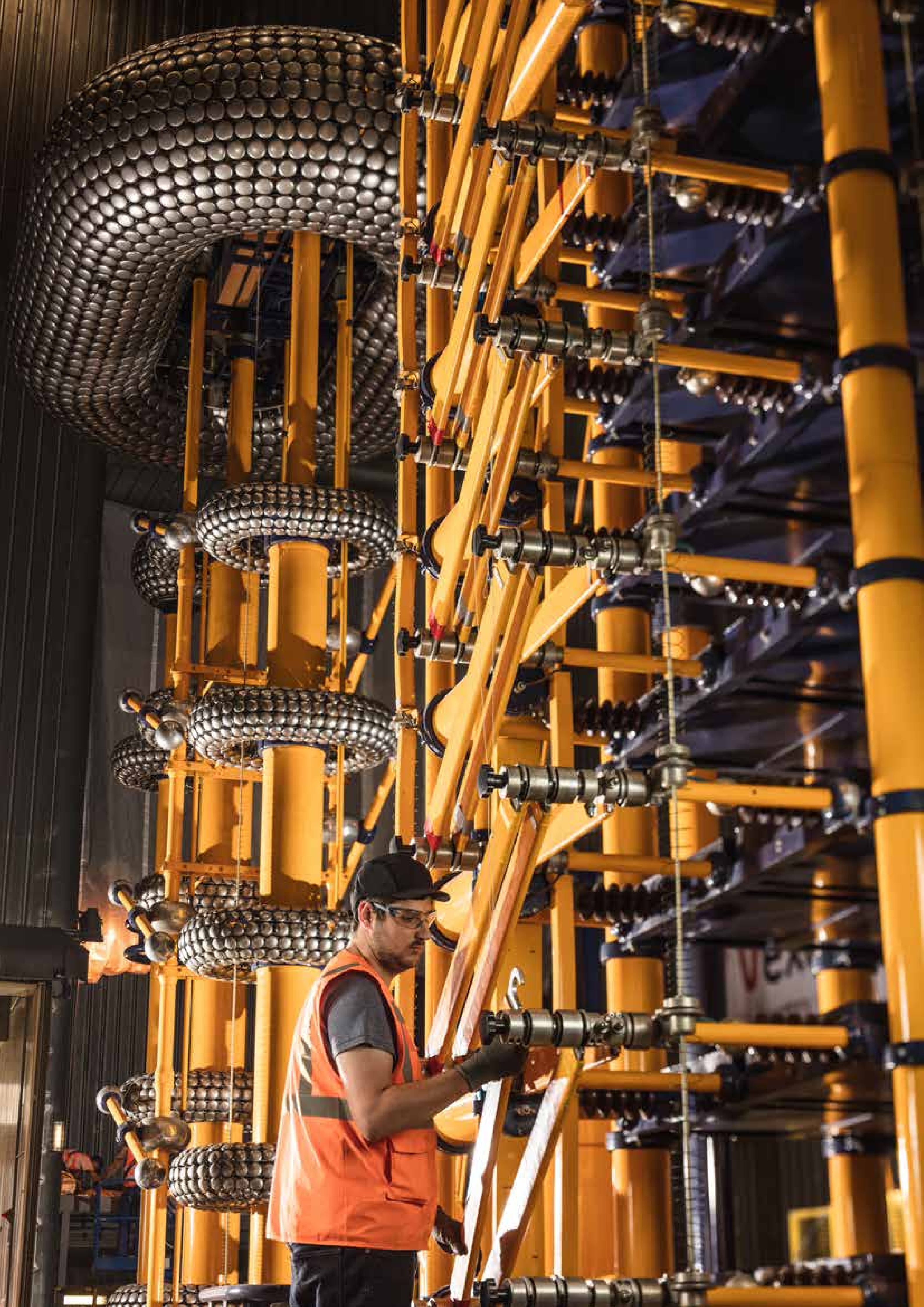
2018 HALF-YEAR

FINANCIAL REPORT

Nexans
BRINGS ENERGY TO LIFE



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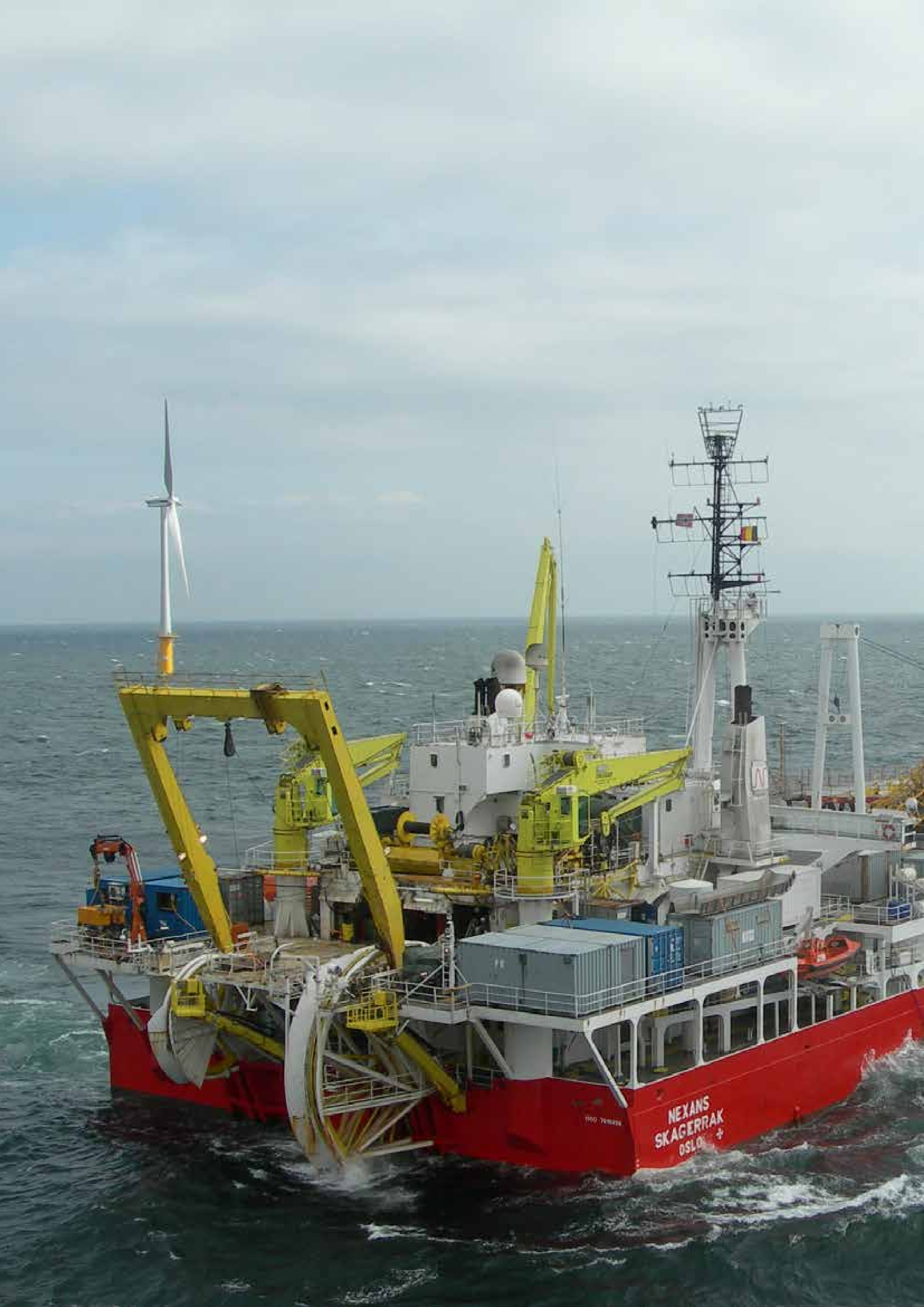
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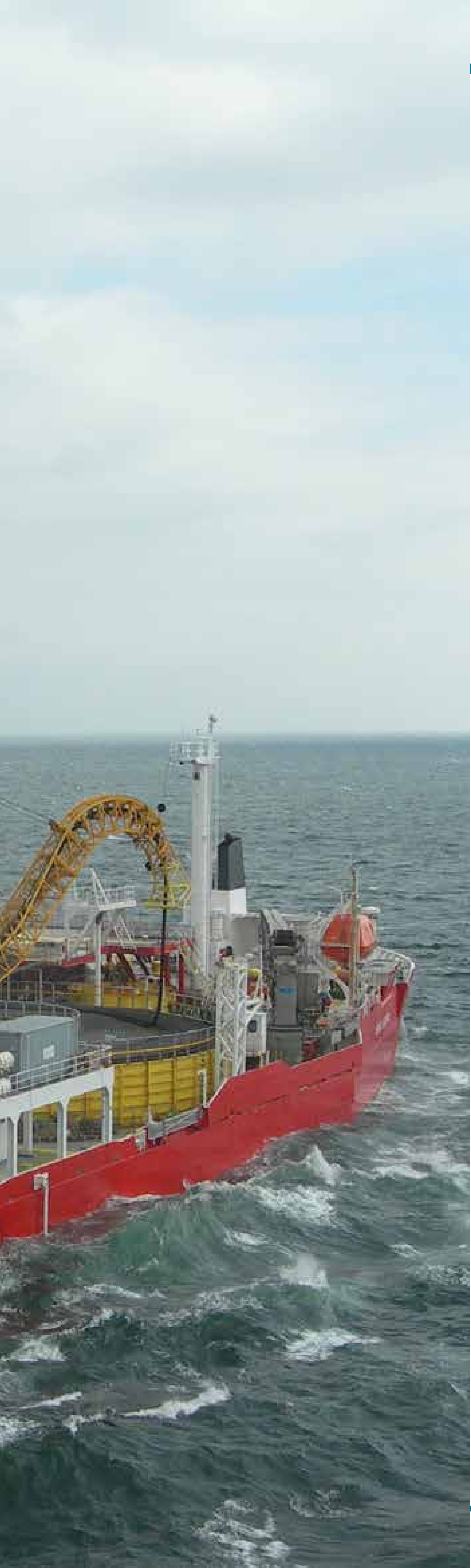


2018 Half-Year Financial Report

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first-half of fiscal year 2018. It is based on the consolidated financial statements for the six months ended June 30, 2018.

Nexans' shares are traded on the regulated market of Euronext Paris and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category – was as follows at June 30, 2018:

- institutional investors: 87.60%, of which 28.99% held by the companies of the Quiñenco group (Invexans and Tech Pack, Chile), and 7.73% by Bpifrance Participations (France),
- private investors and employees: 11.05%, of which 7.70% by individual shareholders and 3.34% by employees,
- Unidentified shareholders: 1.35%.

This interim activity report should be read in conjunction with the consolidated financial statements for the six months ended June 30, 2018 as well as with Nexans' Registration Document for the year ended December 31, 2017 which was filed with the French financial markets authority (Autorité des marchés financiers – AMF) on March 30, 2018 under number D.18-0234.

1. Significant events of first-half 2018

GOVERNANCE

On march 18, 2018, Nexans' Board of Directors was informed that the Group's Chief Executive Officer Arnaud Poupart-Lafarge had requested to leave the company as soon as possible due to personal reasons. The Board of Directors had requested that Arnaud Poupart-Lafarge ensure a transition period until September 30, 2018 at the latest, to which he agreed.

In application of the Group's succession plan and in full agreement with Arnaud Poupart-Lafarge, the Board of Directors asked Pascal Portevin, Deputy CEO, to expand his responsibilities to support the transition. Together with the CEO, he will drive the implementation of Nexans' "Paced For Growth" strategic plan.

During its meeting on July 3, 2018, the Board of Directors of Nexans decided to appoint Christopher Guérin as Chief Executive Officer, effective from July 4, 2018. Christopher Guérin is 46 and joined Nexans in 1997. Since 2014 he served as Senior Executive Vice President, Europe and Telecom/Datacom, Power Accessories Business Group and member of the Management Board. During his years at Nexans, he has demonstrated strong and decisive leadership skills while successfully leading economic and social transformations in highly competitive international environments. In 2017, Christopher Guérin was instrumental in developing the current "Paced For Growth" strategic plan.

Arnaud Poupart-Lafarge will serve as advisor to the new Chief Executive Officer until September 30, 2018.

REDEMPTION OF BOND ISSUE

On March 19, 2018, the 2018 bond issue matured and was fully redeemed in cash. The payment amounted to 261 million euros including accrued interest.

SHARE OFFERING RESERVED FOR NEXANS GROUP EMPLOYEES ("ACT 2018")

On November 22, 2017, based on the authorizations granted by the Annual Shareholders' Meeting of May 11, 2017, the Board of Directors decided on the principle of a Group employee share ownership plan, to be implemented in 2018 through a capital increase by issuing up to 500,000 new shares. This is the eighth international employee share ownership plan set up by the Group.

