	48	4.8%
Industry	622	21	3.4%	600	24	3.9%
Distributors and Installers	596	24	4.1%	565	14	2.5%
Other	140	-4		146	-9	
Total Group	2,351	75	3.2%	2,304	77	3.4%

Impact of foreign exchange and consolidation scope

<i>In M€</i>	HY'13	FX	Organic growth	Scope	HY'14
Transmission, Distributors & Operators	993	(58)	45	13	993
Industry	622	(11)	6	(17)	600
Distributors & Installers	596	(36)	4	1	565
Other	140	(11)	18	(1)	146
Total Group	2,351	(116)	73	(4)	2,304