Employees were offered the opportunity to subscribe to a "leveraged" structure formula similar to those proposed under the 2010, 2012, 2014 and 2016 share ownership plans, allowing employees to subscribe, through a corporate mutual fund (FCPE) or directly for Nexans shares at a discounted price while offering a guarantee of the amount invested and a multiple of the potential performance of the share. The Nexans shares or FCPE units will be unavailable for five years, except in limited cases of early release. In some countries where the offer of FCPE leveraged shares raises legal or tax issues, an alternative formula was proposed involving the allocation of Stock Appreciation Rights (SAR).

The reservation period was from May 7 to May 22, 2018, with a revocation period from June 21 to June 26, 2018.

The subscription price was set on June 20, 2018 at 29.87 euros (a discount of 20% compared to the average price recorded during the twenty trading days preceding this date).

The settlement-delivery of the new shares took place on July 18, 2018 and resulted in the issue of 496,477 new shares for a total amount of 13.8 million euros.

NEW OPERATIONAL SEGMENTATION

Further to the introduction of the 2018-2022 five-year strategic plan, Paced For Growth, unveiled on December 13, 2017, the operating activities have been reconfigured around four new segments, each with its own strategy and identified growth levers:

The Building & Territories segment comprises current sales of cables to the building market (Distributors) and to energy operators (Distribution). This segment offers moderate growth prospects in mature economies. Nevertheless, future challenges such as smart cities, the energy transition and e-mobility are creating new opportunities. Combined with strict cost discipline, the Group believes that these opportunities will deliver profitable growth.

In **the High Voltage & Projects** segment, the Group intends to continue leveraging its competitive advantage. Growth will be driven by the energy transition in Europe, North America and Asia-Pacific, thanks in particular to the Group's strong pipeline of offshore wind farm and interconnector projects. Past and future investments in production and installation capacity and R&D will allow the Group to keep pace with the very promising growth outlook.

In the **Telecom & Data** segment, the Group intends to double its market presence with a unique point-to-point connectivity offer (telecom infrastructure and data cabling systems) that responds to the exponential growth in demand for bandwidth.

Lastly, in **the Industry & Solutions** segment, global mobility, the energy revolution and Industry 4.0 are driving growth. The Group will focus on expanding its positions in the markets where it has the greatest competitive advantage. Aeronautics, railway, power generation renewables, automation and Oil & Gas upstream are just a few examples of the Group's high value-added product categories.

2. Operations during first-half 2018

2.1. OVERVIEW

Consolidated sales for the six months ended June 30, 2018 came to 3,282 million euros, compared to 3,206 million euros for the same period of 2017. At constant metal prices[1], first-half 2018 sales amounted to 2,201 million euros, representing a -1.6% organic decrease. Excluding the High Voltage & Projects segment (-19.6%) and sales of cables for the Oil & Gas sector (-22.6%), other activities reported growth of +3.7%.

EBITDA amounted 153 million euros *versus* 211 million euros in first-half 2017, with the year-on-year decrease including a -9 million euro negative currency effect. EBITDA for the High Voltage & Projects segment contracted by -25 million euros, mainly due to lower volumes, and EBITDA for other activities retreated -23 million euros, impacted in particular by an acceleration in inflation. As a percentage of sales at constant metal prices, EBITDA represented 7.0% in the first-half of 2018 *versus* 9.0% in the corresponding period of 2017. Over a rolling 12-month period, consolidated EBITDA was 354 million euros.

Operating margin totaled 82 million euros, representing 3.7% of sales at constant metal prices (against 6.0% in first-half 2017).

The Group ended the first-half of 2018 with **operating income** of 91 million euros, compared with 162 million euros in the first six months of 2017. As well as the effect of the lower operating margin, this decrease reflects:

- A positive core exposure effect but not as high as in first-half 2017 (9 million euros *versus* 40 million euros).
- Stable restructuring costs (20 million euros).
- An 18 million euro asset impairment loss for the Group's activities in China.
- A 44 million euro gain on the sale of non-strategic real-estate assets and land.

(1) 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.

Net financial expense totaled 31 million euros (compared with 36 million euros in first-half 2017), primarily reflecting a decrease in interest expenses (-9 million euros) following the refinancing operations carried out in April and May 2017 and the redemption of the bonds that matured in March 2018.

Net income attributable to owners of the parent amounted to 40 million euros for the six months ended June 30, 2018, down by -51 million euros compared to the same period of 2017. This corresponds to an **income before taxes** of 59 million euros (*versus* 126 million euros in the first half of 2017). The **income tax** was -23 million euros (*versus* -34 million euros in the first half of 2017).

Consolidated net debt totaled 534 million euros at June 30, 2018, up 111 million euros over the last twelve months. This increase reflects (i) 168 million euros in operating cash flow, (ii) 130 million euros in capital expenditure net of proceeds from asset disposals, (iii) a 58 million euro cash outflow relating to restructuring plans, and (iv) a 77 million euro outflow for dividend payments, share buybacks, the exercise of options and acquisitions. Operating working capital requirement was stable compared with the level at June 30, 2017, reflecting a year-on-year improvement in the WCR ratio for activities excluding projects (WCR to sales ratio of 14.6% at June 30, 2018 compared with 15.6% at June 30, 2017).

2.2. ANALYSIS BY BUSINESS

Building & Territories

Sales generated by the Building & Territories segment amounted to 1,374 million euros at current metal prices and 846 million euros at constant metal prices for the first-half of 2018. The +2.9% organic increase confirms the acceleration anticipated for the second quarter following a stable first quarter (organic growth of +0.2%).

Both sub-segments reported significant sales increases in the second quarter, with momentum stronger for the building cables market than for the distribution market (second quarter organic growth figures of +10.9% and +0.1% respectively).

Sales of **power cables for the building market** rose +8.0% organically in the first-half of the year, marking a satisfactory increase in volumes. All of the Group's regions saw positive trends during the period, including South America.

- Sales in **Europe** were up +8.9% after recovering in the second quarter, with business levels returning to normal in the Nordics. In France, volumes were solid and growth was accentuated by the positive impact of business development plans launched for several product categories. Lastly, the Spanish market is showing signs of improvement.
- **North America** posted +8.8% growth, with continuously robust sales in both the United States and Canada, although price increases for certain commodities and higher transport costs could not easily be passed on in selling prices.
- In the **Middle East/Africa region** sales rose 4.4%. As in the first quarter of the year, growth was led by Turkey and sales in Lebanon contracted compared to a high basis of first-half 2017.
- Sales in **South America** returned to growth in the first-half (+6.1%) after a -1.7% organic decline in the first quarter. This improvement was driven by developments in Colombia and Chile, whereas business in Brazil suffered from lost opportunities following the truck drivers' strike in May and the partial availability of certain equipment transferred from the Americana plant, whose closure was announced in September 2017.
- **The Asia-Pacific region** reported +14.1% year-on-year growth, driven by higher sales to Australia's main distributors and strong take-up of Nexans' offering in South Korea. However, margins narrowed in Australia due to an unfavorable mix of delivered products.

After a weak first quarter (-4.7% organic decrease), sales of **distribution cables and accessories** advanced +16.8% in the second quarter, reducing the overall first-half organic decrease to -2.2% despite loss of market share relating to several frame agreements.

- In **Europe**, sales rose +2.9% organically, driven by better business levels in Northern Europe and Italy.
- Following a weak first three months of the year (when sales decreased -19.4%), **South America** posted second quarter growth for the region as a whole, but particularly in Brazil for overhead power lines. This meant that the overall sales decline was contained to -2.4% for the full six months.
- The **Middle East/Africa region** grew organically thanks to higher investments by energy operators in Morocco (including sales of transformers) and in Ghana.
- In the **Asia-Pacific region** – where sales edged up +0.6% – growth in New Zealand offset the contraction in China.
- **North America** reported a -15.4% organic sales decrease in the first-half of 2018, compared with a -24.8% drop in the first quarter. The region's first-half 2018 sales performance was adversely affected by a lower volume of projects in 2018 than in 2017 and higher commodities prices which impacted profitability levels. However, a contract in the current order book will overcome this shortfall in the second half of the year.

EBITDA for the Buildings & Territories segment amounted to 52 million euros, representing 6.2% of sales at constant metal prices (*versus* 59 million euros and 6.7% in first-half 2017). Margins were notably affected by the difficulty in passing on inflationary pressure to customers. Good volumes in the building market helped offset this adverse impact but inflation and reduced volumes led to lower margins on sales to energy operators.

High Voltage & Projects

Sales generated by the High Voltage & Projects segment amounted to 379 million euros at current metal prices and 348 million euros at constant metal prices in the first-half of 2018. Despite the strong +52.9% sales increase during the second quarter, organic growth for the six-month period remained negative at -19.6% (*versus* -30.5% in the first quarter).

The **submarine high voltage** business registered an -18.6% year-on-year organic sales decline, reflecting less scheduled contract work, as expected, and a lower workload for umbilicals. Against this backdrop, the contracts performed during the period were done so in optimal operating conditions.
In addition, during the first six months of 2018, certain projects were postponed to the second half of the year and a number of contracts already in the order book were deferred.

Following two years of strong growth, the **land high voltage** segment reported a -22.2% organic sales contraction for first-half 2018. The decrease was particularly pronounced in Europe, where the business benefited from high volumes of internal subcontracting in 2017 for subsea terminations. The low number of orders taken during the first-half of 2018 points to a weak workload in the second half.
The situation is also difficult in Asia, with sales figures for the Yanggu plant remaining low and margins well below expectations. In light of this, the Group recognized an 18 million euro impairment loss against this business' high voltage assets in first-half 2018.

Lastly, the Group's transformation of its Goose Creek facility in the USA into a submarine cables production plant is going according to plan and the level of future demand is becoming clearer.

EBITDA for the High Voltage & Projects segment was 36 million euros in the first-half of 2018 compared with 62 million euros in the corresponding period of 2017, representing 10.4% of sales at constant metal prices *versus* 14.0%. Excluding the nonrecurring impact of various legal disputes, margins for the submarine business were slightly down year on year due to lower volumes and land high voltage margins were adversely affected by a lower workload and an unfavorable mix.
Postponements of projects and deferred execution of contracts already in the order book are impacting this segment's workload in the second half of the year. The Group has hence put in place short-time working arrangements and measures to reduce the number of temporary workers.

Telecom & Data

The Telecom & Data segment's sales for the first-half of 2018 totaled 283 million euros at current metal prices and 249 million euros at constant metal prices, representing a -4.2% organic decrease compared with the same period of 2017.

For **LAN cables and systems**, second quarter sales growth was below expectations. In North America, sales of LAN cables in the first six months of 2018 were -9.6% lower than for the first-half of 2017 but +8.3% higher than in the second half of 2017.
Business in the Group's other markets (Europe and South America) was stable overall but significant cost pressure was felt during the period.

The **Special Telecom** (submarine) segment also posted negative organic growth (-22.0%), primarily due to lower sales to operators. However, sales of cables for remote operated vehicles (ROV), dependent on Oil & Gas cycles, rose during the period.

By contrast, the **Telecom infrastructure** market confirmed its potential. **Sales to telecom operators** increased +1.7% organically in the first-half of 2018 after a weak first quarter (-2.1%). Europe was the main growth driver with its single mode optical fiber cable offering. The Group has secured its supplies of optical fiber but does not currently have enough industrial capacity to fully leverage demand. Consequently, it has decided to make a further investment in this area of around 10 million euros.

EBITDA for the Telecom & Data segment amounted to 22 million euros in the first-half of 2018 (8.8% of sales at constant metal prices) *versus* 37 million euros in the corresponding period of 2017 (13.6% of sales at constant metal prices). This decrease was due to weak sales volumes and narrower margins for LAN cables in the USA. Margins for the Telecom infrastructure segment remained stable.

Industry & Solutions

The Industry & Solutions segment posted sales of 705 million euros at current metal prices and 589 million euros at constant metal prices, representing a year-on-year organic increase of +1.1%.

Sales of automotive harnesses rose by +4.1% in line with the pace of growth in registrations in Europe and double-digit growth in the USA, reflecting strong demand in the truck market. Production costs for this business were not yet optimized during the first-half of 2018 in Europe and North Africa where production is currently being redeployed between the various plants.
Sales of other industrial cables were stable over the first-half, with a sequential growth of +5.4% in the second quarter. The transportation segment in general and robotic cables in Europe posted sales increases of +3.5% and +10.8% year on year respectively, whereas sales for the resources segment were still down (by -12.2%).

In the **Transportation** segment:

- Growth was fueled by railway cables which saw exceptional sales increase of +29.3%. The Group completed major contracts in Europe (particularly in France and Germany) and the Suzhou plant in China continued to reap the benefits of robust demand for train cables.

- Sales of cables for shipyards (off-shore segment) continued to decline in first-half 2018 (-21.2%), due to slower markets in South Korea and China, which eroded margins. Sales and marketing initiatives are being rolled out in both these countries to diversify the business of the sites concerned.

In the **Resources** segment, the mining cables recovery took hold in North America, Australia and Chile, with sales rising +3.8%. However, in the oil sector, despite more favorable economic conditions pushing up oil prices, the number of projects was limited, and sales retreated -17% year on year, affecting South Korean operations in particular.

EBITDA for the Industry & Solutions segment totaled 45 million euros in the first-half of 2018 (compared with 50 million euros in the corresponding period of 2017), representing 7.7% of sales at constant metal prices (*versus* 8.5%). Profitability for automotive harnesses was weighed down during the period by the temporary extra costs generated by the industrial transformation process currently under way in Europe. For industrial cables, the adverse impact of the off-shore segment on results in South Korea could not be offset by the solid profitability levels seen in Europe and the improvements reported by Amercable in the USA.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – registered sales of 169 million euros at constant metal prices, representing an organic increase of +21.2% on the first-half of 2017, with Canada and France leading the way.

EBITDA for "Other Activities" was a negative 2 million euros in first-half 2018 (*versus* a positive 3 million euros in the first six months of 2017), after taking into account the fixed costs of the Group's holding company that are not allocated to the various segments.

2.3. OTHER ITEMS IN THE FIRST-HALF 2018 CONSOLIDATED INCOME STATEMENT

2.3.1. Core exposure effect

The core exposure effect represented income of 9 million euros for the six months ended June 30, 2018, compared with income of 40 million euros in first-half 2017. This year-on-year change was mainly due to a moderate decline in copper prices since the end of 2017 and a volume effect.

In the IFRS financial statements, inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary difference between the carrying amount of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence of a permanent inventory of metal that is not hedged (called "Core exposure").

The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

2.3.2. Restructuring costs

Restructuring costs amounted to 20 million euros in the first-half of 2018 and remain stable compared to the first-half of 2017.

In first-half 2018, as in first-half 2017, the 20 million euro expense corresponds to the provisioning of employee-related costs, particularly in Europe, as well as costs recognized on a cash basis in accordance with IFRS.

2.3.3. Other operating income and expenses

At June 30, 2018, Other operating income and expenses represented net income of 21 million euros, mainly consisting of:

- Net proceeds of 44 million euros from the sale of the Lyon industrial site,
- An 18 million euro impairment loss on individual items of property, plant and equipment within the "Asia-Pacific" Cash Generating Unit,
- An expense of 3 million euros mainly related to the costs of civil proceedings (related to local anti-trust investigations) against the Nexans Group's South Korean local operating entities; these procedures are mentioned in Note 17 to the consolidated financial statements.

Other operating income and expenses for the first six months of 2017 represented an amount of virtually nil.

2.3.4. Financial income and expenses

The Group recorded a net financial expense of 31 million euros in the first six months of 2018, compared with 36 million euros in first-half 2017.

The cost of debt was down to 22 million euros at the end of June 2018 *versus* 33 million euros at June 30, 2017, mainly

due to the bond refinancing in 2017 and the March 2018 bond redemption for an amount of 250 million euros.
Other financial expenses increased by 6 million euros in the first-half of 2018 compared to the first-half of 2017, mainly due to interest payments related to the unfavorable outcome of a lawsuit.

2.3.5. Income taxes

The consolidated income tax expense for the period came to 23 million euros, with the Group recording 59 million euros in net income before taxes and share in net income of associates. In the first six months of 2017, the income tax expense was 34 million euros.

2.3.6. Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 67 million euros in first-half 2018.

The 113 million euros increase in working capital requirement in the first-half of 2018 reflects a seasonal effect.

Cash flows from investing activities came to 53 million euros in first-half 2018, chiefly corresponding to the proceeds from the sale of the Lyon industrial site net of purchases of property, plant and equipment for the period.
Cash flows from financing activities totaled 193 million euros, mainly comprising:

- 250 million euros of bond redemptions,
- a 150 million euro drawdown on the credit line subscribed in June and intended to serve as a "bridge loan",
- 39 million euros of interest paid,
- 32 million euros of dividends paid, and
- 24 million euros of share buybacks.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 318 million euros during the period and stood at 475 million euros at June 30, 2018 (including 483 million euros in cash and cash equivalents recorded under assets and 8 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

2.3.7. Consolidated statement of financial position

The Group's total consolidated assets decreased by 96 million euros to 4,986 million euros at June 30, 2018 from 5,082 million euros at December 31, 2017.

Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,782 million euros at June 30, 2018, *versus* 1,767 million euros at December 31, 2017.

- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to longterm contracts) rose by 94 million euros between December 31, 2017 and June 30, 2018.

- Net debt increased by 202 million euros to 534 million euros at June 30, 2018 from 332 million euros at December 31, 2017.

- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 30 million euros in the six months between December 31, 2017 and June 30, 2018, to 530 million euros. The most significant changes during the period concerned provisions for restructuring costs and provisions for pension benefit obligations.

- Total equity stood at 1,418 million euros at June 30, 2018 compared with 1,468 million euros at December 31, 2017.

3. Risk factors and main uncertainties

A detailed description of recurring risk factors relating to Nexans' business – notably risks related to antitrust investigations – is provided in Nexans' 2017 Registration Document, in Section 3.1, "Risk factors", and in Note 17, "Disputes and contingent liabilities" to the condensed interim consolidated financial statements at June 30, 2018.

Nexans considers that the main risks identified in the 2017 Registration Document have not changed significantly.

If these risks were to materialize they could have a significant adverse effect on the Group's operations, financial position, earnings and outlook.

Nexans may be exposed to other risks that were not identified at the date of this report, or which are not currently considered material.

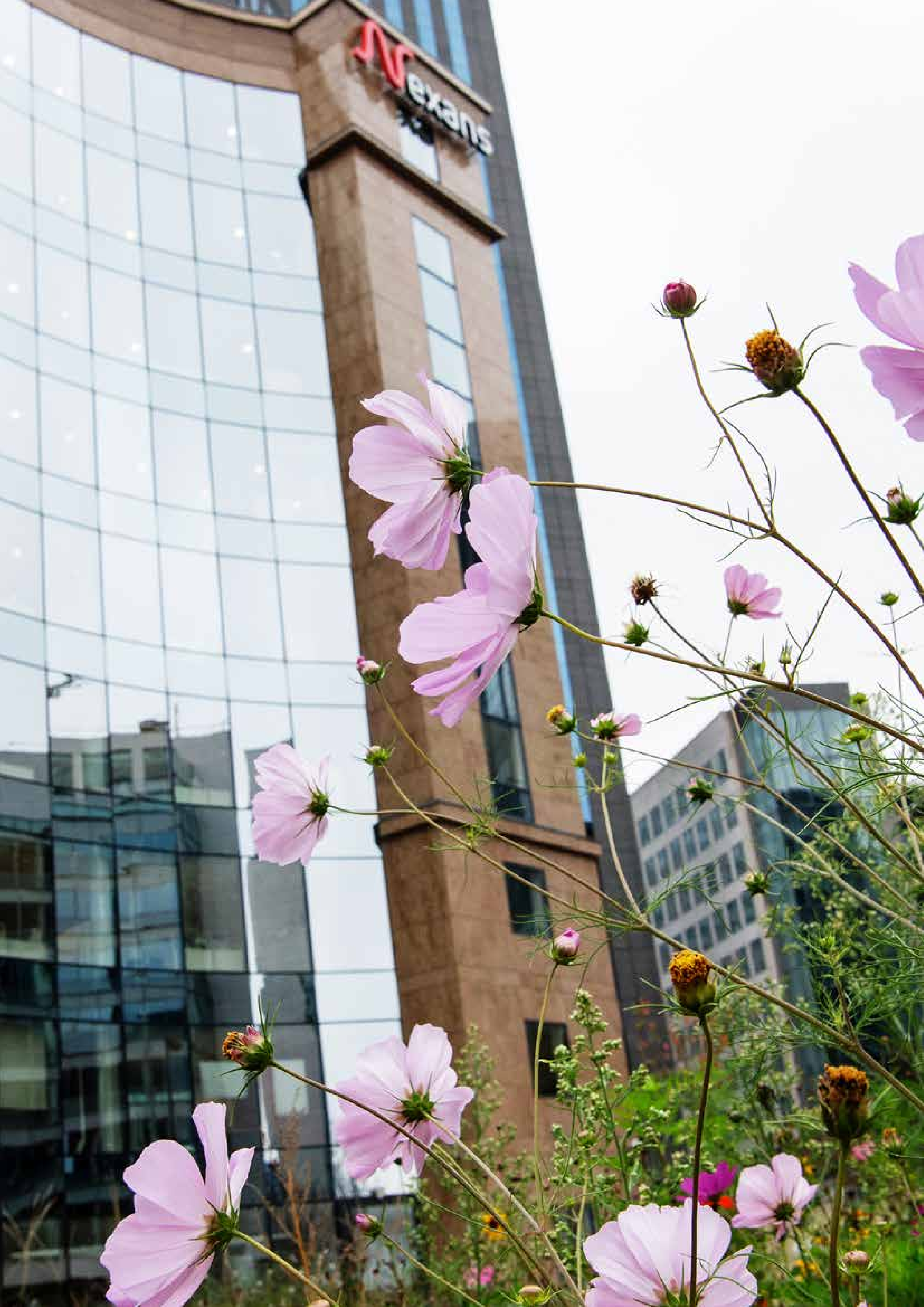
In addition to the risk factors described in Section 3.1 and the main uncertainties detailed in Section 1.8, "Trends and outlook" of the 2017 Registration Document, the principal uncertainties for the second half of 2018, and for the Group's 2018-2022 "Paced For Growth" plan are related to (i) the geopolitical and macroeconomic environment, (ii) potential changes in market trends, and (iii) the performance risks.
They mainly include:

- Uncertainty relating to the economic and political environment in Europe, including the possible consequences of Brexit, which could weaken growth.
- The impact of protectionist trade policies (such as those implemented by the current US government), as well as growing pressure to increase local content requirements.
- Geopolitical instability, including the embargoes in Qatar and Iran, political instability in Libya and Côte d'Ivoire and persistent tensions in Lebanon, the Persian/Arabian Gulf and the Korean Peninsula.
- Political and economic uncertainty in South America, particularly in Brazil, which is affecting the building market and major infrastructure projects in the region as well as creating exchange rate volatility and an increased risk of customer default.
- Sudden fluctuations in non-ferrous metal prices that could affect customer purchasing patterns in the short term.
- A marked drop in non-ferrous metal prices resulting in the impairment of Core exposure, not having an impact on cash or operating margin, but on net income.
- The impact of growing inflationary pressure, particularly on commodities prices (resins, steel, etc.) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices.
- The impact of exchange rate fluctuations on the conversion of the financial statements of Group subsidiaries located outside the Eurozone.
- The sustainability of high growth rates and/or market penetration in segments related to the development of renewable energy (wind and solar farms, interconnectors, etc.).
- The rapidity and extent of market take up of LAN cables and systems in the USA and the Group's capacity to seize opportunities relating to the very fast development of data centers.
- The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize.
- The Group's capacity to adapt to changes to Oil & Gas customers' investments in exploration and production activities in response to fluctuations in oil and gas prices.
- The risk that certain programs designed to improve the Group's competitiveness, such as design to cost programs, fixed cost reductions, certain R&D and innovation programs, or certain business development plans targeting new markets experience delays in receiving customer approvals due to technology transfer speeds or do not fully meet their objectives.
- The risk of the award or entry into force of submarine cables contracts being delayed or advanced, which could interfere with schedules or give rise to low or exceptionally high capacity utilization rates in a given year.

- Inherent risks related to carrying out major turnkey projects for submarine cables. These risks could be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (Beatrice, Nordlink, NSL, East Anglia One and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), resulting in high capacity utilization rates for the plants involved.
- The inherent risks associated with major investment projects, particularly the risk of completion delays. These risks notably concern the construction of a new submarine cable laying ship and the extension of the Goose Creek plant in North America to increase the production of submarine high-voltage cables, two projects that will be instrumental in ensuring that we fulfill our 2022 objectives.

4. Related-party transactions

The Company considers that there were no significant changes in its main transactions with related parties compared with those described in the 2017 Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2017 and lists the related-party agreements and commitments remaining in force in 2017, executed in 2017 and submitted for approval at the May 2018 Annual Shareholders' Meeting or executed in 2018 and submitted for approval at the May 2018 Annual Shareholders' Meeting).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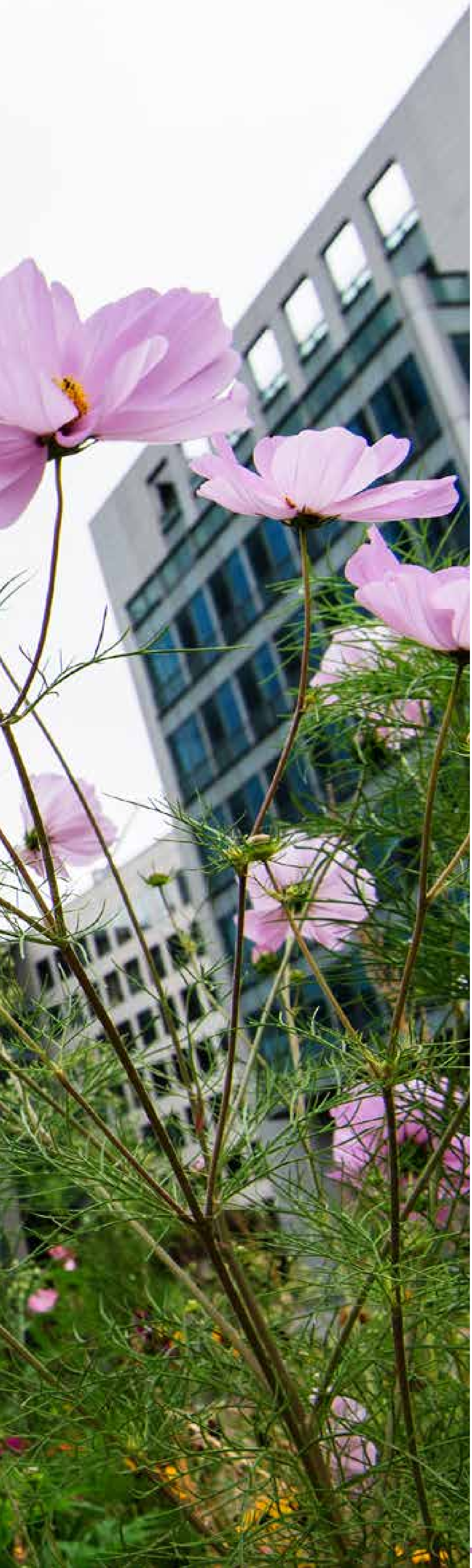


Condensed interim consolidated financial statements

Six months ended June 30, 2018

Consolidated income statement

(in millions of euros)	Notes	First-half 2018	First-half 2017
NET SALES	1.B.a and 4	**3,282**	**3,206**
Metal price effect[1]		(1,081)	(870)
SALES AT CONSTANT METAL PRICES[1]	1.B.a, 4 and 5	2,201	**2,336**
Cost of sales		(2,912)	(2,756)
Cost of sales at constant metal prices[1]		(1,832)	(1,886)
GROSS PROFIT		**370**	**450**
Administrative and selling expenses		(236)	(260)
R&D costs		(52)	(50)
OPERATING MARGIN[1]	4	**82**	**140**
Core exposure effect[2]		9	40
Other operating income and expenses[3]	6	21	0
Restructuring costs	14	(20)	(20)
Share in net income of associates		0	2
OPERATING INCOME		**91**	**162**
Cost of debt (net)		(22)	(33)
Other financial income and expenses	8	(9)	(3)
INCOME BEFORE TAXES		**59**	**126**
Income taxes	9	(23)	(34)
NET INCOME FROM CONTINUING OPERATIONS		**36**	**92**
Net income from discontinued operations		-	-
NET INCOME		**36**	**92**
▪ attributable to owners of the parent		40	91
▪ attributable to non-controlling interests		(3)	1
ATTRIBUTABLE NET INCOME PER SHARE *(in euros)*	10		
▪ Basic earnings per share		0.92	2.21
▪ Diluted earnings per share		0.90	1.97

(1) Performance indicators used to measure the Group's operating performance.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost.
(3) As explained in Notes 6 and 7, "Other operating income and expenses" included a net disposal gain of 44 million euros and a charge of 18 million euros in net asset impairment in first-half 2018.

Consolidated statement of comprehensive income

(in millions of euros)	Notes	First-half 2018	First-half 2017
NET INCOME		**36**	**92**
Recyclable components of comprehensive income		(38)	(75)
▪ Currency translation differences		(2)	(87)
▪ Cash flow hedges		(36)	12
Tax impacts on recyclable components of comprehensive income	9.B	10	(4)
Non-recyclable components of comprehensive income		(0)	15
▪ Financial assets at fair value through other comprehensive income		(1)	-
▪ Actuarial gains and losses on pensions and other long-term employee benefit obligation		0	15
▪ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income	9.B	(0)	(2)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		(28)	(66)
TOTAL COMPREHENSIVE INCOME		**8**	**26**
▪ attributable to owners of the parent		11	27
▪ attributable to non-controlling interests		(3)	(1)

Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	June 30, 2018	December 31, 2017 restated[(1)]
Goodwill	11	244	236
Intangible assets		123	127
Property, plant and equipment		1,153	1,129
Investments in associates		40	40
Deferred tax assets		145	135
Other non-current assets		77	100
NON-CURRENT ASSETS		**1,782**	**1,767**
Inventories and work in progress		1,195	1,107
Contract assets		136	134
Trade receivables		1,151	1,033
Current derivative assets	16	49	59
Other current assets		190	177
Cash and cash equivalents	15	483	805
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		**3,204**	**3,315**
TOTAL ASSETS		**4,986**	**5,082**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3.

EQUITY AND LIABILITIES

(in millions of euros)	Notes	June 30, 2018	December 31, 2017 restated[(1)]
Capital stock, additional paid-in capital, retained earnings and other reserves		1,353	1,367
Other components of equity		23	52
Equity attributable to owners of the parent		**1,376**	**1,419**
Non-controlling interests		42	48
TOTAL EQUITY	12	**1,418**	**1,468**
Pensions and other long-term employee benefit obligations	13	371	387
Non-current provisions	14 and 17	94	94
Non-current convertible bonds	15	-	267
Other non-current debt	15	455	451
Non-current derivative liabilities	16	0	3
Deferred tax liabilities		105	102
NON-CURRENT LIABILITIES		**1,025**	**1,304**
Current provisions	14 and 17	65	79
Current debt	15	562	420
Contract liabilities		143	165
Current derivative liabilities	16	31	36
Trade payables		1,417	1,280
Other current liabilities		326	331
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,543**	**2,310**
TOTAL EQUITY AND LIABILITIES		**4,986**	**5,082**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3.

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding[(4)]	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2017 RESTATED[(1)]	**43,411,421**	**43**	**1,601**	**-**
Net income for the period	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Share buyback program	(224,489)	-	-	(11)
Employee share-based and stock option plans:			-	
■ Service cost	-	-	-	-
■ Proceeds from share issues	24,570	0	1	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
JUNE 30, 2017 RESTATED[(1)]	**43,211,502**	**43**	**1,602**	**(11)**
JANUARY 1, 2018[(2)]	**43,412,614**	**43**	**1,605**	**(4)**
Net income for the period	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Share buyback program	(702,336)	-	-	(24)
OCEANE	12	0	-	-
Employee share-based and stock option plans:			-	
■ Service cost[(3)]	-	-	-	-
■ Proceeds from share issues	13,734	0	1	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
JUNE 30, 2018	**42,724,024**	**44**	**1,606**	**(27)**

(1) Restatements of consolidated data at January 1, 2017 and June 30, 2017 are set out in Note 3.
(2) "Retained earnings and other reserves" at January 1, 2018 include the impacts of applying IFRS 9, as described in Note 3*, and IFRS 15 (negative 5 million euro impact).*
(3) Including a negative 2 million euro expense related to the Act 2018 plan.
(4) The number of shares outstanding at June 30, 2018 corresponds to 43,508,437 issued shares less 784,413 shares held in treasury.

Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
(396)	**(3)**	**163**	**1,409**	**57**	**1,466**
91	-	-	91	1	92
13	9	(86)	(64)	(2)	(66)
104	**9**	**(86)**	**27**	**(1)**	**26**
(22)	-	-	(22)	(1)	(23)
-	-	-	-	-	-
-	-	-	(11)	-	(11)
4	-	-	4	-	4
0	-	-	1	-	1
1	-	2	3	(9)	(6)
0	-	0	0	0	0
(309)	**6**	**79**	**1,411**	**46**	**1,457**
(286)	**17**	**36**	**1,411**	**47**	**1,458**
40	-	-	40	(3)	36
0	(27)	(2)	(28)	0	(28)
40	**(27)**	**(2)**	**11**	**(3)**	**8**
(30)	-	-	(30)	(2)	(32)
-	-	-	-	-	-
-	-	-	(24)	-	(24)
(0)	-	-	(0)	-	(0)
7	-	-	7	-	7
-	-	-	1	-	1
-	-	-	-	-	-
0	(0)	0	0	-	0
(270)	**(11)**	**34**	**1,376**	**42**	**1,418**

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2018	First-half 2017
Net income		36	92
Depreciation, amortization and impairment of assets (including goodwill)		89	72
Cost of debt (gross)		24	35
Core exposure effect(1)		(9)	(40)
Current and deferred income tax charge (benefit)		23	34
Net (gains) losses on asset disposals	6	(44)	-
Other restatements(2)		(52)	(12)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(3)		**67**	**182**
Decrease (increase) in working capital(4)		(112)	(215)
Income taxes paid		(24)	(28)
Impairment of current assets and accrued contract costs		(1)	(4)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**(137)**	**(247)**
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**(70)**	**(65)**
Proceeds from disposals of property, plant and equipment and intangible assets		47	4
Capital expenditure		(82)	(70)
Decrease (increase) in loans granted and short-term financial assets		(6)	(7)
Purchase of shares in consolidated companies, net of cash acquired		(12)	(6)
Proceeds from sale of shares in consolidated companies, net of cash transferred		-	-
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(53)**	**(79)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**(123)**	**(144)**
Proceeds from (repayments of) long-term and short-term borrowings(5)	15	(99)	(86)
▪ of which repayment of the 2012-2018 ordinary bonds		(250)	-
▪ of which proceeds from 2017-2024 ordinary bond issue		-	199
▪ of which repayment of the 2007-2017 ordinary bonds		-	(350)
Cash capital increases (reductions)(6)		(23)	(10)
Interest paid		(39)	(52)
Transactions with owners not resulting in a change of control		-	-
Dividends paid		(32)	(22)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**(193)**	**(170)**
Net effect of currency translation differences		(2)	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(318)**	**(324)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15	**794**	**1,016**
CASH AND CASH EQUIVALENTS AT PERIOD-END	15	**475**	**692**
▪ Of which cash and cash equivalents recorded under assets		483	700
▪ Of which short-term bank loans and overdrafts recorded under liabilities		(8)	(8)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

(2) Other restatements for the six months ended June 30, 2018 primarily included (i) a negative 39 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), and (ii) a negative 24 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 7 million euros to cancel the expense relating to share-based payments. Other restatements for the six months ended June 30, 2017 primarily included (i) a negative 36 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), and (ii) a positive 24 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives.

(3) The Group also uses the "operating cash flow" concept, which is mainly calculated after adding back cash outflows relating to restructurings (28 million euros and 34 million euros for the first six months of 2018 and 2017 respectively), and deducting gross cost of debt and current income tax paid during the period.

(4) During the first half of 2018 the Group sold tax receivables which had a net cash impact of 20 million euros (9 million euros in first-half 2017). As the sales concerned transferred substantially all the risks and rewards of ownership they meet the derecognition criteria in IAS 39 and have therefore been derecognized.

(5) The first-half 2018 figure for this item includes a 6 million impact from the partial redemption of the Group's 2019 OCEANE bonds (see ***Note 15****).*

(6) During first-half 2018, the Group bought back 784,413 of its own shares, representing a cash outflow of 24 million euros (versus 224,489 shares generating a cash outflow of 11 million euros in the first half of 2017).

Notes to the interim consolidated financial statements

Note 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans S.A. (the "Company") is a French joint stock corporation *(société anonyme)* governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code *(Code de commerce)*. The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters are at Le Vinci, 4 allée de l'Arche, 92070 Paris La Défense Cedex, France.

Nexans S.A. is listed on Euronext Paris (Compartment A) and forms part of the SBF 120 index.

These condensed interim consolidated financial statements were approved by Nexans' Board of Directors on July 25, 2018. They are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes.

Compliance with IAS 34

The condensed interim consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union can be viewed on the European Commission website at: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps.
The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2017.

Standards and interpretations

The accounting policies adopted for the financial statements at June 30, 2018 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2017, except where (i) new standards and interpretations were applied as from January 1, 2018 (see Note 1.B below) and (ii) specific conditions apply relating to the preparation of interim financial statements (see Note 1.C).

New standards, amendments and interpretations published by the IASB but not yet effective

The IASB has issued the following new standards, amendments and interpretations which have been endorsed by the European Union:

- Amendments to IFRS 9, "Prepayment Features with Negative Compensation".
- IFRIC 23, "Uncertainty over Income Tax Treatments".
- IFRS 16, "Leases".

The IASB has also issued the following new standards and amendments which have not yet been endorsed by the European Union:

- Annual improvements to IFRSs (2015-2017 cycle).
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IAS 28, "Long-Term Interests in Associates and Joint Ventures".

The Group is currently analyzing the potential impacts of these new standards and amendments as part of the transition process. The analyses include examining how the application of IFRS 16 will affect the Group's leases. The related figures will be calculated during the second half of 2018.

Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, incomes and expenses.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements for first-half 2018 were the same as those described in the full-year 2017 consolidated financial statements. During the first six months of 2018, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 7** and **Note 11**).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 9**).
- Margins to completion and percentage of completion on long-term contracts.
- The measurement of pension liabilities and other employee benefits (see **Note 13**).
- Provisions and contingent liabilities (see **Note 14** and **Note 17**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 16**).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group's future financial statements may differ from the estimates used in these financial statements. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

B. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Group has applied all of the new standards, amendments and interpretations that were mandatory for the first time in the fiscal year beginning January 1, 2018, and which were as follows:

- IFRS 15, "Revenue from Contracts with Customers". This standard replaces IAS 11, "Construction Contracts" and IAS 18, "Revenue" as well as all of the related interpretations. IFRS 15 applies to revenue generated from all contracts with customers except those that fall within the scope of application of other specific standards.
- IFRS 9, "Financial Instruments", and amendments to IFRS 9.
- Annual improvements to IFRSs (2014-2016 cycle).
- Amendments to IFRS 2, "Classification and Measurement of Share-based Payment Transactions".
- Amendments to IAS 40, "Transfers of Investment Property".
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration".

Other than the effects of IFRS 15 and IFRS 9, which are described below, the above new standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements.

Application of IFRS 15

As a result of the first-time application of IFRS 15, paragraph a., "Sales" of **Note 1.E** to the consolidated financial statements for the year ended December 31, 2017 has been replaced by the following paragraph:

Sales

Net sales

Net sales (at current metal prices) represent revenue from sales of goods held for resale as well as sales of goods and services deriving from the Group's main activities, net of value added taxes (VAT), for which consideration has been promised in contracts drawn up with customers.

The Group's main activities correspond to sales of cables produced in its plants as well as cable installation services. Cables are sold either separately under specific contracts with customers (hereafter "sales of goods") or together with installation services under contracts that combine both sales of cables and installation services (hereafter "goods and services contracts").

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.

For all of the Group's activities, the revenue recognized as the consideration promised from customers for the transfer of goods or services takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales of goods

Customer contracts covering sales of goods include a single performance obligation for each delivery. Revenue from sales of goods is recognized at a specific point in time, corresponding to the moment when control of the asset concerned is transferred to the customer, which is generally when the goods are delivered.

The amount of revenue generated from the sale of goods recognized at a point in time corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices. It includes certain variable consideration, notably relating to discounts and rebates, which are measured using the expected value method or based on the single most likely amount, depending on the specific terms and conditions of the contracts concerned.

In addition, as the delivery of goods also corresponds to the moment when the Group obtains an enforceable right to payment, the contra-entry to the recognized amount of sales is presented in "Trade receivables" on the assets side of the consolidated statement of financial position.

Goods and services contracts

Contracts covering both sales of goods and cable installation services essentially concern the Group's high-voltage cable and umbilical cable activities. They are contracts that are specifically negotiated for constructing and installing an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the customer cannot use an asset or a group of assets during their production or installation due to the specific features of their design and interdependency as provided for contractually, then a single performance obligation is identified per contract.

Performance obligations under goods and services contracts are considered to be satisfied over time if (i) the asset or group of assets created in connection with a goods and services contract is specific to the requirements of the customer and cannot have an alternative use, and (ii) Nexans has an enforceable right to payment for the services performed up until the date in question. The input method is used to measure progress towards fulfilling the performance obligation based on costs incurred. The costs taken into account do not include any inefficiencies that were not anticipated and cannot therefore trigger any revenue recognition.

As is the case for sales of goods, the amount of revenue generated from sales of goods and services corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices.

For each goods and services contract, the amount of revenue recognized is compared against the sum of progress billings (which are issued when the Group obtains an enforceable right to payment) and any partial payments received under the contract before the corresponding work is performed (see the section on "Customer advance payments"). If the balance obtained is positive, it is included in assets under "Contract assets" in the consolidated statement of financial position and if it is negative it is recorded in liabilities under "Contract liabilities".

When it is probable that total contract costs will exceed total contract revenue, the expected loss to completion is recognized immediately in cost of sales in the income statement, and under "Current provisions" or "Non-current provisions" in the statement of financial position.

Customer advance payments

The Group may receive partial payments from customers before the corresponding work is performed, which are referred to as customer advance payments. In accordance with IFRS 15, these advance payments are recognized under "Contract liabilities" except for goods and services contracts where the amount of costs incurred plus recognized profits generated by the contract corresponds to an asset when compared against the aggregate amount of recognized contract losses, progress billings and customer advance payments. In this case, the customer advance payments are recorded as a deduction from «Contract assets».

In the same way as for recognition of consideration promised by customers, when recognizing customer advance payments the Group takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales (and cost of sales) at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices.

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figures based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For first-half 2018 and full-year 2017 and 2016, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne for aluminum.

Application of IFRS 9

The following changes have been made to the consolidated financial statements at December 31, 2017 as a result of the first time application of IFRS 9, "Financial Instruments" in 2018:

- A new paragraph entitled "Financial assets at fair value through profit or loss or through other comprehensive income" has been added to Note 1.F. ;
- Paragraph e. of Note 1.F.,"Trade receivables" has been replaced by a new paragraph entitled "Trade and other receivables".

Financial assets at fair value through net profit or loss or through other comprehensive income

Financial assets at fair value through profit or loss or through other comprehensive income relate to the shares in non-consolidated entities. They are initially recognized at fair value. For each of these assets, the Group decides whether to measure subsequent changes in fair value either through profit or loss or through other comprehensive income (without any possibility of subsequently being recycled to profit or loss). This choice is made at the initial recognition date and is irreversible.

Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment losses for trade receivables are recognized based on two methods:

- A collective method based on a statistical approach that reflects the expected credit losses over the lifetime of receivables, including receivables not past due.
  In order to apply this method, the Group has drawn up a matrix of the rates used to write down its trade receivables that factor in country risks, observed default probabilities and expected losses in the event of default. The base used to calculate these statistical loss allowances also takes into account any contractual guarantees received in relation to the receivables concerned.
  The carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales".

- An individual method, whereby an impairment loss is recorded for a trade receivable whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction.
  The following are indicators that a receivable may be impaired: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial restructuring; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate.
  In the same way as for the collective method described above, under the individual method, the carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales". When a receivable is irrecoverable, it is derecognized and offset by reversing the corresponding impairment loss.
  When a previously derecognized receivable is recovered, the amount is credited to "Cost of sales" in the income statement.

These impairment methods also apply to "Contract assets" recognized in the consolidated statement of financial position.

C. SPECIFIC ISSUES CONCERNING THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

For the purpose of preparing the Group's condensed interim consolidated financial statements, the following calculations and estimates are applied in addition to the recognition, measurement and presentation rules described in Note 1.A:

- The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.

- The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Expenses recognized during the period for pension and other long-term employee benefit obligations are calculated based on half of the estimated amount for the full year. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. The fair value of the main plan assets is reviewed at the period end.

Note 2. Significant events of the period

A. GOVERNANCE

At its meeting on March 18, 2018, Nexans' Board of Directors was informed that Arnaud Poupart-Lafarge – the Group's Chief Executive Officer – wished to resign as soon as possible for personal reasons.
At the request of the Board of Directors, Mr. Poupart-Lafarge agreed to oversee the management transition process until September 30, 2018 at the latest.

The Board of Directors, chaired by Georges Chodron de Courcel, asked Pascal Portevin, the Group's Deputy CEO, to work alongside Arnaud Poupart-Lafarge on the transition, in line with Nexans' succession plan and in full agreement with Mr. Poupart Lafarge. Mr. Portevin will work alongside Nexans' Chief Executive Officer in implementing the Group's "Paced For Growth" strategic plan.

In parallel, the Board of Directors decided to launch an internal and external recruitment process in order to rapidly appoint a new Chief Executive Officer. This recruitment process was finalized in early July (see **Note 18**).

B. BOND REDEMPTION

On March 19, 2018, all of the Group's 2018 bonds were redeemed in cash, as they had reached maturity. The total amount paid was 261 million euros including accrued interest.

C. INTERNATIONAL EMPLOYEE SHARE OWNERSHIP PLAN

At its November 22, 2017 meeting, the Board of Directors used the authorizations granted at the May 11, 2017 Annual Shareholders' Meeting to approve in principle the launch of an employee share ownership plan in 2018 involving the issue of a maximum of 500,000 new shares. This is the eighth international employee share ownership plan set up by the Group.

The plan proposed a «leveraged» structure in the same way as in the 2010, 2012, 2014 and 2016 plans, whereby employees were able to subscribe for the shares directly or through a corporate mutual fund (FCPE) at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR). The employees who participated in the plan received a top-up contribution in shares from the Group.

The subscription period for the plan ran from May 7 through May 22, 2018 and was followed by a cooling-off period from June 21 through June 26, 2018.

The subscription price was set on June 20, 2018 at 29.87 euros per share, representing a 20% discount against the average of the prices quoted for the Nexans share over the 20 trading days preceding that date.

The settlement-delivery of the shares took place on July 18, 2018 for 496,477 shares (see **Note 18**).

Note 3. Changes in accounting methods: IFRS 9 and IFRS 15

At January 1, 2018, the Group applied IFRS 15 fully retrospectively and IFRS 9 retrospectively without restating its comparative financial statements.

IMPACTS OF APPLYING IFRS 15

The main impacts of applying IFRS 15 concern the measurement of the progress of goods and services contracts (formerly referred to as construction contracts) and changes in the presentation of the consolidated statement of financial position.

Previously, the percentage of completion of goods and services contracts was determined based on physical criteria, whereas now the progress of all such contracts is measured based on inputs, i.e. costs incurred.
The Group has elected for full retrospective application of IFRS 15. However, as the difference resulting from using the new measure of progress did not have a material impact on either first-half or full-year data for 2017, the full amount of this difference has been directly presented in "Capital stock, additional paid-in capital, retained earnings and other reserves" in the consolidated statement of financial position and the consolidated statement of changes in equity.
The consequences of applying IFRS 15 on the Group's already published financial statements are presented below.

The impacts not presented in the consolidated income statement for the first half of 2017 are as follows:

- A 6 million euro positive impact on sales at constant metal prices.
- A 1 million euro negative impact on net income.

In the consolidated statement of financial position, the account headings «Amounts due from customers on construction contracts» and «Liabilities related to construction contracts" have been replaced by the new headings "Contract assets" and "Contract liabilities".

- Prior to the Group's application of IFRS 15, "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts" (presented under "Liabilities related to construction contracts" in the consolidated statement of financial position) only concerned goods and services contracts and corresponded to the aggregate amount of costs incurred for the contract plus profits recognized (net of any losses recognized, including any losses to completion), less progress billings. If the balance was positive it was recognized under assets and if it was negative it was recognized under liabilities. In addition, partial payments received on these contracts were recognized as progress billings were made.
- Under the new accounting treatment, for goods and services contracts, the new account headings «Contract assets» and «Contract liabilities» include the difference between the revenue recognized on the contracts and the sum of (i) progress billings (issued when the Group obtains an enforceable right to payment) and (ii) partial payments received for the contracts concerned before the corresponding work has been carried out (customer advance payments).
- When it is probable that total costs will exceed total contract revenue, the expected loss to completion is now recognized under "Current provisions" or "Non-current provisions" in the consolidated statement of financial position. The Group did not recognize any losses to completion at either January 1, 2017 or December 31, 2017.
- Customer advance payments are no longer classified under "Trade payables" for sales of goods contracts or under "Liabilities related to construction contracts" (which no longer exists) for goods and services contracts. Instead, they are taken into account in the calculation of "Contract assets" and "Contract liabilities".

IMPACTS OF APPLYING IFRS 9

IFRS 9, "Financial Instruments" replaces IAS 39, "Financial Instruments: Recognition and Measurement" and involves three phases: "Classification and Measurement of Financial Assets", "Impairment" and "Hedge Accounting".
Application of the first two phases is mandatory for annual periods beginning on or after January 1, 2018. The Group still applies the provisions of IAS 39 related to hedge accounting as regards the third phase of IFRS 9.

The Group applied IFRS 9 retrospectively at January 1, 2018 without restating its comparative financial statements. As a result of this first-time application, it has changed the methods used for recognizing impairment losses on trade receivables as well as its accounting treatment of shares held in non-consolidated companies.

Classification and measurement of financial assets

IFRS 9 amends the major categories of financial assets. Where assets are measured at fair value, gains and losses must be recognized either in profit or loss (fair value through profit or

loss, FVPL) or in other comprehensive income (fair value through other comprehensive income, FVOCI), without recycling of fair value changes to profit or loss. Entities have to elect which of these two accounting treatments to apply for each asset at the time of initial recognition and the decision is irrevocable.
Nexans' shares in non-consolidated companies – which were presented under "Financial assets at fair value through net income or through other comprehensive income" in "Other non current assets" in the consolidated statement of financial position – have been reviewed by the Group. Based on its analysis, at January 1, 2018 it classified 20 million euros worth of shares as FVPL and 3 million euros worth as FVOCI.

Impairment of trade receivables

IFRS 9 establishes a new approach for loans and receivables, including trade receivables – an "expected credit loss" model that forecasts expected credit losses instead of accounting for them when they occur (which was the approach adopted in IAS 39). Receivables that are not past due at the period-end are now included when calculating impairment of trade receivables. The retrospective application of this principle led to (i) a 9 million euros net-of-tax decrease in opening equity at January 1, 2018, of which 8 million euros was recognized in equity attributable to owners of the parent, and (ii) a 10 million euro decrease in "Trade receivables".

RESTATEMENT OF THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

As IFRS 9 was applied retrospectively without restating the comparative financial statements (as permitted by the standard), only the effects on the financial statements at December 31, 2017 of applying IFRS 15 are presented below.
As the first-time application of IFRS 15 did not impact the consolidated income statement, statement of comprehensive income or statement of cash flows, only the restatements of the consolidated statement of financial position and statement of changes in equity are shown.

Restatement of the consolidated statement of financial position – ASSETS

(in millions of euros)	December 31, 2017 reported	Change in revenue recognition accounting policies	December 31, 2017 restated
Goodwill	236	-	236
Intangible assets	127	-	127
Property, plant and equipment	1,129	-	1,129
Investments in associates	40	-	40
Deferred tax assets	135	-	135
Other non-current assets	100	-	100
NON-CURRENT ASSETS	**1,767**	-	**1,767**
Inventories and work in progress	1,107	-	1,107
Amounts due from customers on construction contracts	199	(199)	-
Contract assets	-	134	134
Trade receivables	1,033	-	1,033
Current derivative assets	59	-	59
Other current assets	177	-	177
Cash and cash equivalents	805	-	805
Assets and groups of assets held for sale	0	-	0
CURRENT ASSETS	**3,380**	**(65)**	**3,315**
TOTAL ASSETS	**5,147**	**(65)**	**5,082**

Restatement of the consolidated statement of financial position – EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2017 reported	Change in revenue recognition accounting policies	December 31, 2017 restated
Capital stock, additional paid-in capital, retained earnings and other reserves	1,372	(5)	1,367
Other components of equity	52	0	52
Equity attributable to owners of the parent	**1,424**	**(4)**	**1,419**
Non-controlling interests	48	-	48
TOTAL EQUITY	**1,472**	**(4)**	**1,468**
Pensions and other long-term employee benefit obligations	387	-	387
Non-current provisions	94	-	94
Non-current convertible bonds	267	-	267
Other non-current debt	451	-	451
Non-current derivative liabilities	3	-	3
Deferred tax liabilities	103	-	102
NON-CURRENT LIABILITIES	**1,305**	-	**1,304**
Current provisions	79	-	79
Current debt	419	-	420
Liabilities related to construction contracts	163	(163)	-
Contract liabilities	-	165	165
Current derivative liabilities	36	-	36
Trade payables	1,342	(62)	1,280
Other current liabilities	331	-	331
Liabilities related to groups of assets held for sale	0	-	0
CURRENT LIABILITIES	**2,370**	**(60)**	**2,310**
TOTAL EQUITY AND LIABILITIES	**5,147**	**(65)**	**5,082**

Restatement of the consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
JANUARY 1, 2017 REPORTED	**43,411,421**	**43**	**1,601**	**-**	**(392)**	**(3)**	**163**	**1,412**	**57**	**1,469**
Change in revenue recognition accounting policies	-	-	-	-	(4)	-	0	(3)	-	(3)
JANUARY 1, 2017 RESTATED	**43,411,421**	**43**	**1,601**	**-**	**(396)**	**(3)**	**163**	**1,409**	**57**	**1,466**
JUNE 30, 2017 REPORTED	**43,211,502**	**43**	**1,602**	**(11)**	**(304)**	**6**	**79**	**1,415**	**46**	**1,461**
Change in revenue recognition accounting policies	-	-	-	-	(5)	-	0	(4)	-	(4)
JUNE 30, 2017 RESTATED	**43,211,502**	**43**	**1,602**	**(11)**	**(309)**	**6**	**79**	**1,411**	**46**	**1,457**

Note 4. Operating segments

During the first half of 2018, the Group changed its operating segments (as defined in the 2018 revised version of IFRS 8) following the launch of its "Paced For Growth" 2018-2022 Strategic Plan in order to better reflect its new organizational structure and the way Management monitors Group performance.

The new operating segments are now structured in the same way as the information that is presented monthly to the Management Board[1] and is used to guide the implementation of the Group's strategy and the conduct of its operations. They are also the main units used for measuring and analyzing Nexans' operating performance, for which the principal indicator is operating margin.
The comparative segment information for the first half of 2017 has been restated in line with the Group's new segment reporting structure applicable at June 30, 2018.

The Group has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- Building & Territories: This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.

- High Voltage & Projects: This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).

- Telecom & Data: This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug and play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.

- Industry & Solutions: This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled "Other Activities", which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Two specific facts should be noted for the "Other Activities" column:
- A total of 93% of the sales at constant metal prices recorded under "Other Activities" in first-half 2018 were generated by the Group's Electrical Wires business (compared with 90% in first-half 2017).
- Operating margin posted by "Other Activities" in first-half 2018 was a negative -7 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

The change in the Group's reportable segments did not affect its information by major geographic area.

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

Operating segment data were prepared using the same accounting policies as for the consolidated financial statements for the year ended December 31, 2017 (described in the notes to those financial statements), as amended by Note 1.B above.

(1) Nexans' Management Board is chaired by the Chief Executive Officer and its objective is to determine the Group's strategy as well as its resource allocation policies and organizational structure. It is the Group's chief operating decision maker within the meaning of IFRS 8.

A. INFORMATION BY REPORTABLE SEGMENT

First-half 2018 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Net sales at current metal prices	1,374	379	283	705	541	3,282
Net sales at constant metal prices	846	348	249	589	169	2,201
Operating margin	28	16	16	28	(7)	82
Depreciation and amortization	(24)	(20)	(5)	(17)	(5)	(71)
Net impairment of non-current assets (including goodwill) (see **Note 6**)	0	(18)	0	0	0	(18)

First-half 2017 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Net sales at current metal prices	1,326	479	298	691	412	3,206
Net sales at constant metal prices	883	446	270	587	149	2,336
Net sales at constant metal prices and 2018 exchange rates	832	431	254	575	144	2,236
Operating margin	33	43	31	33	(1)	140
Depreciation and amortization	(26)	(19)	(5)	(17)	(4)	(71)
Net impairment of non-current assets (including goodwill) (see **Note 6**)	0	(1)	0	0	0	(1)

The Management Board and the Management Council also analyze the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

First-half 2018 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group total
Net sales at current metal prices[1]	553	427	354	1,947	3,282
Net sales at constant metal prices[1]	337	381	323	1,160	2,201

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

First-half 2017 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group total
Net sales at current metal prices[1]	532	421	436	1,817	3,206
Net sales at constant metal prices[1]	352	377	408	1,199	2,336
Net sales at constant metal prices and first-half 2018 exchange rates[1]	352	377	390	1,117	2,236

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

C. INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in first-half 2018 or first-half 2017.

Note 5. Sales

Consolidated sales can be analyzed as follows:

First-half 2018 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Performance obligations satisfied at a point in time	846	48	249	589	169	1,901
Performance obligations satisfied over time	-	300	-	-	-	300
NET SALES AT CONSTANT METAL PRICES	**846**	**348**	**249**	**589**	**169**	**2,201**

First-half 2017 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Performance obligations satisfied at a point in time	883	55	270	587	149	1,944
Performance obligations satisfied over time	-	391	-	-	-	391
NET SALES AT CONSTANT METAL PRICES	**883**	**446**	**270**	**587**	**149**	**2,336**

Note 6. Other operating income and expenses

(in millions of euros)	Notes	First-half 2018	First-half 2017
Net asset impairment	7	(18)	(1)
Changes in fair value of non-ferrous metal derivatives		0	1
Net gains (losses) on asset disposals		44	(0)
Acquisition-related costs (completed and planned acquisitions)		(2)	-
Expenses and provisions for antitrust investigations	17	(3)	0
OTHER OPERATING INCOME AND EXPENSES		**21**	**0**

During the first half of 2018, “Net gains (losses) on asset disposals” included 44 million euros from the sale of the Group’s plant in Lyon.

The expenses recorded in first-half 2018 mainly correspond to the cost of civil proceedings (related to local antitrust investigations) brought against the Nexans Group’s local operating entities in South Korea, as mentioned in **Note 17**.

Note 7. Net asset impairment

The Group carries out impairment tests on goodwill at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired.

At June 30, 2018, Nexans carried out a review of the main assets to identify any indications of impairment that may have arisen over the period.

As a result of this review, an impairment loss of 18 million euros was recognized against property, plant and equipment in the first half of 2018 (see **Note 6**).

In calculating the impairment loss, the discount rates and perpetual growth rates used by the Group were stable compared to those used at December 31, 2017.

In accordance with Group policy, impairment tests will be performed on goodwill for the year-end closing at the level of the Cash Generating Units to which they are allocated.

Sensitivity analyses

Impairment was calculated based on the latest projections approved by Group Management and on the assumptions set out above. A 50 basis point increase in the discount rate would lead to the recognition of an additional impairment loss of 5 million euros against the assets in question.

See **Note 6** to the full-year 2017 consolidated financial statements for the tests performed and the sensitivity analyses.

Note 8. Other financial income and expenses

(in millions of euros)	First-half 2018	First-half 2017
Dividends received from non-consolidated companies	0	1
Provisions	(0)	1
Net foreign exchange gain (loss)	(1)	1
Net interest expense on pension and other long-term employee benefit obligations	(3)	(3)
Other	(6)	(3)
OTHER FINANCIAL INCOME AND EXPENSES	**(9)**	**(3)**

Note 9. Income taxes

Nexans S.A. heads up a tax group in France that comprised 10 companies in first-half 2018. Other tax groups have been set up where possible in other countries, including in Germany, North America, Italy, South Korea and Denmark.

A. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows for first-half 2018 and first-half 2017:

Tax proof *(in millions of euros)*	First-half 2018	First-half 2017
Income before taxes	59	126
■ of which share in net income of associates	0	2
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**59**	**124**
Standard tax rate applicable in France (in %)(1)	34.43%	34.43%
THEORETICAL INCOME TAX CHARGE	**(20)**	**(43)**
Effect of:		
■ Difference between foreign and French tax rates	3	12
■ Change in tax rates for the period	0	(0)
■ Unrecognized deferred tax assets	1	1
■ Taxes calculated on a basis different from "Income before taxes"	(5)	(5)
■ Other permanent differences	(2)	1
ACTUAL INCOME TAX CHARGE	**(23)**	**(34)**
EFFECTIVE TAX RATE (IN %)	**39.18 %**	**27.69%**

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.

The theoretical income tax charge is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income of associates.

B. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in the first half of 2018 can be analyzed as follows:

(in millions of euros)	December 31, 2017	Gains (losses) generated during the period(1)	Amounts recycled to the income statement(1)	Total other comprehensive income (loss)	June 30, 2018
Currency translation differences	(5)	1	-	1	(5)
Cash flow hedges	(7)	7	2	10	3
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME(2)	**(12)**	**8**	**2**	**10**	**(2)**
Financial assets at fair value through other comprehensive income	-	0	N/A	0	0
Actuarial gains and losses on pensions and other long-term employee benefit obligations	48	(0)	N/A	(0)	48
Share of other non-recyclable comprehensive income of associates	-	-	N/A	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**48**	**(0)**	**N/A**	**(0)**	**48**

(1) The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the period and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.
*(2) These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see **Notes 1.C** and **1.F.k** to the full-year 2017 consolidated financial statements).*

C. UNRECOGNIZED DEFERRED TAX ASSETS

At June 30, 2018 and December 31, 2017, deferred tax assets in the respective amounts of 456 million euros and 468 million euros – primarily corresponding to unused tax losses – were not recognized as the Group deemed that their recovery was not sufficiently probable in the medium-term (typically five years).

Note 10. Earnings per share

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	First-half 2018	First-half 2017
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	40	91
Interest expense on OCEANE convertible bonds, net of tax(1)	Anti-dilutive	(5)
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	40	96
ATTRIBUTABLE NET INCOME FROM DISCONTINUED OPERATIONS(1)	-	-
Average number of shares outstanding	43,311,123	43,292,231
Average number of dilutive instruments	984,006	5,283,858
■ of which free shares and performance shares	984,006	1,014,736
■ of which stock options	-	15,961
■ of which convertible bonds	Anti-dilutive	4,253,162
Average number of diluted shares	44,295,129	48,576,089
ATTRIBUTABLE NET INCOME PER SHARE		
■ Basic earnings per share(2)	0.92	2.21
■ Diluted earnings per share(2)	0.90	1.97

(1) In millions of euros.
(2) In euros.

Note 11. Goodwill

The change in goodwill in first-half 2018 (244 million euros at June 30, 2018 versus 236 million euros at December 31, 2017) is attributable to:

- the acquisition of the entire capital stock of Nexans Industry Solutions in January 2018, which generated 8 million euros of goodwill;
- changes in exchange rates as the majority of the Group's goodwill is denominated in foreign currencies because it relates to the acquisitions of Olex in Australia, Madeco in South America and AmerCable in North America.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in the notes to the full-year 2017 consolidated financial statements. No goodwill impairment losses were recognized in first-half 2018, first-half 2017 or full-year 2017.

Note 12. Equity

A. COMPOSITION OF CAPITAL STOCK

At June 30, 2018, Nexans S.A.'s capital stock comprised 43,508,437 fully paid-up shares with a par value of one euro each (43,494,691 shares at December 31, 2017). The Company's shares have not carried double voting rights since said rights were removed by way of a resolution passed at the Shareholders' Meeting of November 10, 2011.

B. DIVIDENDS

At the Annual Shareholders' Meeting held on May 17, 2018 to approve the financial statements for the year ended December 31, 2017, the Company's shareholders authorized payment of a dividend of 0.70 euros per share, representing an aggregate 30 million euros (paid out on May 24, 2018) based on the 43,508,425 ordinary shares making up the Company's capital stock on the ex-dividend date (May 22, 2018).

At the Annual Shareholders' Meeting held on May 11, 2017 to approve the financial statements for the year ended December 31, 2016, the Company's shareholders authorized the payment of a dividend of 0.50 euros per share – representing a total of 22 million euros – which was paid out on May 19, 2017.

C. TREASURY STOCK

At June 30, 2018, Nexans S.A. held 784,413 shares in treasury (82,077 at December 31, 2017).

D. STOCK OPTIONS

At June 30, 2018, there were no longer any stock options outstanding. 13,734 stock options were exercised in the first half of 2018 (versus 24,570 in first-half 2017).

E. FREE SHARES AND PERFORMANCE SHARES

At June 30, 2018 there were 1,057,886 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.4% of the Company's capital stock (869,724 shares at December 31, 2017, representing 2.0% of the Company's capital stock).

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. In the first-half 2018 income statement, this expense totaled 5 million euros (versus 3 million euros in first-half 2017).

F. EMPLOYEE SHARE OWNERSHIP PLAN

In 2018, Nexans launched a new employee share ownership comprising an employee share issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on July 18, 2018 and resulted in the issuance of 496,477 new shares, representing an aggregate amount of 14 million euros.
The expense relating to this plan (representing 2 million euros including the top-up contribution) was recognized in first-half 2018 and included the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund.

Note 13. Pensions, retirement bonuses and other long-term benefits

The net provision recognized for pension and other long-term employee benefit obligations is calculated based on the latest valuations available at the previous period-end. Adjustments of actuarial assumptions are performed on the main contributing plans in order to take into account any significant fluctuations or one-time events that may have occurred during the six-month period. At June 30, 2018 the benefit obligations and plan assets of the plans in France, Switzerland, Germany, Canada and the United States were remeasured, primarily based on the applicable discount rates and the fair value of the plan assets.

The Board of Directors has decided to terminate the Key Executives defined benefit supplementary pension plan for beneficiaries who are more than seven years younger than the age from which they can claim their pension under the standard government-sponsored pension regime.

As a result of this Board decision, Nexans S.A. has put in place a new defined contribution supplementary pension plan for (i) the existing members of the Management Board who will no longer be eligible for the defined benefit pension plan and (ii) new members of the Management Board. Compensation has been granted to the existing Management Board members concerned for the rights they have already accrued under the defined benefit plan.

This change of pension plan resulted in the recognition of a 12 million euro gain in the Group's first-half 2018 income statement.

Main assumptions:

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The weighted average rates used for the main countries concerned are listed below:

Discount rate	June 30, 2018	December 31, 2017	June 30, 2017
France	1.70%	1.70%	1.70%
Germany	1.70%	1.70%	1.70%
Switzerland	0.70%	0.70%	0.60%
Canada	3.55%	3.55%	3.55%
United States	3.85%	3.85%	4.35%

Change in net provision for pension and other long-term employee benefit obligations

(in millions of euros)	2018	2017
NET PROVISION RECOGNIZED AT JANUARY 1	**380**	**428**
▪ *of which pension assets*	*(7)*	*(2)*
▪ *of which pension liabilities*	*387*	*430*
Expense/(income) recognized in the income statement	(2)	13
Expense/(income) recognized in other comprehensive income	(0)	(15)
Contributions and benefits paid	(15)	(15)
Other impacts (exchange differences, acquisitions/disposals, etc.)	-	(4)
NET PROVISION RECOGNIZED AT JUNE 30	**363**	**407**
▪ *of which pension assets*	*(8)*	*(3)*
▪ *of which pension liabilities*	*371*	*410*

Note 14. Provisions

Movements in provisions for contingencies and charges were as follows during the first half of 2018:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2017	**173**	**36**	**48**	**89**
Additions	13	6	5	2
Reversals (utilized provisions)	(20)	(3)	(14)	(3)
Reversals (surplus provisions)	(4)	(3)	(1)	(0)
Business combinations	-	-	-	-
Exchange differences and other	(3)	0	(2)	(1)
AT JUNE 30, 2018	**159**	**36**	**36**	**87**

The above provisions have not been discounted as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts, and penalties under commercial contracts. As explained in Note 1.B. in the section on "Sales", where appropriate they include provisions for goods and services contracts in progress, which are recognized as costs related to the corresponding contracts.

Restructuring costs were stable in first-half 2018 and first-half 2017, at 20 million euros.

As in first-half 2017, this amount concerns (i) provisions recognized for employee-related costs, notably in Europe, and (ii) costs expensed as incurred, in accordance with IFRS.

As was the case in previous years, wherever possible the restructuring plans implemented by the Group in first-half 2018 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations, which amounted to 63 million euros at June 30, 2018 (see Note 17).

Note 15. Net debt

At both June 30, 2018 and December 31, 2017, the Group's long-term debt was rated BB by Standard & Poor's with a stable outlook.

A. ANALYSIS BY NATURE

((in millions of euros)	June 30, 2018	December 31, 2017	Notes
Non-current – ordinary bonds(1)	448	447	15.B
Non-current – OCEANE convertible bonds(1)	-	267	15.B
Other non-current borrowings(1)	7	4	
TOTAL NON-CURRENT DEBT	**455**	**718**	
Current – ordinary bonds(1)	-	250	15.B
Current – OCEANE convertible bonds(1)	266	-	15.B
Current borrowings and short-term accrued interest not yet due	288	158	
Current bank loans and overdrafts	8	11	
TOTAL CURRENT DEBT	**562**	**419**	
GROSS DEBT	**1,017**	**1,137**	
Current financial assets	-	-	
Cash	(457)	(711)	
Cash equivalents	(26)	(94)	
NET DEBT	**534**	**332**	

(1) Excluding short-term accrued interest not yet due.

At June 30, 2018, the Group's short-term debt included, *inter alia*:

- A 150 million euro drawdown under the 250 million euro credit facility set up on June 4, 2018 for a period of five months expiring on November 4, 2018. This facility was granted by three banks to be used by the Group as a "bridging loan". Its documentation is the same as that for the long-term syndicated loan (see **Note 15.C**).
  The 150 million euros were drawn down on June 12, 2018 for an initial one-month period, and was renewed on July 12, 2018 for a three-month period.
- A securitization program (the "On-Balance Sheet" program) set up by Nexans France and included in short-term debt since the second quarter of 2010. This program involves the sale of euro-denominated trade receivables and is contractually capped at 80 million euros.

B. BONDS

At June 30, 2018 *(in millions of euros)*	Carrying amount at June 30, 2018	Face value at issue date(3)	Maturity date	Nominal interest rate	Exercise price per bond(4) *(in euros)*
2019 OCEANE convertible bonds	268	269	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS(1)	**268**	**269**			
Ordinary bonds redeemable in 2021	250	250	May 26, 2021	3.25%	N/A
Ordinary bonds redeemable in 2024	200	200	April 5, 2024	2.75%	N/A
TOTAL ORDINARY BONDS(2)	**450**	**450**			

(1) Including 2 million euros in short-term accrued interest.
(2) Including 2 million euros in short-term accrued interest.
(3) As regards 2019 OCEANE convertible bonds, face value at issue date is based on the existing number of bonds at June 30, 2018, multiplied by the unit issuance price of 72.74 euros.
(4) Redemption price at face value. The conversion ratio is 1.1250 shares per 2019 OCEANE bond.

The 2019 OCEANE convertible bonds were reclassified to current debt at June 30, 2018 as they are due to mature on January 1, 2019.
The indentures for these bonds included an early redemption option exercisable by the bondholders on June 1, 2018 or the first business day thereafter. In first-half 2018, this option was only exercised for 79,241 bonds out of the total 3,780,588 bonds issued, resulting in the recognition of a 6 million euro cash outflow and a corresponding reduction in debt.

On March 19, 2018, all of the ordinary bonds redeemable in 2018 were redeemed in cash, as they had reached maturity. The total amount paid was 261 million euros including accrued interest.

On April 5, 2017, Nexans carried out a 200 million euro bond issue with a maturity date of April 5, 2024. The issue price was 100.00% of the bonds' face value.

C. LONG-TERM SYNDICATED CREDIT FACILITY

On December 14, 2015, Nexans set up a 600 million euro five-year syndicated credit facility, therefore extending its access to liquidity until 2020. This new facility superseded the facility set up by the Group in 2011 which was due to expire in December 2016.

At June 30, 2018, Nexans and its subsidiaries still had access to a medium-term credit facility of 600 million euros.

This facility, which expires on December 14, 2020, contains the following two covenants:
- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.10; and
- consolidated debt must not exceed 3x consolidated EBITDA.

For the purpose of this calculation, consolidated EBITDA is defined as operating margin before depreciation.

These ratios were well within the specified limits at both June 30, 2018 and December 31, 2017.

Note 16. Derivative instruments

The market value of the derivative instruments used by the Group for its operational hedges of foreign exchange risk and the risk associated with fluctuations in non-ferrous metal prices is presented in the following table:

(in millions of euros)	June 30, 2018	December 31, 2017
ASSETS		
Foreign exchange derivatives – Cash flow hedges	11	21
Metal derivatives – Cash flow hedges	17	47
Foreign exchange derivatives – Economic hedges	30	10
Metal derivatives – Economic hedges	3	3
TOTAL DERIVATE INSTRUMENTS – ASSETS	**60**	**81**
LIABILITIES		
Foreign exchange derivatives – Cash flow hedges	15	26
Metal derivatives – Cash flow hedges	3	1
Foreign exchange derivatives – Economic hedges	11	11
Metal derivatives – Economic hedges	2	1
TOTAL DERIVATIVE INSTRUMENTS – LIABILITIES	**31**	**39**

Derivative instruments mainly comprise forward purchases and sales.

Note 17. Disputes and contingent liabilities

A. ANTITRUST INVESTIGATIONS

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision, which found that Nexans France SAS had participated directly in an infringement of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed on Nexans France SAS by the European Commission.
In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.
The General Court of the European Union dismissed the appeal of Nexans France SAS and the Company on July 12, 2018. Nexans France SAS and the Company intend to appeal to the Court of Justice.

As an indirect consequence of the European Commission's decision, one of the Group's competitors, which has been subject to follow-on damages claims in the United Kingdom since 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans S.A.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground high-voltage power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada. Similarly, on July 20, 2016, an Australian court declined to impose sanctions against the Company following an investigation into the submarine and underground high-voltage power cable industry by the Australian Competition and Consumer Commission (ACCC). The ACCC has not appealed this ruling.

Certain Group companies in this sector of business are still under investigation by the antitrust authorities in South Korea (in addition to ongoing investigations into local operations as described below) and Brazil.

In addition, as mentioned above, two of Nexans' subsidiaries in South Korea are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

As explained in the Group's previous communications and in the consolidated financial statements, Nexans' local Korean subsidiaries are cooperating with South Korea's antitrust authority (KFTC) in investigations launched between 2013 and 2015 into businesses other than the high-voltage business. Rulings have been issued for eight cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted them from paying a fine for seven of the cases and granted a 20% reduction in the fine for one case.

Regarding follow-on claims, based on the KFTC's rulings in the cases referred to above or dating back prior to 2013, six customers filed claims against the Korean subsidiaries. In the three judgments to date, Nexans Korean subsidiaries have been ordered to pay between 200 thousand euros and 6 million euros.

Investigations have also been launched in Australia and Spain concerning businesses other than the high-voltage business. The Group's Australian subsidiary Olex Australia Pty Ltd was included in court proceedings brought by the ACCC against cable wholesalers and manufacturers in Australia. They relate to initiatives taken in 2011 to deal with supply chain inefficiencies involving Olex's wholesaler customers for low-voltage cables, which the ACCC alleged involved antitrust law violations. The case was heard in 2015 and 2016 and the court issued its ruling in 2017 rejecting the allegations made by the ACCC, which was ordered to reimburse part of Olex's legal costs, including lawyers' fees.

In Spain, in early July 2015 Nexans Iberia received a request for information as part of an investigation carried out by the Spanish antitrust authority ("CNMC") in relation to low- and medium-voltage power cables. On December 16, 2016, Nexans Iberia and the Company, in its capacity as Nexans Iberia's parent company, were notified by the CNMC that they were part of the formal investigation into these sectors. On November 24, 2017, Nexans Iberia and the Company were notified of a decision by the CNMC, which found that Nexans Iberia had participated directly in an infringement of Spanish antitrust law in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the 1.3 million euro fine imposed on Nexans Iberia by the CNMC, which Nexans Iberia paid in early January 2018. Nexans Iberia and the Company have appealed the CNMC's decision.

The Group has recorded a 63 million euro contingency provision to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's assumptions that take into account the consequences in similar cases and currently available information. There is still uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized at June 30, 2018. While the Group has put in place risk management rules and procedures, including in particular its compliance program (see the section on Risk Management Policies and Procedures in the 2017 Report of the Chairman of the Board of Directors), that have been reinforced over the past several years, the Group cannot guarantee that all risks and problems related to behavior or actions not in compliance with the Group Code of Conduct have been completely controlled and eliminated. The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the existing or probable disputes for which provisions were recorded at June 30, 2018 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

As at June 30, 2018, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

Note 18. Subsequent events

A. EMPLOYEE SHARE OWNERSHIP PLAN

Within the scope of the employee share ownership plan described in Note 2, 496,477 new shares were created, including 460,913 subscribed for by Nexans Group employees through a corporate mutual fund (FCPE) or via Société Générale under the alternative structure. The remaining 35,564 shares correspond to newly issued shares to be awarded as the Group's top-up contribution.

The subscription price was set at 29.87 euros per share, representing a total increase in equity of 13.8 million euros (issue premium included) and a capital increase of 0.5 million euros.

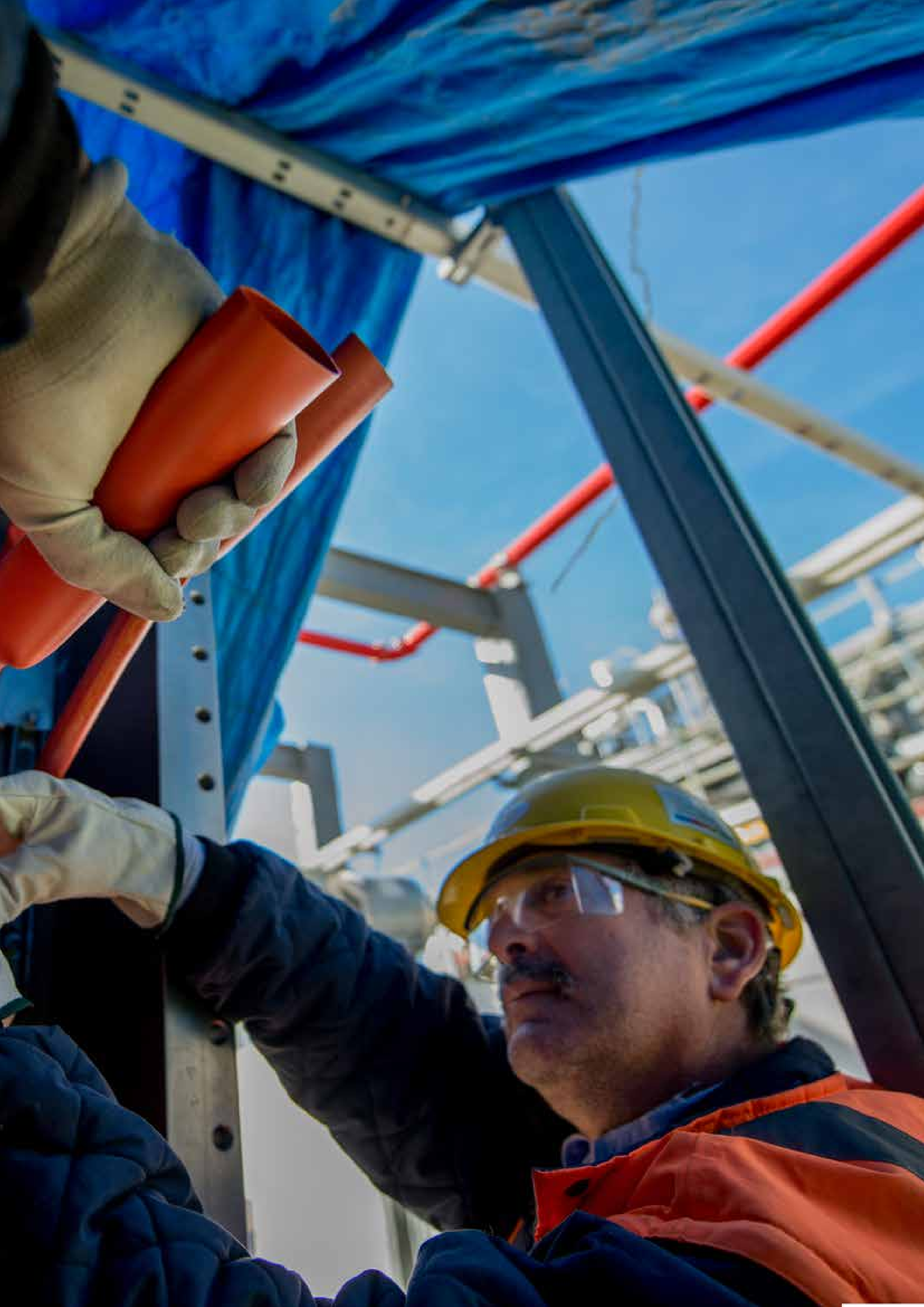
In order to mitigate the dilutive effect and in accordance with the Board of Directors' decision of June 16, 2018, the share capital was also reduced by 400,000 shares, representing a 0.4 million euro reduction.

B. APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER

At its meeting of July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer with effect from July 4, 2018. Christopher Guérin is 46 and joined Nexans in 1997. Since 2014 he served as Senior Executive Vice President, Europe and Telecom/Datacom, Power Accessories Business Group and member of the Management Board. During his years at Nexans, he has demonstrated strong and decisive leadership skills while successfully leading economic and social transformations in highly competitive international environments. In 2017, Christopher Guérin was instrumental in developing the current "Paced For Growth" strategic plan.

Arnaud Poupart-Lafarge will serve as advisor to the new Chief Executive Officer until September 30, 2018.

No other significant events for which disclosure is required have occurred since June 30, 2018.



Statutory Auditors' review report on the 2018 interim financial information

(For the six months ended June 30, 2018)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,
Nexans
4 allée de l'Arche
92400 Courbevoie

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Nexans, for the six months ended June 30, 2018;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to Note 17 A, "Antitrust investigations", to the financial statements, which describes the consequences of the decision of the European Commission and to Note 3, "Changes in accounting methods: IFRS 9 and IFRS 15" to the financial statements which describes the effects of the application of the IFRS 15 standard on revenue from contracts with customers and IFRS 9 standard on financial instruments.

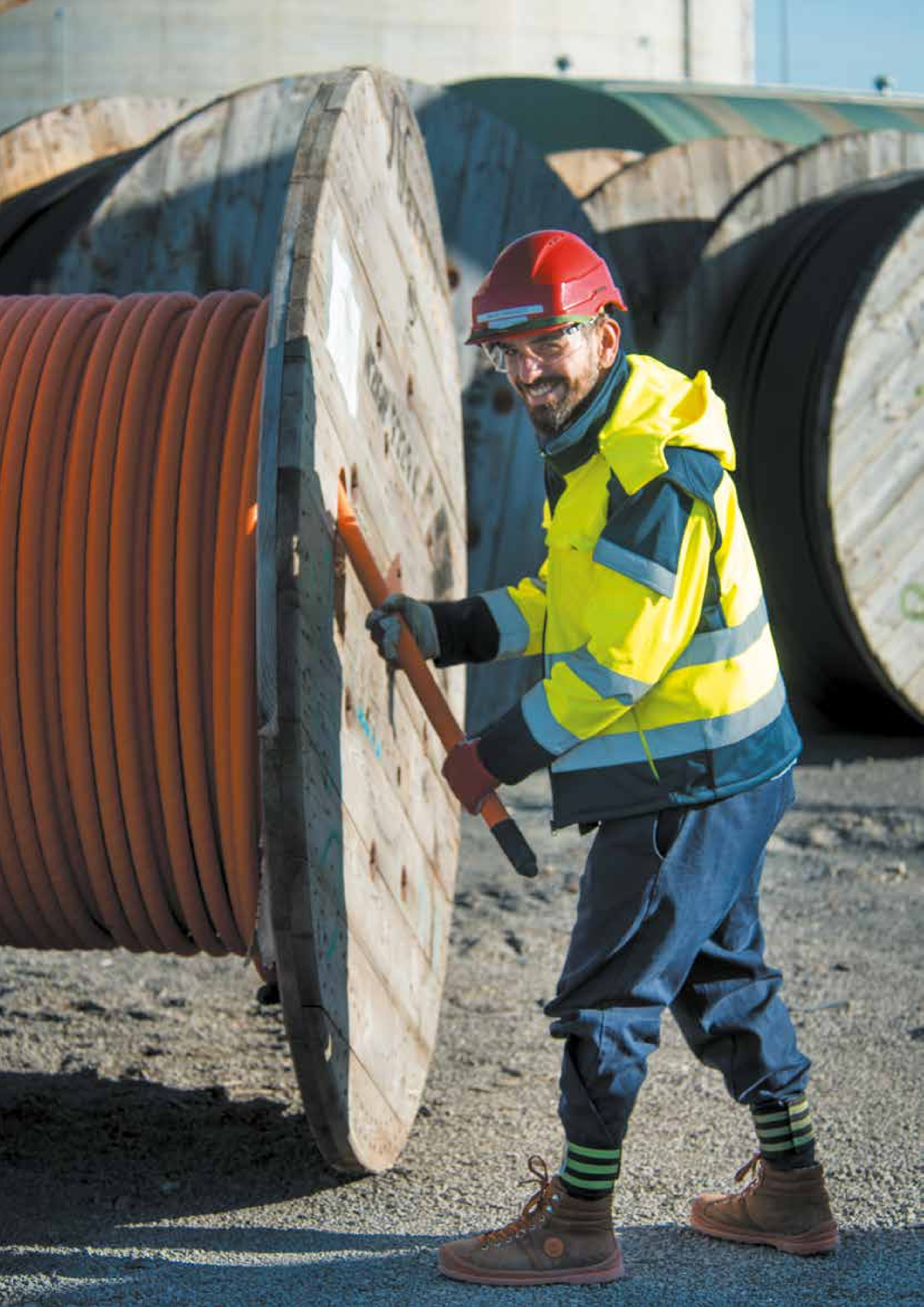
II - SPECIFIC VERIFICATION

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, July 25, 2018

PricewaterhouseCoopers Audit	**Mazars**
Xavier Belet	Isabelle Sapet
Partner	Partner



Statement by the person responsible for the 2018 Half-Year Financial Report

Paris, July 26, 2018

I hereby declare that to the best of my knowledge, the condensed interim consolidated financial statements for the six months ended June 30, 2018, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and all the other companies included in the scope of consolidation, and the interim activity report presented herein provides a fair view of significant events of half-year 2018 and their impact on the financial statements, the main related party transactions and the principal risks and uncertainties for the remaining six months of the year.

Christopher Guérin
Chief Executive Officer

BRINGS ENERGY TO LIFE